

Employees as Stakeholders in International CSR Reporting: a Case Country Comparison

International Business Communication

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Employees as Stakeholders in International CSR Reporting: a Case Country Comparison

Objective of the Study

The objective of the study was to discover if international differences can be observed in case companies' GRI-based CSR reporting regarding employees. The following research questions were formulated to guide the research process: (1) "Can international differences be observed in GRI based CSR reporting?"; (1a) "What specific CSR themes are discussed in the case company CSR reports' employee sections?"; and (2) "What factors may explain these differences?"

Methodology and the Theoretical Framework

To answer the above research questions, a literature review combined with an empirical analysis of case company CSR reports was carried out. The literature review formed the study's theoretical framework; it provided background information on the research topic and problem as well as guided the empirical investigation and discussion of results. The empirical investigation was conducted in the form of a qualitative multi-case study, in which the case companies' GRI-based CSR reports were analyzed using qualitative content analysis.

Findings and Conclusions

The findings from this study show that while some international differences in the case company reports' CSR themes were observable, it appears that CSR reports adhering to the GRI reporting guidelines are rather uniform in their content. This finding partially agrees with previous research suggesting that global reporting standards have an internationally harmonizing effect on CRS reporting. However, it was also concluded that some of the CSR themes discussed in the case company reports are reflective of the company's home country context, which is consistent with earlier studies suggesting that the local context in which the company has grown and is headquartered in influences its CSR orientation. The findings have direct implications to international business communication: despite the generally harmonizing influence of a CSR reporting standard such as the GRI, care should be taken in assessing the way in which international stakeholder audiences interpret CSR information presented through corporate CSR communications. CSR activities that may appear relevant to a reporting company in one local context, may not be so to a stakeholder audience in another local context.

Key words: Corporate social responsibility; Corporate social responsibility reporting; GRI guidelines; Stakeholder; Employee

Henkilöstö sidosryhmänä kansainvälisessä CSR raportoinnissa: Maakohtainen vertailu

Tutkimuksen tavoitteet

Tutkielman tavoitteena oli selvittää voidaanko case-yritysten GRI-ohjeistusta noudattavien CSR-raporttien välillä havaita kansainvälisiä eroja henkilöstöä koskevissa osioissa. Tutkielmaa ohjasivat seuraavat tutkimuskysymykset: (1) “Voidaanko GRI-ohjeistusta noudattavien CSR-raporttien välillä havaita kansainvälisiä eroja?”; (1a) “Mitä CSR-teemoja case-yritysten CSR-raporttien henkilöstöosiot käsittelevät?”; ja (2) “Mitkä tekijät voivat selittää näitä eroja?”.

Tutkimusmenetelmät ja teoreettinen viitekehys

Vastausta yllä esitettyihin tutkimuskysymyksiin haettiin kirjallisuuskatsauksen sekä case-yritysten CSR-raporttien empiirisen analyysin kautta. Kirjallisuuskatsaus muodosti tutkielman teoreettisen viitekehysten, joka valaisi tutkimusaihetta ja -ongelmaa, sekä ohjasi empiiristä tutkimusta ja tulosten tarkastelua. Tutkielman empiirinen osio toteutettiin kvalitatiivisena tapaustutkimuksena, jossa case-yritysten GRI-ohjeistuksen mukaisia CSR-raportteja analysoitiin kvalitatiivista sisällönanalyysi menetelmää käyttäen.

Tutkimuksen tulokset ja johtopäätökset

Tutkielman tulokset osoittavat, että vaikka case-yritysten raporttien CSR-teemoissa esiintyi joitakin kansainvälisiä eroja, näyttävät GRI-ohjeistusta noudattavat raportit olevan melko yhtenäisiä sisältönsä suhteen. Aiempi tutkimus viittaa siihen, että globaalit raportointistandardit kuten GRI harmonisoivat kansainvälistä CSR-raportointia, ja tämän tutkielman tulokset tukevat osittain tätä. Tulokset osoittavat kuitenkin myös sen, että osa CSR-raporteissa esiintyneistä teemoista heijastaa raportoivan yrityksen paikallista kontekstia. Aiempi tutkimus osoittaa, että paikallinen konteksti, jossa yritys on kasvanut, vaikuttaa sen CSR-orientaatioon, ja tämän tutkielman tulokset tukevat tätä. Tutkielman tuloksilla on merkitystä kansainvälisen yritysviestinnän kannalta: vaikka globaali raportointistandardi, kuten esim. GRI, yleisellä tasolla auttaa harmonisoimaan kansainvälistä CSR-raportointia, tulee yritysten kuitenkin arvioida kuinka kansainväliset sidosryhmäyleisöt tulkitsevat niiden viestimää CSR-tietoa. CSR-aktiviteetit jotka ovat relevantteja raportoivalle yritykselle tietyssä paikallisessa kontekstissa, eivät välttämättä ole sitä sidosryhmäyleisölle toisessa paikallisessa kontekstissa.

Avainsanat: yhteiskuntavastuu; yhteiskuntavastuuraportointi; GRI -ohjeisto sidosryhmä; henkilöstö

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1 INTRODUCTION

In the contemporary business environment, transparency is increasingly demanded of companies (e.g. Chen & Bouvain, 2009; Filho & Pawlak 2009, Gill & Dickinson, 2009). Engaging in Corporate Social Responsibility (CSR) can be a way for organizations to improve their reputations and compete for investors, talented employees, and loyal consumers (e.g. Dawkins, 2004; Panapanaan, 2006; Sones & Grantham, 2009). As defined by the European Commission (2010), CSR is “a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis.” An increasingly common means for companies to demonstrate their CSR performance to stakeholder audiences is via CSR reporting; several recent studies demonstrate a clear growth trend in CSR reporting practices globally (e.g. Corporate Register, 2009; KMPG, 2008; SIRAN, 2009). In addition, reporting frameworks such as the Global Reporting Initiative (GRI) that provide global standards for CSR reporting are progressively more used by reporting companies (KMPG, 2008; SIRAN, 2009).

In this chapter, a brief introduction to the CSR subject matter is provided and its topicality in today’s business environment is highlighted. More specifically, the chapter will focus on three themes that this study will address: (1) GRI based CSR reporting, (2) international variations in CSR reporting, and (3) employees as CSR stakeholders.

1.1 Background

While the role of business in society has long been debated both in academia and business, companies today are increasingly recognizing that to stay competitive, they must be able to demonstrate socially responsible corporate behavior (e.g. Gill & Dickinson, 2008; Porter & Kramer, 2006; Sones & Grantham, 2009). In recent years, numerous corporate scandals related to fraudulent accounting practices and unethical treatment of employees abroad have undermined society’s trust in business (Cornelissen, 2008). As expectations for responsible corporate behavior from

stakeholders is increasing, CSR is becoming increasingly more relevant to companies (Panapanaan, 2006).

In addition to accepting that today's business environment demands a wider range of social responsibilities from businesses, companies must also be able to clearly communicate their CSR performance to stakeholder audiences. As Hopkins (2006, p. 302) states, "business will only survive if they can show, and be evaluated to show, a clear social responsibility in their continual treatment with their stakeholders." As a result, more and more companies are producing official CSR reports to ensure that their efforts in addressing economic, social, and environmental issues affecting society are effectively communicated to relevant stakeholders.

The practice of reporting company CSR activities in a separate CSR report is rapidly growing. For example, recent studies by Corporate Register (2009) and Sustainable Investment Research Analyst Network (SIRAN, 2009) demonstrate a clear growth trend in CSR reporting practices. A variety of competing global standards for non-financial reporting also exist, e.g. the GRI and the UN Global Impact (Chen and Bouvain, 2009). In particular, a gradual but apparent increase in the number of companies following the GRI guidelines is evident (SIRAN, 2009). However, as Chen and Bouvain (2009) point out, studies on the impacts of such global reporting standards are very scarce.

1.2 Research Problem and Gap

As discussed above, companies today must be able to demonstrate socially responsible behavior to remain competitive, and one way to accomplish this goal is by engaging in CSR reporting. Despite the relevance of international CSR reporting in today's business environment, two research areas appear to be underserved in CSR literature: (1) international variations in CSR reporting and (2) employee stakeholders in CSR reporting.

First, despite the increasing prevalence of CSR reporting, previous research suggests that globally, CSR is embraced by companies to varying degrees, and many international differences exist (e.g. Maignan & Ralston, 2002; Matten & Moon, 2005; Tengblad & Ohlsson, 2009; Welford, 2004). Many authors view CSR as a dynamic concept embedded in local social, political, economic and institutional contexts, which affects the way it is viewed and manifested (e.g. Nielsen & Thomsen, 2007; Midttun, 2006; Roome, 2005). More specifically, differences in businesses' CSR orientation and stakeholder expectations of it are due to local contextual factors such as the legal and institutional framework as well as cultural norms of the country in question (e.g. Kampf, 2007; Matten & Moon, 2005).

More specifically, Matten and Moon (2005, p. 338) argue that in Europe and the U.S., CSR is addressed differently by companies due to the differences in the regions' legal frameworks and institutional settings; i.e. in Europe, many of the issues falling under the concept of CSR are already included or provided for by the state. Therefore, despite the standardizing effect of global reporting frameworks such as the GRI, local contexts still seem to cause variation in CSR report content internationally (Chen & Bouvain, 2009). Similarly, Kampf (2007) argues that companies emphasize different CSR themes in their communications to stakeholders due to differences in the "cultural systems" they are embedded in. This may cause one company to be perceived more socially responsible than another depending on the stakeholder audience's cultural background.

Second, while CSR reporting can be considered a mainstream practice among today's companies, an important stakeholder group appears to be underserved in CSR literature: the company employees. As McKeever notes (2008, p.15), recognizing employees as stakeholders is a key part of any CSR strategy. However, previous research suggests that while employees are displayed as important stakeholders in CSR literature, HR practices that are in line with CSR have not been addressed (Muller-Camen, Hopkins, Hartog & Henriques, 2006). The lack of research on employees as CSR beneficiaries is surprising given the amount of research that exists demonstrating the relationship

between positive employee relations and firm performance. For example, Fulmer, Gerhart, and Scott's (2003) investigation of companies on "The 100 Best Companies to Work for in America" demonstrates that positive employee relations are strategic assets and establishes a link between workplace satisfaction and sustained superior organizational performance. Similarly, studies such as Globescan (2005) demonstrate that the most important factor in stakeholders' assessment of a company's responsibility is the way it treats its employees.

Considering the increasing popularity of GRI based CSR reporting and the international variation in CSR practices, it is considered relevant to investigate the extent to which a global reporting guideline such as the GRI helps to overcome this variation. Therefore, this study will investigate whether international variations are observable in company CSR reports despite the globally standardizing influence of the GRI framework. More specifically, this study will investigate the way in which CSR reports following the GRI framework differ in their content through case company examples. To narrow down the study scope and allow for a more detailed analysis to be carried out, this study will adopt an exclusive focus on an underserved yet important stakeholder group in CSR literature: the company employees.

As discussed above, companies' CSR views and stakeholders' expectations of companies' CSR performance can be fundamentally different due to local contextual factors. This has direct implications to international business communication discipline; it is of strategic importance to understand how international stakeholder audiences interpret information presented through the company's CSR communications. More specifically, CSR activities that may appear relevant to a communicator in one local context may not be so to a stakeholder audience in another local context. Therefore, this study is highly relevant as it increases the knowledge in this particular area of international business communication research.

1.3 Research Questions

To address the research problem presented above, the following two research questions were formulated to guide the study:

(1) Can international differences be observed in GRI based CSR reporting addressing employees?

(2) What factors may explain these differences?

As the research question number one is rather broad in scope, it is complemented with a sub-question that helps to narrow it down:

(1a) What specific CSR themes are discussed in the case company CSR reports' employee sections?

Additionally, to further clarify the terminology used in research question one, the term “international differences” refers to potential differences that can be observed in the case companies’ CSR reports representing different countries.

The above research questions will be answered through a qualitative analysis of case company CSR reports and a review of relevant literature. More specifically, the answer to research question number one will be essentially sought through the empirical investigation. The literature review will provide context for the research problems and steer the case company selection in the empirical investigation. Additionally, the eventual empirical results will be discussed in relation to the literature review, providing an answer to the research question number two.

1.4 Structure of the Study

The aim of this study is to determine whether international differences in organizations' CSR activities geared toward employees are observable in company CSR reports adhering to GRI guidelines. Furthermore, the potential underlying causes for these differences - e.g. context specific factors arising from the local legal and institutional context as discussed by authors such as Matten and Moon (2005) and Kampf (2007) - will be explored. To achieve these study objectives, a review of relevant literature will first be presented, followed by a qualitative analysis of case companies' CSR reports representing different countries.

With CSR's increasingly prominent role in business today, an abundance of CSR related information exists. In this study, three topics within the general topic of CSR considered most relevant to the study's aims are reviewed:

- International CSR reporting
- Local variations in international CSR reporting
- Employee stakeholders in international CSR reporting

The thesis is organized into five chapters. The present chapter has thus far introduced the research topic and specified the research problem and questions. In Chapter 2, a literature review will be presented, focusing on the three above mentioned themes in addition to the general concept of CSR. The literature review forms the study's theoretical framework, which is also presented in Chapter 2. The theoretical framework draws together key theoretical content from the literature review and guides the consequent empirical investigation. In Chapter 3, the study's methodological choices will be discussed, followed by a presentation of empirical results in Chapter 4. The empirical results will then be discussed in relation to the theoretical framework in Chapter 5. Finally, in Chapter 6, a research summary, study's practical implications and limitations, as well as suggestions for further research will be presented.

2 Literature Review

As discussed in the preceding Chapter 1, CSR can be considered a highly relevant contemporary phenomenon in international business. The present study addresses an under-researched area within the CSR topic: international GRI -based CSR reporting on employee stakeholders. The literature review that will be presented in this chapter focuses on four main topics that are relevant to the study's aims: (1) the general concept of CSR; (2) international CSR reporting; (3) local variations in international CSR reporting; and (4) increasing relevance of employee stakeholders in international CSR reporting. A general overview of the CSR concept will first be provided, as it is considered important to establish the background for the subsequent discussions on international CSR reporting and employee stakeholders so that they can be better understood in the wider context of CSR. The literature review's purpose is to provide background for the ensuing empirical investigation and discussion of results.

2.1 The General Concept of CSR

As much attention as CSR has received in both business and academia, there is little definitional consensus on the CSR concept. Consequently, there are a number of theoretical models and constructs from which CSR can be investigated (e.g. Crane, McWilliams, Jonker & Marberg, 2007; Moon & Siegel, 2008; Maignan & Ralston, 2002; Panapanaan, 2006; Vuontisjärvi, 2006). This sub-chapter's aim is to present a basic overview of the CSR concept. More specifically, the focus will be on CSR notions and theoretical constructs that can be considered mainstream in the subject matter literature.

Despite the above noted lack of consensus regarding the exact meaning of CSR, Panapanaan (2006, p.26) argues that some convergence exists in what most authors consider to be the most fundamental aspects of CSR:

- CSR is generally seen as the way companies conduct business in meeting or exceeding ethical, legal, and public expectations and taking responsibility over the business operations' impact on its various stakeholders.
- CSR refers to a sustainable and ethical way of conducting business, as well as treating or addressing stakeholders' concerns responsibly.
- CSR involves a company's commitment to operate in an economical and sustainable manner while acknowledging the interests of a variety of stakeholders.
- CSR is linked to business ethics, characterized by active stakeholder engagement, disclosure, transparency, and good governance.

As Crane et al. (2008, p.5) point out, the way in which CSR is defined is not merely a technical task of describing corporations' actions in society. Rather, the definition depends on the writer's ethical and ideological view point on the role of business in society. According to Halme and Laurila (2008, p.327), the complexity of the CSR phenomenon has to do with the fact that it is inherently a concept that relates business to society: since societies are different, conceptions of CSR are bound to differ as well. This fundamental difference in the way the role of business in society is seen is the carrying idea of this study; the ways in which these differing views are manifested in CSR reports is the focus of the empirical investigation.

To add to the conceptual ambiguity surrounding CSR, closely related concepts are often used interchangeably both among business practitioners and in CSR literature (Jonker & Marberg, 2007; Pananapaan 2006). CSR can be considered a cluster concept that overlaps other concepts such as business ethics, corporate philanthropy, corporate citizenship, sustainability, and environmental responsibility (e.g. Halme & Laurila, 2008; Matten & Moon, 2005). As the aim of this study is to explore and discuss differences in companies' CSR activities in a more pragmatic sense, this study will not

explore the differences between these concepts in further detail. Two CSR conceptualizations commonly seen in CSR literature will be highlighted in the next sections to facilitate a basic understanding of the CSR concept: (1) Elkington's (1999) triple bottom line CSR conceptualization, and (2), Carroll's (1991) four-part CSR model.

Triple Bottom Line Conceptualization of CSR

The triple bottom line conceptualization of CSR is a common way for businesses to define CSR (Cornelissen, 2008; Crane & Matten, 2004.) This concept, first introduced by Elkington (1999), refers to companies' economic, environmental, and social performance when conducting business. Crane and Matten (2004, p. 24) summarize Elkington's key idea to be that businesses do not have just one singular goal - i.e. adding economic value - but a wider range of goals that necessitate adding environmental and social value as well. Elkington (1999) suggests that organizational activities that should be communicated about are composed in three categories: (1) people (social issues); (2) planet (environmental issues); and (3) profit (healthy financial performance). According to Elkington (1999), business can be considered to be sustainable when it lives up to the "triple bottom line" of economic prosperity, environmental quality and social justice, with these three bottom lines being interrelated, interdependent, and partly in conflict. Figure 1 below visually illustrates this interrelatedness.

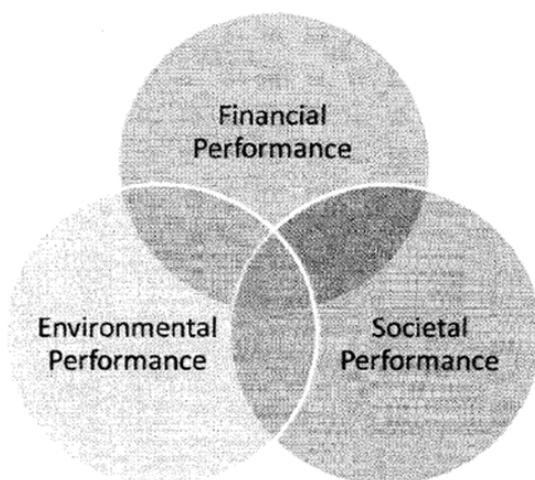


Figure 1: Triple bottom line of CSR (Crane & Matten 2004)

As said above, the triple bottom line is a common way to conceptualize CSR among business practitioners. For example, The Global Reporting Initiative (GRI), which will be discussed in further detail in Section 2.2.3, is described as a “framework that sets principles and indicators for organizations to measure and report their economic, environmental, and social performance” (GRI, 2010). In this thesis, the focus will be on the social dimension of CSR; more specifically, the empirical investigation will focus on employee stakeholders in CSR reporting.

Carroll’s Four-part CSR Model

One of the most widely accepted and cited CSR conceptualizations is the four-part model initially proposed by Carroll in 1979 (Crane & Matten, 2004, p. 4; Matten & Moon, 2005, p. 337). In this thesis, it is considered relevant to introduce Carroll’s CSR model, as it is widely cited in CSR literature and can be considered a mainstream conceptualization of CSR. In addition, Carroll’s model will later be used to explore international variations in CSR perspectives in Section 2.3.2. Carroll’s (1991) CSR conceptualization consists of a multi-layered model that incorporates four interrelated aspects of CSR: economic, legal, ethical, and philanthropic responsibilities. In this model, different responsibilities are presented as consecutive layers of a pyramid, suggesting that for a corporation to be truly socially responsible, it must meet the requirements on all four levels of the model. The four classes of responsibilities are illustrated in Figure 2 on page 18 and briefly summarized below (Carroll, 1991, p. 40):

Economic responsibilities

The primary responsibility of business is economic in nature; therefore, before anything else, the business institution has a responsibility to produce goods and services that society wants and to sell them at profit. All other responsibilities are contingent on this fundamental assumption.

Legal responsibilities

Society has not only sanctioned business to operate according to the profit motive, but also expects business to comply with prevailing laws and regulations; as part of

fulfilling the “social contract” with the society, companies are expected to pursue their economic interest within the legal framework.

Ethical responsibilities

While the previous two responsibilities are considered mandatory, ethical responsibilities include those activities and practices that are expected or prohibited by the society but are not codified into laws. Ethical responsibilities embody the standards, norms, and expectations that reflect stakeholders’ view of what is fair and just and are continually under public debate regarding their legitimacy.

Philanthropic responsibilities

Philanthropy encompasses corporate actions in response to society’s expectation that businesses must be good corporate citizens. In comparison to ethical responsibilities, philanthropic responsibilities are not expected by the society in a moral or ethical sense; i.e. communities want companies to contribute their resources for social purposes, but do not regard them as unethical if they do not. Thus, philanthropy is discretionary or voluntary by nature.

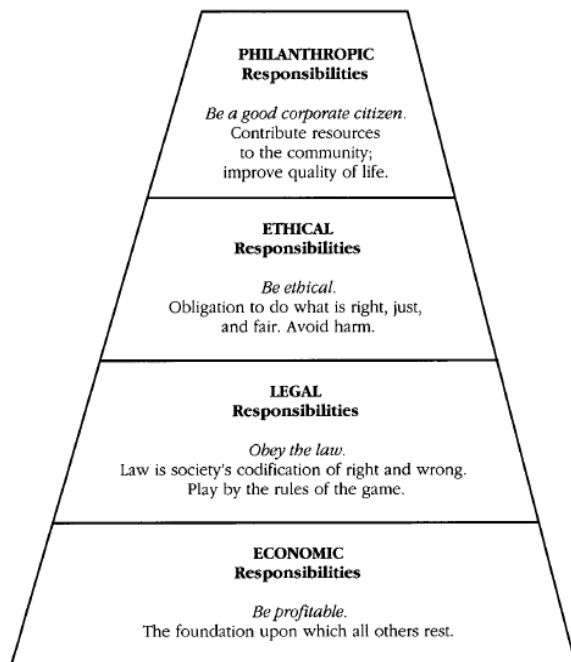


Figure 2: The CSR pyramid (Carroll 1991)

Crane and Matten (2004, p. 44) note that a particular strength of Carroll's (1991) model is its pragmatic nature: it structures social responsibilities into four separate dimensions acknowledging that corporations have economic and legal responsibilities to be profitable to shareholders in addition to the ethical and philanthropic responsibilities.

This chapter has thus far demonstrated that despite the growing popularity of CSR, a general lack of definitional consensus exists among business practitioners and academia. Despite the definitional ambiguity surrounding CSR, conceptualizations that can be considered mainstream exist, two of which were highlighted in this chapter. With a basic understanding of the CSR concept facilitated, the chapter will next move on to discussing the ways in which CSR views differ internationally, which is one of the main dimensions of this study.

2.2 International CSR Reporting

The future of any company in today's society depends critically on how it is viewed by key stakeholders such as shareholders, customers, employees, and members of the community in which the company resides (Cornelissen, 2008, p. 9; McKeever, 2008). As discussed in the introductory chapter, one of the ways in which companies can demonstrate their CSR performance is CSR reporting, a process that is becoming increasingly popular among businesses. This sub-chapter will focus on stakeholder communication, and CSR reporting in particular. More specifically, the aim of the sub-chapter is to provide a basic understanding of stakeholder communication, which can be considered prerequisite knowledge to the subsequent discussion on GRI -based CSR reporting.

2.2.1 Stakeholder Theory and Communication

According to Matten, Crane, and Chapple (2003, p. 111), stakeholder theory can be considered as "a necessary process in the operationalization of corporate social

responsibility.” In essence, stakeholder theory holds that corporations are not managed in the interest of shareholders alone, but that there is wide range of stakeholders who have a legitimate interest in the corporation as well; i.e. groups who benefit from or are harmed by it or whose rights will be affected either positively or negatively (Matten et al., 2003). Stakeholder theory was initially popularized by Freeman (1984), who defines a stakeholder as “any group or individual who can affect or is affected by the achievement of the firm’s objectives” (1984, p. 25).

According to Mele (2008, p. 66), stakeholder theory’s strength from an ethical perspective is that it takes into consideration stakeholder rights and their legitimate interests, and not only what is strictly required by law in manager-stakeholder relations. In addition, as opposed to many ethical theories that are somewhat disconnected from business practice, stakeholder theory is a managerial theory related to business success (Mele, 2008, p. 66). In contrast to many rather vague CSR conceptualizations, stakeholder theory addresses concrete interests and practices and visualizes specific responsibilities to specific groups of people affected by business activity (Clarkson, 1995). In other words, stakeholder theory helps identify concrete groups in society to which a company has responsibilities.

In discussing stakeholder theory, Clarkson (1995, p. 106) distinguishes between primary and secondary groups of stakeholders. First, the primary stakeholders are those that are important for financial transactions and necessary for an organization to survive, e.g. shareholders, employees, customers, and suppliers. The secondary stakeholders are those who generally influence or affect, or are themselves influenced or affected by the organization, but are not engaged in financial transactions with the organization and not vital to its survival in an economic sense. However, they have the capacity to mobilize public opinion in favor of, or in opposition to, a corporation’s performance. This study will focus on a primary stakeholder group: the company employees and the ways in which this stakeholder group is addressed in case companies’ CSR reports.

Stakeholder Model

In discussing stakeholder theory, Donaldson and Preston (1995, p.68) contrast two organizational management perspectives: (1) the conventional “input-output model of the corporation”, and (2), the “stakeholder model of the corporation”. These two contrasting perspectives are displayed in Figures 3 and 4 below.

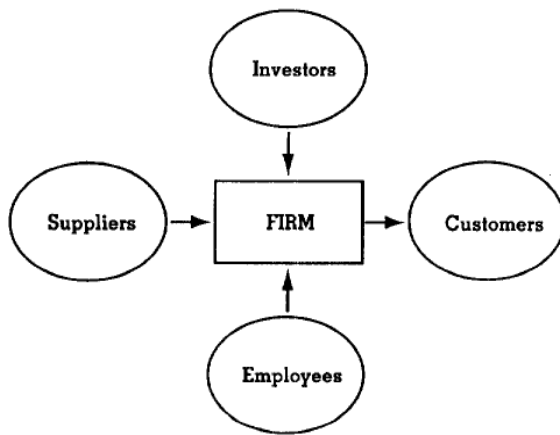


Figure 3: Traditional input-output model of strategic management (Donaldson and Preston 1995)

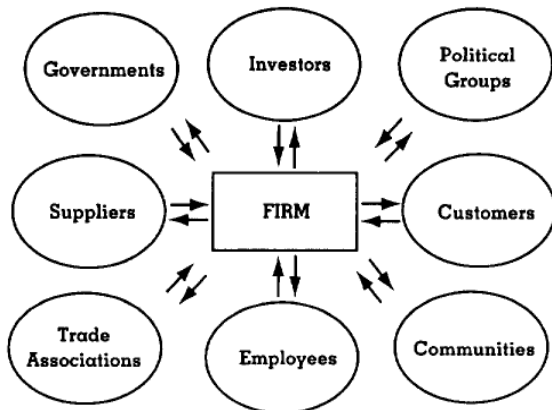


Figure 4: Stakeholder model of strategic management (Donaldson and Preston 1995)

In the input-output model (Figure 3), the power lies with the organization that transforms contributed inputs into outputs for the benefit of customers. According to Cornelissen (2008, p. 39), the parties involved are dependent on the organization and

their interests in the organization are merely financial. In contrast, the stakeholder model (Figure 4) assumes that all parties with legitimate interest in the organization do so to obtain benefits and their needs are – at least in principle – not prioritized over others. All the stakeholder groups that have a legitimate stake in the organization, whether purely financial or otherwise, are recognized. Furthermore, the organization's relationships with these groups are not one directional as in the input-output model, but interdependent, as indicated by the double arrows in Figure 4. The model recognizes that various stakeholder groups are both affected by and affecting the organization's performance.

According to Cornelissen (2008, p.37), managing stakeholder relationships is one of the main purposes of corporate communication. Cornelissen argues that Donaldson and Preston's stakeholder model presented in Figure 4 is much more complex and dynamic than its predecessor – the input-output model in Figure 3 – and from a communications perspective implies that more stakeholder audiences must be considered and communicated with. Furthermore, the stakeholder model suggests that an organization needs to be considered “legitimate” by stakeholder groups, which extends beyond financial accountability and includes accountability for the company's performance in social and environmental terms as well (Cornelissen, 2008, p. 40). Companies can maintain legitimacy – i.e. their right to act in society – through communication with stakeholders (Kuvaja&Malmelin, 2008, p.16). One way in which companies can engage with stakeholders and communicate about their CSR performance is CSR reporting, which is an increasingly popular process that will be further explored in the next section.

2.2.2 International CSR Reporting Trends

The practice of reporting company CSR activities in a separate CSR report is rapidly growing, as shown by several recent studies. As an example, studies by Corporate Register (2009), KMPG (2008), and Sustainable Investment Research Analyst Network (SIRAN, 2009) each demonstrate a clear growth trend in CSR reporting practices

globally. For example, Corporate Register has been tracking CSR reporting across all sizes of companies since 1992 and the studies have demonstrated a clear growth in their CSR reporting practices, as illustrated in Figure 5 below (Corporate Register, 2009).

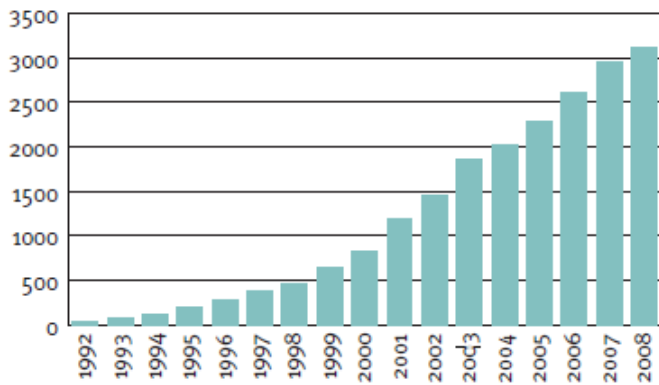


Figure 5: Global CSR report output per year (Corporate Register 2009)

While CSR reporting is becoming increasingly popular worldwide, regional differences exist; according to Corporate Register (2009, p. 4), Europe’s strong legacy in CSR reporting has kept the region in the leadership position, as illustrated in Figure 6 below. While Figure 6 shows the U.S. lagging behind Europe, CSR reporting in North America - and in the U.S. more specifically - has clearly been growing in popularity in recent years, as evidenced by the statistics in Figure 7 on page 24 (KMPG, 2008, p.15).

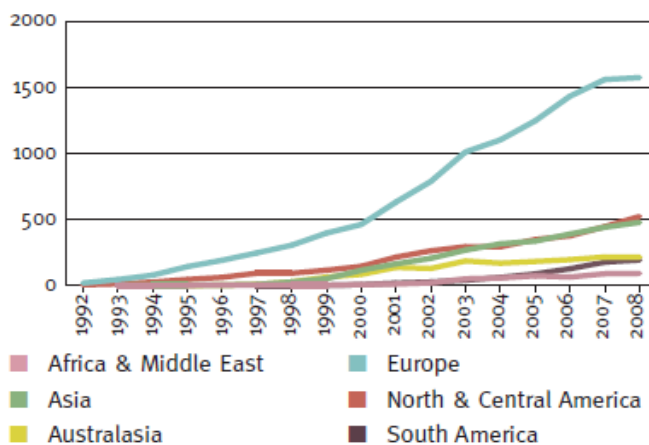


Figure 6: Global CSR report output per year per region (Corporate Register, 2009)

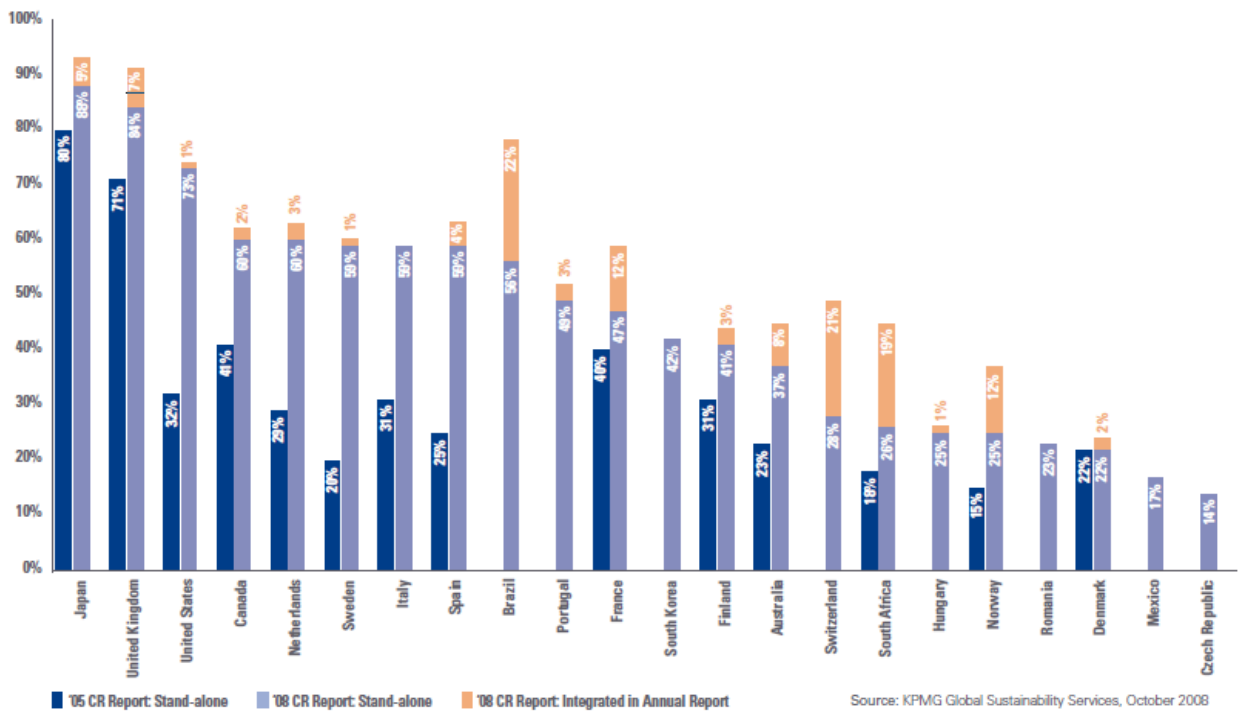


Figure 7: Companies with stand-alone and integrated CSR reports by country (KMPG 2008)

An important consideration for companies engaging in CSR reporting is also choosing the appropriate channel through which CSR messages are sent; e.g. companies may choose to produce a separate, stand-alone CSR report, incorporate CSR information into the annual report, or utilize the company website for this purpose. According to KMPG’s (2008) study, majority of the reporting Global Fortune 250 (G250) companies investigated produce stand-alone CSR reports in pdf-form, as illustrated in Figure 8 on the following page. However, Figure 9 also shows that companies utilize their websites almost to the same extent to communicate CSR activities through specific CSR sections of the website.

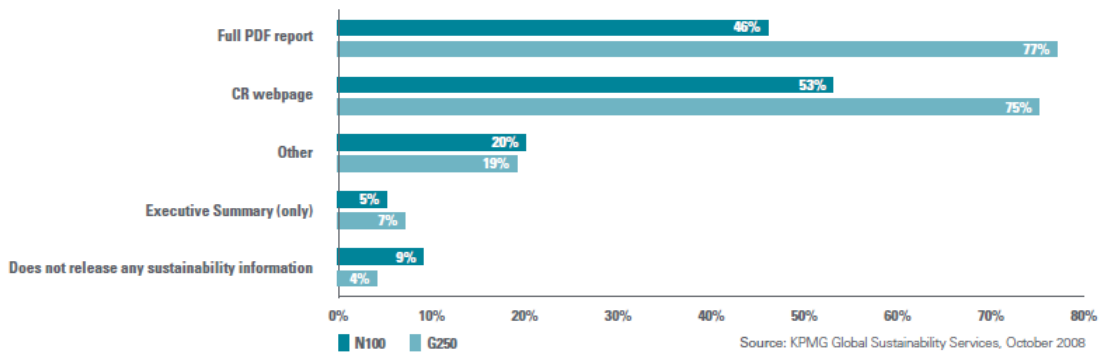


Figure 8: CSR report format among G250 companies (KPMG 2008)

In addition to more companies producing CSR reports, a gradual increase in the number of companies following the Global Reporting Initiative (GRI) guidelines is evident. For example, the SIRAN (2009) study shows that in 2008, the number of companies utilizing the GRI framework jumped by 25 percent from the previous year 2007. Similarly, the KPMG (2008) survey of the G250 shows that more than three-quarters of these companies use GRI guidelines for their CSR reporting, as depicted below in Figure 9 below.

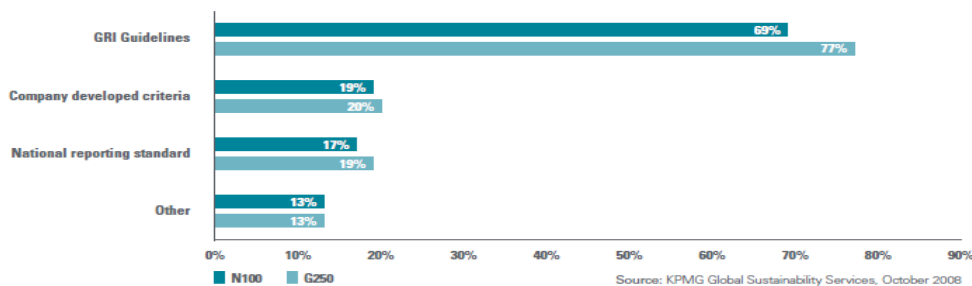


Figure 9: Reporting standards used by companies (KPMG, 2008)

However, Corporate Register's (2009, p.5) study shows that while the number of CSR reports following GRI guidelines is increasing steadily, the majority of reports still do not follow these guidelines. As illustrated in Figure 10 on the following page, only about a third of all reports in 2008 followed the GRI guidelines (Corporate Register, 2009, p. 5). Additionally, regional variations exist in GRI guideline user levels. Interestingly, the Corporate Register (2009) results shown in Figure 11 on the following

page demonstrate that Africa/Middle East and South America are the leaders in GRI based reporting.

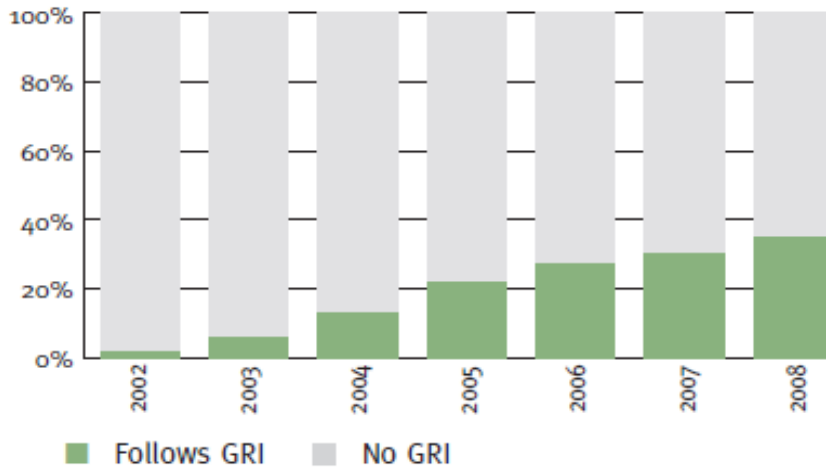


Figure 10: CSR reports following GRI guidelines (from Corporate Register, 2009)

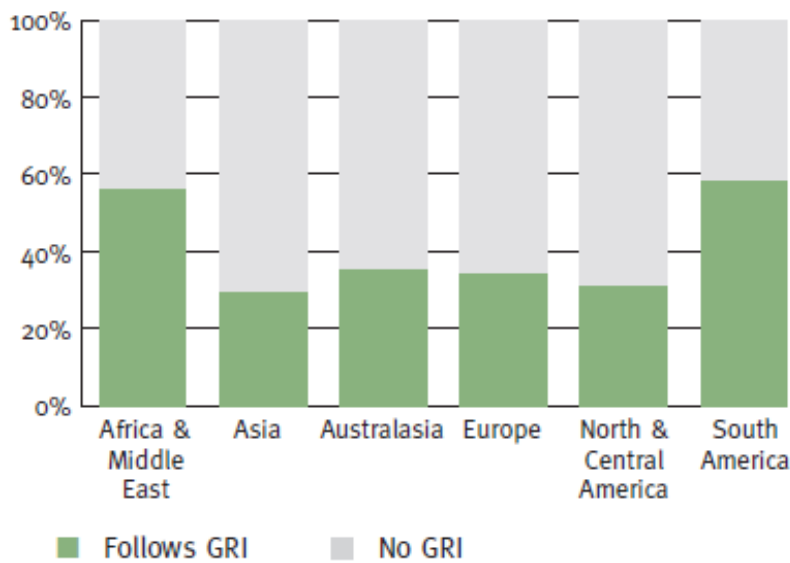


Figure 11: CSR reports following GRI guidelines regionally (from Corporate Register, 2009)

The aim of the study is to determine whether international differences can be observed between companies utilizing the GRI guidelines in their CSR reporting. Therefore, a more detailed discussion on the GRI framework will be provided in the following section.

2.2.3 The Global Reporting Initiative

“GRI's mission is to create conditions for the transparent and reliable exchange of sustainability information through the development and continuous improvement of the GRI Sustainability Reporting Framework” (GRI, 2010). The GRI provides a global standard for organizations' voluntary CSR reporting. It provides a basis for different types and sizes of organizations to communicate their economic, environmental, and social performance in a consistent manner by following the GRI guidelines. The guidelines help reporting organizations better measure and track their CSR performance as well as assist different stakeholders interpret and compare organizations' performance in a reliable manner. GRI issued its first set of guidelines in 2000, the second in 2002 (known as the G2 Guidelines), and the third set in 2006 (known as the G3 Guidelines) (KMPG, 2008).

The GRI guidelines consist of two parts: (1) the “Reporting Principles” that help guide the reporting process, such as engaging with stakeholders, selecting material indicators, and adhering to a high standard of report quality; and (2) the “Reporting Indicators” that form the basis of quantitative disclosure on economic, environmental, and social issues (KPMG, 2008). The guidelines are further complemented with “Sector Supplements” that are custom-built to reflect unique social and environment issues and the related stakeholder needs in different industries (KMPG, 2008).

Since reporting companies independently choose which principles and indicators to use, the GRI framework also contains a system for declaring the extent to which the company is applying the guidelines. This system consists of “Application Levels” ranging from the maximum application level of “A” to the lesser levels of “B” and “C”. The idea is that a company can rather easily begin the reporting process at the lowest C level, and continually improve its reporting performance and strive to reach the B and A levels. For a C level application, the company must only report on 10 of the given GRI performance indicators. For a B level application, 20 of the indicators must be reported on, and finally, for an A level application, the company must report on all 50 “core”

GRI indicators or give a valid explanation for missing data (KPMG, 2008). Finally, a company can either independently declare the level to which its report adheres to the guidelines, or have a third party or the GRI officially check the report. Externally assured GRI reports can display the sign “+” as a sign of this verification (GRI, 2010). In this study, the GRI reports used in the analysis are “A” application level reports, as it is anticipated that since they adhere to the guidelines to the greatest extent, they also yield the most relevant information about potential differences despite the standardizing effect of a global reporting standard.

As the aim of this study is to investigate how employee stakeholders are featured in the case company reports, the GRI “Social Performance Indicators” will be the focus of the investigation, and more specifically, the 14 indicators falling under the “Labor Practices and Decent Work” category. The structure of these indicators is based on internationally recognized universal standards such as the “United Nations Universal Declaration of Human Rights and its Protocols” and the International Labor Organization’s (ILO) “Declaration on Fundamental Principles and Rights at Work of 1998” (GRI, 2010). The 14 Labor Practices and Decent Work -performance indicators are organized under five categories: (1) Employment; (2) Labor/Management relations; (3) Occupational health and safety; (4) Training and education; (5) Diversity and equal opportunity. A summary of these 14 performance indicators is provided in Appendix 1.

2.3 Local Variations in International CSR Reporting

As demonstrated thus far in the report, CSR reporting activities are assuming an increasingly prominent role in corporate communications today. According to Hartman, Rubin & Dhanda (2007, p. 377), the source of the corporate justification for CSR may be embedded in the cultural values and stakeholder expectations to which the organization is subject to throughout its maturation process. In other words, companies in different countries have significantly different perspectives on how important it is to be publically perceived as socially responsible and differ with respect to the issues that are emphasized in CSR communications (Maignan & Ralston, 2002, p. 509). Given the

relevance of CSR in today's business environment and the fundamental importance of understanding stakeholder audiences' diverse needs and expectations in communication activities, it is considered relevant to further explore the factors causing international variations in CSR views. Therefore, this sub-chapter explores CSR from an international perspective, focusing on the United States and Europe, which is the context that the empirical investigation will be carried out in.

2.3.1 CSR in the U.S. and Europe

Matten and Moon (2005, p. 335) suggest that business responsibility has traditionally been regarded in Europe as a markedly American phenomenon that reflects American traditions of participation and indirect government. However, Matten and Moon (2005, p. 335) also suggest there is a long tradition of business involvement in CSR issues in Europe as well, but that companies' social performance in Europe has traditionally been understood and implemented differently than in the U.S. Furthermore, as Roome (2005, p. 232) suggests, companies' CSR agendas are not uniform even within Europe as they are influenced by various context-specific factors such as cultural norms, traditions, rules, and formal institutions of the country within which the company is headquartered. These contextual factors strongly influence companies' CSR agendas, affecting the approaches, norms and structures of corporate governance, and the capabilities of companies to manage CSR (Roome, 2005, p. 323). Nielsen and Thomsen (2007) also concur with the above notion that CSR perspectives, stakeholder priorities, and ambition levels vary between countries with the differences stemming from different institutional affiliations, such as government, regional institutions and NGOs in a given country.

With respect to differences between the U.S. and Europe, Crane and Matten (2004, p. 24) provide a useful summary on the varying views on business ethics as shown in Table 1 on the following page.

Table 1: Business ethics views in the U.S. and Europe (Crane and Matten 2004)

Key Ethical Question	United States	Europe
Who is responsible for ethical conduct in business?	The individual	Social control by the collective
Who is the key actor in business ethics?	The corporation	Government, trade unions, corporate associations
What are the key guidelines for ethical behavior?	Corporate codes of ethics	Negotiated legal framework of business
What are the key issues in business ethics?	Misconduct and immorality in single decision situations	Social issues in organizing the framework for business
What is the dominant Stakeholder management approach?	Focus on shareholder value	Multiple stakeholder approach

Three key differences illustrated in the table above include the American focus on (1) individuals' responsibility to make the "right" ethical choices; (2) corporations as key actors in business ethics; and (3) focus on shareholder value. First, it has traditionally been thought in Europe that individual persons or even companies cannot be expected to be responsible for solving ethical dilemmas in business (Crane & Matten, 2004, p.28).

Rather, it has been the collective institutions, usually the state, that have assumed this responsibility. As a result, most European countries have a comprehensive network of regulation on the most ethically important issues for business. For example, workers' rights, social and medical care, and environmental issues have not traditionally been evaluated from a moral perspective in business operations as they have mostly been covered by the state in the form of a tighter institutional framework for business (Crane & Matten, 2004, p. 28).

Second, Crane and Matten (2004, p. 28) argue that in the USA, the key actor in business ethics has traditionally been the corporation. Thus, guidelines for ethical conduct tend to come from businesses and formal ethics codes play a prominent role in US companies (Matten & Moon, 2005, p. 175; Vogel, 1992, p. 45; Weaver, 2001, p. 4). Business ethics tend to be defined in terms of rules, and the focus is on checklists, principles, and guidelines for individual managers to follow. While corporate codes of ethics have become more common in Europe as well, ethical behavior guidelines remain codified into the legal framework (Matten & Moon, 2005).

Third, European models of capitalism are not dominated by the drive for shareholder value maximization to the same extent as in the U.S. (Crane & Matten, 2004, p.29). According to Crane and Matten (2004, p.29), European companies tend to consider multiple stakeholder groups rather than shareholders alone as the focus of their operations due to their generally smaller size. However, the authors recognize that due to globalization, the European business context is moving toward the American model of capitalism.

Differences in CSR views based on Carroll's CSR pyramid

As discussed in section 2.1.2, Carroll's (1991) often cited CSR conceptualization separates four levels of corporate social responsibilities: economic, legal, ethical, and philanthropic. When contrasting CSR in the U.S. and Europe based on these four levels, the following differences can be distinguished:

First, with respect to economic responsibility, the American focus tends to be on companies' profitability and their responsibility to shareholders (Crane & Matten, 2004, p. 53). According to Crane and Matten (2004, p. 53), the shareholder model has never been as strongly developed in Continental Europe and Scandinavia as it has in the Anglo-American countries; in much of Europe, economic responsibility has traditionally been defined more broadly to include stakeholders such as employees and local communities as well (Crane & Matten, 2004, p. 47).

Second, legal responsibility viewed from the Anglo-American perspective holds that government regulation is more often regarded as an interference with private liberty (Kampf, 2007). Thus, in the U.S., CSR focus is driven by a context where minimal legislative control of business is considered preferable and companies use their internal policies to "police themselves" and external communications to demonstrate their CSR efforts (Kampf, 2007). In contrast, legal responsibility is often regarded as the foundation for every other social responsibility in Europe given the prominent role of the government regulating corporate conduct (Crane & Matten 2004, p.47). In other

words, based on the continental European thinking, the state's role is enforcing the accepted rules of the game.

Third, the majority of social issues on the European corporate agenda are located in the area of ethical responsibility (Crane & Matten, 2004, p. 47). According to Crane and Matten (2004, p. 47), Europeans tend to exhibit a greater mistrust in business in general. Thus, and even if businesses are operating sufficiently in economic terms and following the laws, they may have a greater need for continual reaffirmation of their social legitimacy. Vogel (1992) concurs that Europeans have traditionally exhibited a more cynical view of the moral worth of capitalism, but also argues that because the public tends to be more skeptical of businesses' true motivations for involvement in social affairs, firms may hesitate to publicize their social responsibility efforts for fear of public criticism. However, given the increasingly mainstream presence of CSR initiatives in business today, Vogel's argument may be less relevant in today's Europe.

Fourth, philanthropic responsibilities have traditionally been implemented via discretionary acts of successful companies or rich capitalists in the U.S. (Crane & Matten 2004, p. 47). In contrast in Europe, these results have been achieved through the legal framework; for example, labor laws have traditionally guaranteed social benefits to employees and their families, rather than being the philanthropic responsibility of companies as has often been the case in the U.S. (Crane & Matten 2004, p. 47). Additionally, due to the generally higher income and corporate taxes in Europe, funding in the area of art, education, and local community have not been considered as the responsibility of companies (Palazzon, 2002).

In sum, as Matten and Moon (2004) conclude, the above differences stem from the fact that Europe's legal framework and institutional fabric have been inclusive of many of the issues that arise under CSR. Some of the key ways in which European CSR context differs from that of the U.S. include the prominent role of government regulation in corporate conduct; greater mistrust in business in general; and the lesser need for philanthropic acts due to government participation in social service provision. It

should, however, be noted that the above discussed differences are only generalizations, and differences across the European nations as well as specific industries and companies are likely to exist.

The above discussed international differences in CSR views have clear implications to international business communications. As discussed by Munter (2006, p. 29), any communication strategy is significantly influenced by the cultural context in which it is implemented. Munter stresses the importance of audience strategy in communication, i.e. techniques used to direct one's communication toward the audience's needs and interests, which as said above, vary based on the cultural context one is in. Figure 12 below visually illustrates the way in which a given communication event occurs within a cultural context.

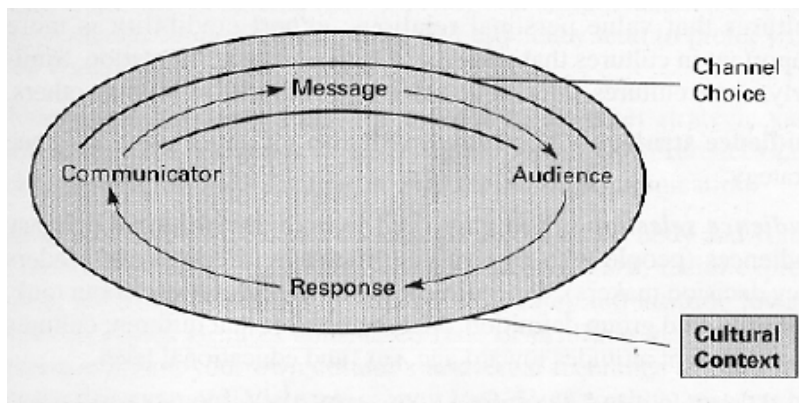


Figure 12: Communication within a cultural context (Munter 2006)

2.3.2 Theoretical Models on International CSR

As discussed above, certain similarities exist between European countries with respect to the way CSR is understood and practiced, which differ from North America. These differences were described as stemming from the differences in the regions' legal and social contexts. In this section, two examples of theoretical models related to the international variations in CSR are described: first, Matten and Moon's (2005) concept of explicit and implicit CSR; and second, Kampf's (2007) Cultural Systems Model of CSR.

Explicit and Implicit CSR

In contrasting CSR in North American and European contexts, Matten and Moon (2005, p. 341) distinguish between implicit and explicit CSR. Matten and Moon argue that CSR can be conceptualized as (1) a way of thinking and a set of practices enacted and addressed by corporate policies that explicitly define responsibilities toward society; or (2) as responsibilities toward society implicitly codified in the norms, standards, and the legal framework. In short, Matten and Moon see American CSR as distinctly explicit and European CSR as implicit; in the European context the majority of issues that count as corporate responsibilities toward society have not traditionally been part of explicit corporate policies. According to Midttun, Gautesen, and Gjolberg (2006), Matten and Moon's concept of explicit and implicit CSR is useful in exploring and explaining the way CSR interacts with deeply embedded national institutional contexts.

Matten and Moon (2005) define explicit and implicit CSR in the following manner:

Explicit CSR: refers to corporate policies that lead companies to assume responsibility for some interest of society. It normally involves voluntary, self-interest driven policies and strategies to address issues perceived as the social responsibility of a company and/or its stakeholders.

Implicit CSR: refers to a country's formal and informal institutions through which businesses' responsibilities toward society are agreed upon and assigned to companies. It usually consists of values, norms and rules that result in mandatory requirements for companies to address.

Figure 13 on the following page illustrates explicit and implicit CSR in relation to each other. According to Matten and Moon (2005, p.342), these two types of CSR represent competing approaches that are present in most societies at a given time and the significant difference is which approach is more dominant. As indicated in Figure 13, while the general approach in the U.S. tends to be that social issues are dealt with in the form of explicit CSR policies, there are still significant elements of implicit

responsibilities that are regulated by the legal framework (such as workers' rights and trade union issues) (Matten & Moon 2005, p. 342). Similarly, in Europe, despite the stronger emphasis on implicit CSR in general, there has always been a substantial amount of explicit CSR, for example in the form of philanthropy (Matten & Moon 2005, p. 342). While Crane and Matten's (2004) argument presented earlier stresses the traditionally strong role of business philanthropy in the U.S. in comparison to Europe, companies have naturally participated in philanthropy in Europe as well, merely not to the same extent. For example in Finland, companies involvement in social activities has traditionally been focused on sponsorship and donations related to sports and culture (Korhonen and Seppälä (2005, p. 13) and have had a philanthropic orientation.

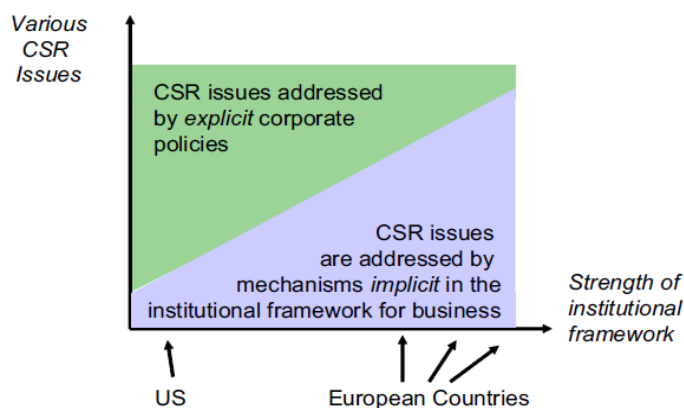


Figure 13: Explicit and Implicit CSR (from Matten&Moon 2005)

Matten and Moon (2005) further argue that the explicit and implicit forms of CSR discussed above are in a state of change; the authors see CSR transforming from an implicit to an explicit form in Europe. According to the authors, this shift toward more explicit CSR in Europe can be witnessed by the following developments: the growth of CSR business associations and umbrella organizations; CSR having a more explicit status in companies through board level responsibilities, processes, codes, and budgets; growth of socially responsible investment (SRI) funds; and growing media attention and business education on CSR.

In addition, Matten and Moon (2005) see this shift to be due to a more fundamental disconnection in the wider system of social governance or national business system

resulting from government and/or governance failures, new market imperatives, or new social demands. For example, government failures to provide social services as well as new market imperatives such as concern for the “social license of business to operate” may prompt businesses to adopt more explicit CSR. Another motivation for businesses to engage in explicit CSR according to the authors could be the perceived threat of new and unwanted regulation; i.e. if business does not take action to find solutions to community problems, the government may assume the responsibility in the form of tighter legislation and intervention in business operations. Thus, companies are encouraged to actively develop their own policies in response to social issues. Finally, the growing importance of financial markets for business success can be seen as contributing to the shift; explicit CSR may be regarded as a prerequisite for attracting global capital, and the more European companies source their capital abroad, the more they have to comply with investors’ requirements (Matten & Moon 2005). All of the above described factors call for more attention to CSR and increase the need for companies to make their efforts known to various stakeholders; i.e. the need for CSR reporting is increasing, a trend which is one of the underlying motivations for this thesis.

Cultural Systems Model of CSR

As discussed at considerable length in this report, companies’ and stakeholders’ CSR views are influenced at least to a certain degree by local contextual factors. Kampf (2007) also supports this argument and provides a “cultural systems model of CSR” to illustrate the factors which cause international variations in CSR views. Kampf builds on Donaldson and Preston’s (1995) stakeholder model discussed in section 2.2.1, arguing for a shift in understanding stakeholder theory and CSR from a situated perspective; i.e. that international differences in CSR discourse are due to differing public expectations on company performance stemming from differing cultural systems. According to Kampf (2007), this model can assist in understanding the origins of, expectations for, and manifestations of CSR in a given cultural context. In other words, organizations can be analyzed as consequences of social forces, shaped by the cultural system from which they grew (Kampf, 2007).

According to Kampf (2007, p. 41), Donaldson and Preston's (1995) stakeholder model displayed in Figure 4 on page 21 emphasizes the corporation as the central element, thus limiting the understanding of the economic, social, historical, political, cultural, and global environments to direct interactions with the corporation itself. Furthermore, Kampf argues that Matten and Moon's CSR conceptualization (explicit and implicit CSR) presented earlier in this section implies that CSR can be better understood as "situated business practice" (2007, p. 42). According to Kampf, combining stakeholder models with Matten and Moon's situated perspective entails a shift from a corporate centered model to a "cultural systems perspective". This latter perspective allows for a more meaningful exploration of the ways in which institutional structures situated in cultural systems affect CSR communication. In other words, it assists in understanding corporate stakeholders and how they interact with each other as well as with the corporation. The systems perspective includes contextual elements beyond stakeholders which also affect and are affected by the corporation.

As stated above, stakeholders interact solely with the firm in Donaldson and Preston's (1995) stakeholder model (Figure 4, page 21). The company is situated in the center and the interactions between it and each stakeholder occur as separate communication events. Additionally, the model implies that the most important interactions for a company are those between the company itself and each stakeholder. In contrast, in Kampf's (2007) cultural systems model, the organization is displayed as an element in the system (as an institutional consequence of the norms, ecological factors, and outside influences), rather than the center point. Kampf's model is displayed in Figure 14 on the following page. In Kampf's model, stakeholders in the social environment such as governments, political groups and suppliers influence the norms set by employees, communities, customers, and managers. These, in turn, affect the way the organization functions.

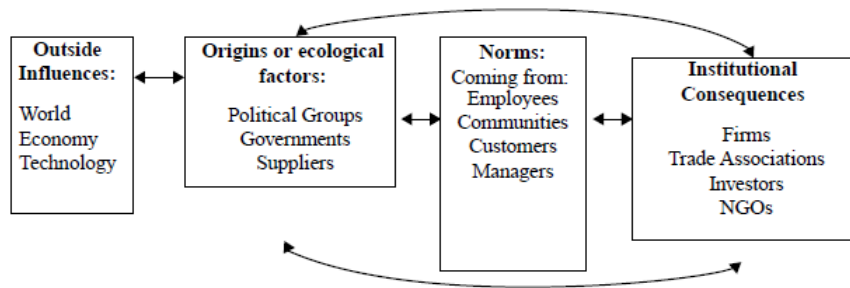


Figure 14: the organization and its stakeholders situated in a cultural system (Kampf 2007)

Kampf (2007, 46) sees culture as the net effect of elements inherent to a given cultural system, which - from a business perspective - include: government’s historical and current roles in business and the citizens’ lives; the division of responsibility between individuals, corporations, and governments; and the interpretation of CSR agendas. According to Kampf, all of these elements influence companies’ focus on CSR issues and the stakeholders’ view on them.

Similar to several other authors’ views presented in this report, Kampf (2007, p. 47) argues that some of the differences in the U.S. and European CSR views can be explained by the U.S. tradition of market forces governing corporate behavior and the European social legislation. According to Kampf, the focus for CSR in the U.S. is driven by a context where minimal legislative control of business is considered preferable and companies use their internal policies to “police themselves” and external communications to demonstrate their CSR efforts. In addition, the U.S. has a long tradition in philanthropic activities because the state does not provide social services to the same extent as for example Denmark that is used as an example in Kampf’s study. According to Kampf, this preference for corporate self-governance instead of legislation is one the ecological factors that affect the CSR perspective in the U.S. The way in which CSR is situated in both the Danish and U.S. cultural systems based on Kampf’s conceptualization is depicted in Figures 15 and 16, respectively, on the following page.

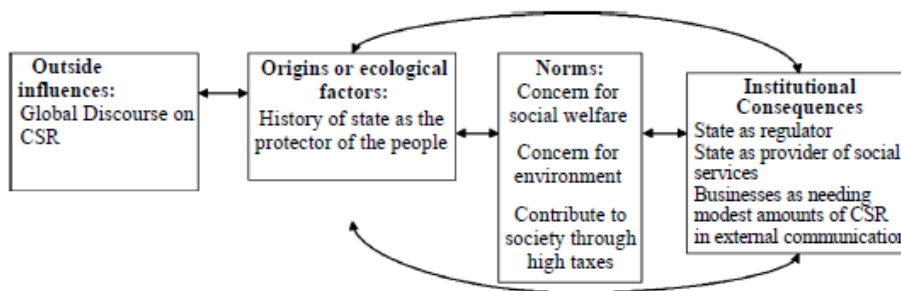


Figure 15: CSR situated in the Danish cultural system (Kampf 2007)

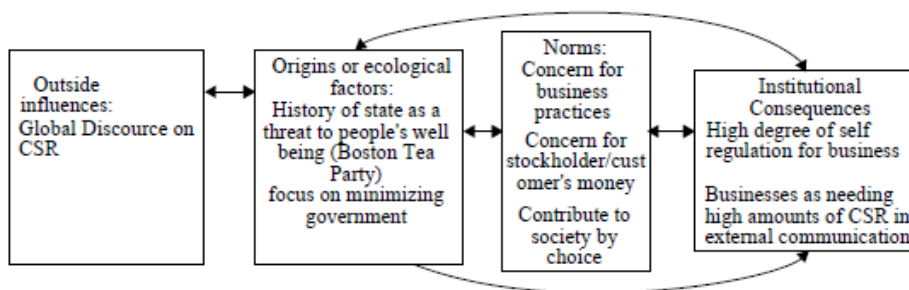


Figure 16: CSR situated in the U.S. cultural system (Kampf 2007)

In these models, the norms underline the way the business-society relationship is fundamentally perceived in the two countries. In the Danish model (Figure 15), the norms place the company as the government’s partner, contributing to the society through structures set by the state (Kampf, 2007). In contrast, in the U.S. model (Figure 16), the company is further removed from the government, having more freedom to choose the ways in which to contribute to society (Kampf, 2007).

Kampf (2007, p. 48) derives the above models from a study focusing on CSR discourse on Maersk and WalMart corporate websites. According to Kampf, the differences depicted in the above models (Figures 15 and 16) have consequences to the ways in which companies communicate their efforts to stakeholders. More specifically, whereas Danish companies are situated as part of the community working toward common welfare, US companies are self-regulated to a greater extent and thus need to establish their place – i.e. legitimacy – in the community through more extensive communication efforts. Kampf’s (2007) results show that in accordance with the cultural system’s view

of CSR, WalMart's website offers much more information on corporate CSR efforts in comparison to the Maersk website. Whereas WalMart's website includes in-depth and localized descriptions of its CSR efforts in every state within the USA, Maersk focuses its CSR communication on efforts outside of Denmark. Kampf stresses the importance of understanding that this does not imply that WalMart is more socially responsible than Maersk, but that WalMart may have a greater need to communicate its activities as a good corporate citizen to its stakeholders.

According to Kampf (2007, p. 54), these above described differences reflect the roles that stakeholders expect corporations and government to play; i.e. WalMart is situated in a system where companies have historically contributed to the social and community needs, whereas Maersk is situated in a system where the government has traditionally taken care of the local community needs through higher taxation. Therefore, WalMart has a need to define and communicate its CSR efforts to the communities in which it works, while Maersk is situated in a system where it is already seen as contributing to the community and thus has less need to communicate its efforts locally, and focuses on addressing issues abroad.

In sum, this section has illustrated some of the reasons underlying the international variations in CSR reporting that the present study addresses. It is worth mentioning that for example Kampf's (2007) study only investigated two companies – Maersk and WalMart – with the findings based on a rather limited sample. As Adams, Hill, and Roberts (1998, p.2) argue, there can be no pre-emptive assumption that national culture and differences in social and political contexts are the dominant influence on CSR reporting practices as many of today's largest companies' operations transcend national boundaries. However, as Kampf (2007, p. 46) argues, MNCs emerge and are headquartered in nation-state contexts and holds that the cultural systems are therefore still relevant even in global business context. Similarly, a number of authors referenced in this report support the argument that CSR views differ due to local factors and it can therefore be reasonably concluded that international differences in CSR discourse are –

at least to a certain degree – due to differing public expectations on company performance stemming from differing cultural systems.

As discussed by Chen and Bouvain (2009), it is both theoretically and practically significant to investigate whether and to what extent country environments influence the harmonizing effect of global reporting standards such as the Global Compact and the GRI. However, according to the authors, studies in this area are very scarce. Chen and Bouvain's (2009) study addresses the question of whether membership in the Global Compact makes a difference to CSR reporting and helps to overcome country specific factors that limit standardization. The authors' findings indicate that the Global Compact membership has an effect only in certain areas of reporting – i.e. in areas related to the environment and workers – and that businesses from different countries vary significantly in the extent to which they promote CSR and the specific CSR issues they choose to emphasize in the reports.

The presence of these country differences will be explored in the empirical part of this study. Four separate countries representing the U.S. and Europe will be featured in the empirical analysis: the U.S., the UK, Germany, and Finland. In the next section, a brief “CSR profile” will be provided for each of the case countries with the aim of providing both historical and current day context for the CSR discussion in the case countries.

2.3.2 Case Country CSR Profiles

The United States

According to Vogel (1992), both the doctrine of CSR and the practice of corporate philanthropy have long histories in the U.S. In his article from the early 90s, Vogel discusses business responsibility as a distinctly American phenomenon, an argument which may have less contemporary relevance. In contrasting CSR in the U.S. and Europe, Vogel notes that with the exception of the UK, European economies have industrialized later and it has been the government rather than corporations that have assumed responsibility for various civic functions (1992, p. 42). According to Vogel,

(1992, p. 42), a distinctive characteristic of the American society is the emphasis that has historically been given to social obligations of business; because businesses have played an important role in the development of cities and the shaping of communities in the U.S., they have long been perceived as social institutions with substantial responsibility for the moral and physical character of the communities in which they have invested.

However, according to Griffin and Vivari (2009), in the contemporary market-driven U.S. economy, CSR practices continue to be a matter of choice. The authors argue that this freedom to choose underlies many CSR activities in the U.S. Griffin and Vivari point out that in the market-driven U.S. economy, the government generally takes a passive role in its policies regarding companies and the same is true for CSR activities as well. More specifically, the authors stress that there is currently no government mandate for CSR in the U.S., and without such directives, companies' CSR behavior varies greatly across different industries. Furthermore, the authors concur with Crane and Matten's (2004) statements presented earlier that the CSR discussion in the U.S. has traditionally been focused on financial returns of CSR initiatives. While the U.S. still lags behind many European countries and other OECD countries in CSR reporting, Griffin and Vivari (2009, p. 245) argue that the practice of CSR reporting has been steadily growing over the past decade, particularly in the last few years. This argument agrees with the CSR reporting statistics presented earlier in Section 2.2.2.

The United Kingdom

According to Idowu (2009, p. 30), CSR has a long history in the UK and it is also currently a world-acknowledged leader of the field. Moon (2005, p. 51) argues that the roots of modern CSR in the UK can be found in the 19th century business philanthropy. According to Moon, the societal governance system in the UK is better described as emergent than a product of critical events, as is the case with some of the other countries compared in this report (e.g. the American war of independence and the German post-war settlement); in the UK, democracy and capitalism have made a more gradual emergence.

According to Moon (2005), the UK rapidly shifted from an agrarian rural society to an industrial urban society following the industrial revolution. In conjunction with this development, a system of philanthropy emerged to address poverty and the associated social issues. Similarly, trade unions emerged as the main channel through which workers' rights and pay was protected (Moon, 2005). Philanthropic acts by companies included provision of social infrastructure for workers and their families in the form of housing, education, and recreational facilities (Idowu, 2009). However, as Moon (2005) points out, by the first half of the 20th century, the government began to provide the social services previously handled by philanthropy (e.g. sickness and old age insurance, education, and health). According to Moon, a consequence of the government's increasing participation was that the scope of companies' philanthropic activities narrowed down to address community issues, mainly in the form of charitable donations. Otherwise, businesses' social responsibilities took a more implicit form; e.g. adherence to laws and regulations and paying taxes (Moon, 2005, p. 53).

According to Moon (2005), CSR in the UK was lagging behind the U.S. during the beginning of the 20th century. However, the social role of business in the UK has undergone changes with CSR becoming more explicit in the last twenty years (Moon, 2005, p.54). According to Moon, this is due to the growing perception of the government's inability to solve many social issues. In addition, the government has also encouraged the emergence of CSR; for example, the UK government was the first in the world to appoint a minister of CSR (Idowu, 2009). According to Moon (2005, p. 54), the watershed for the current explicit model of CSR was the period of high unemployment, urban decay, and social unrest of the early 1980s. These caused the business community to re-evaluate its relationship with the surrounding society, complemented with the government's encouragement for business to share the responsibility for these societal issues (Moon, 2005, p.54).

Germany

According to Habisch and Wegner (2005, p.111), Germany is sometimes perceived as a "white spot" in the European CSR landscape and that there has been a climate of non-

appreciation negatively impacting CSR development in Germany. According to the authors, many other European countries have had more profound CSR legislation reforms and Germany can be seen as lagging behind in this respect. Furthermore, the authors argue that Germany's perceived lagging in CSR can be explained by the tradition of corporatism; e.g. the presence of strong trade unions and business associations, religion-based institutions, and professional associations that have maintained their traditional roles. As described in the European Business Campaign on Corporate Social Responsibility report (2005), the state's role as a social service provider and the guardian of marginalized groups has a long history in Germany.

Habisch and Wegner (2005, p. 111) further argue that Germany's perceived reluctance to embrace CSR can be explained with historical factors, which date back to the industrialization era that shaped the German civic society. More specifically, Germany's industrialization began later in comparison to that of the UK and France for example, but gained momentum quickly. According to the authors, the roots of the German social security are in the civil society; for example, pension plans were initially developed by Christian entrepreneurs to help disabled or retired workers and their families (Habisch&Wegner, 2005, p. 111). However, the government agencies soon adopted this concept to implement social security top down resulting into the German population relying on the government as the provider of public services (Habisch&Wegner, 2005, p. 111).

According to Habisch and Wegner (2005, p. 112), an example of the corporatist tradition in the present day Germany is the focus on apprenticeships that combine academic education and practical training and integrates private companies' commitments into the state system. According to Matten and Moon (2005, p. 339), vocational training in Germany, though provided by business, is perceived as a state institution by the public. Roome (2005) also discusses this distinctly German CSR activity, concluding that no similar historical commitment to vocational training is present in the UK, for example.

Finland

Similar to the other three case countries, CSR is not a new concept in Finland.

Panapanaan and Linnanen (2009, p. 76) argue that CSR has been considered an intrinsic part of Finland's economic progression since the World War II and the development of the welfare state. The authors also see CSR's historical presence in Finland with companies having traditionally been the centers of communities and villages and provided services such as schools, churches, and support to the community development.

According to Korhonen and Seppälä (2005, p. 13), in comparison to Anglo-Saxon countries – such as the U.S. and the UK - the role of government in Finland has been extensive in directing the economy and maintaining the welfare system, which has had implications to CSR in Finland. More specifically, the Finnish government has had a central role in providing free education, health services, and social security, whereas a “good” company has paid its taxes, complied with laws and regulations, and sponsored sports and culture (Korhonen&Seppälä , 2005, p. 13). However, the authors see the society's expectations to be changing regarding the businesses' and the government's roles: i.e. companies are increasingly attending to social issues previously handled by the government alone.

Panapanaan and Linnanen (2009, p. 77) argue that Finnish companies' proactive attitude toward CSR issues, complemented with the active support from the government and NGOs have made CSR a well-known and accepted concept among Finnish businesses (2009, p. 73). Furthermore, the authors see CSR values to be inherent to the Finnish culture and having helped shape the societal development process of the country (2009, p. 73).

Vuontisjärvi's (2006) study of the 50 largest Finnish companies indicates that most elements regarding employee training, development, health, and involvement have been addressed by the majority of the companies. However, Vuontisjärvi's (2006, p. 287) results also indicate that less attention is paid to activities relating to “softer themes”

such as work-life balance, equal opportunities and integration of disadvantaged groups. According to the author, the public sector's role and regulations do not always seem to encourage action in these areas; for example, the "Act on Equal Opportunities between Genders" sets guidelines for promoting equal opportunities and requires companies to prepare an equal opportunity plan. However, based on the results, one-third of the participating companies did not have any written policy on the matter. Furthermore, the study revealed that many of the participants considered equality issues to be a self-evident component of the Finnish society and an issue that has already been solved. From Vuontisjärvi's findings one could assume that the inclusion of certain themes, such as gender equality issues, is less necessary in Finnish CSR reports, as the issue is not considered critical in the local context.

Vuontisjärvi (2006) also argues that the public sector's active role can actually promote a lack of action for companies rather than work as an incentive. For example, the public sector has actively supported work-family balance facilitating women's participation in work life in Finland. Finnish companies have not had a clear need to provide childcare or company specific maternity or paternity benefits as the legal provisions have been generous enough compared to many other countries. An assumption that could be drawn from this is that Finnish CSR reports may be less likely to discuss company specific maternity or paternity benefits or childcare benefits, as may be the case in countries such as the U.S. where the state provision of these services is less extensive.

However, Vuontisjärvi (2006, p. 288) also stresses that there should be no reason for complacency: research suggests that gender equality is still far from being reached; the Statistic Finland's equality barometer suggests that 58% of female employees in Finland consider gender to be an obstacle in work-related matters (Melkas 2001, in Vuontisjärvi, 2006). Similarly, Vuontisjärvi's (2006, p. 288) study indicates that the majority of companies have not made any efforts to alleviate rush and time pressure at work even though the issue of work exhaustion has received much attention. Vuontisjärvi (2006, p. 288) concludes that there is a clear need for the public sector in Finland to promote voluntary types of initiatives explicitly linked to CSR; while CSR

cannot alone secure individual employee rights and benefits, its role should be to complement regulations, legislation, and norms. Similarly, Panapanaan (2006, p. 20) points out that the way in which the government handles future issues related to the changing structure of the Finnish society, ageing workforce, unresolved unemployment, and globalizing companies has important consequences to CSR in Finland. As stated in “The European Business Campaign on Corporate Social Responsibility” (2005) report, the future challenges for the Finnish labor market include the continually high number of temporary workers as well as ensuring that the growing numbers of refugees and immigrants living in Finland are proportionally represented in the labor market.

Panapanaan and Linnanen (2009, p.77) also stress that Finland is a country with an oral culture; it may be considered that what is self-evident does not need to be written down, which could have implications to CSR communications in Finland. While the authors see Finnish culture having a positive influence on CSR views and management practices in general, they also point out that this strong emphasis on shared and self-evident knowledge can be a potential source of miscommunication problems. The risk of miscommunication is likely to be particularly high when a company deals with international constituents who may have different CSR expectations and background knowledge. This potential problem is one of the underlying reasons for this study.

2.4 Employee Stakeholders in International CSR Reporting

As discussed in the introductory chapter of this report, different stakeholders’ information needs vary greatly, presenting challenges to companies’ CSR communications (Dawkins, 2004). Little CSR research seems to exist that addresses an important stakeholder group, the company employees (Muller-Camen et al. 2006). In addition to exploring international differences in CSR reporting discussed in the preceding sub-chapter, this study also investigates the role of employees in CSR reporting. As presented earlier, a considerable amount of research exists demonstrating the relationship between positive employee relations and firm performance (e.g. Fulmer et al. 2003). In addition, previous research suggests that the way in which a company

treats its employees influences external stakeholders' view of the company (e.g. Edelman, 2007; Globescan, 2005). All of the above factors point to the importance of this under-researched stakeholder group, thereby warranting this study's exclusive focus on it. This sub-chapter will discuss employees as stakeholders in international CSR reporting; i.e. their growing importance as CSR stakeholders and the way in which they are featured in companies' CSR reports.

2.4.1 The Growing Importance of Employee Stakeholders

According to Buchholtz and Carroll (2009, p. 659), society's changing values are making a visible impact in the workplace as well. Although external stakeholders – such as the government, consumers, environment, and community – remain as major concerns for companies' CSR considerations, significant attention is now being given to employee stakeholders regarding their status, treatment, rights, and satisfaction (Buchholtz&Carroll, 2009, p. 659). According to the authors, employee stakeholders today are more sensitive about employee rights issues because of the evolving changes in the “social contract” between employers and employees. According to Buchholtz and Carroll (2009, p. 659), the new social contract holds that the contemporary workforce is more mobile, less loyal, and more diverse than before. For example, the typical worker today has had nine different jobs by the age of 30 (Conlin, 2001) and employees view themselves as “free agents”, willing to offer their services where and when they want and to the highest bidder (Challenger, 2002). According to Buchholtz and Carroll (2009, p. 661), these changes have led to the new social contract that places more responsibility on the employee to guarantee one's own success and prosperity in the employment relationship; thus, employees are looking for competitive pay and benefits together with opportunities for professional growth.

As McKeever notes (2008, p.15), recognizing employees as stakeholders is a key part of any CSR strategy; this involves acting responsibly toward staff by providing decent working conditions and support where needed, including provision of benefits. In discussing examples of employee-based CSR activities in the U.S., Griffin and Vivari

(2009, p. 238) note that some of the CSR initiatives that were considered innovative in a decade ago - such as childcare services, food deliveries, and dry cleaning services - are now commonplace in many American companies. Today, progressive companies such as Google, which was the winner of Fortune's "Best Company to Work For" award in 2007, offers its employees free benefits such as meals, spa services, and doctors as well as other healthcare services onsite (Griffin&Vivari, 2009, p. 238).

McKeever (2008) argues that linking voluntary benefits to an organization's overall CSR strategy creates advantages such as lower turnover rates and higher levels of employee engagement and productivity. Similarly, Fulmer et al. (2003) study of companies included on the list of the "100 Best Companies to Work for" examined whether workplace satisfaction is related to sustained superior organizational performance. The findings support the view that positive employee relations are strategic assets and establish a link between employee attitudes and the organization's financial performance. Furthermore, Edelman's (2007) global opinion study indicates that the fair treatment of employees is considered the most important indicator (58% of responses) of a company's responsibility to, as displayed in Figure 17 on the following page.

Similarly, Pleon's (2005, p. 22) study supports the notion that employees are an important CSR report audience as well. Pleon's survey among respondents representing consultants, academics, NGOs, and the financial community suggests that employees are viewed as the second most important audience after shareholders and investors. Figure 18 on the following page shows that nearly 52% of the respondents indicated employees as the main audience for CSR reporting.



Figure 17: Socially responsible companies' activities (Edelman 2007)

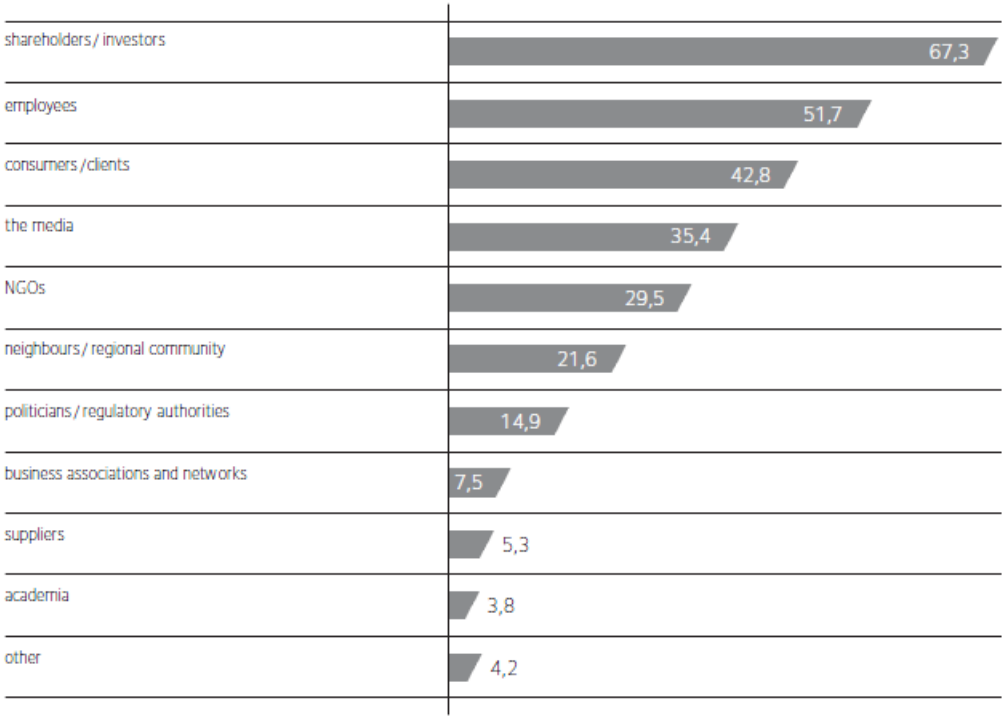


Figure 18: Main audiences of CSR reporting (Pleon, 2005)

In addition to being recognized as an important audience for CSR reports, employees are also increasingly discussed as CSR beneficiaries in the reports. For example, KMPG’s (2005) study of the G250 shows a continuing trend toward a greater coverage of social issues in CSR reports, which until the end of the 1990s had primarily addressed environmental, safety, and health concerns. Based on the study, the four most important social topics covered in the CSR reports of the G250 companies in 2005 were: core labor standards, working conditions, community involvement, and philanthropy. In discussing core labor standards, commitments to diversity and the right to equal opportunities are featured most prominently in CSR reports, at 68% and 61% respectively (KMPG 2005, p. 24) as can be seen in Figure 19 below.

Table 5 Social issues: core labor standards	
Topic	%
Diversity	68
Equal opportunity	61
Human rights	51
Collective bargaining	33
Child/forced labor	30
Freedom of association	27

Figure 19: CSR issues discussed under core labor standards (from KMPG 2005)

2.4.3 Employees as CSR Stakeholders Internationally

The international differences in CSR in the U.S. and Europe discussed in Chapter 2.3 are also visible in the way employees are addressed as CSR recipients. More specifically, Matten and Moon (2005) argue that a company based employee policy that would be labeled as CSR in the U.S. may be redundant in the European institutional setting where more mandatory measures are present. For example, the authors (2005, p. 375) discuss Starbucks’ decisions to offer healthcare benefits to part-time workers as an example of this. Matten and Moon argue that this example of a U.S. company engaging in a CSR activity would not naturally occur in the European environment; i.e. a British or a German company for example would never consider providing these benefits, not

because they are less concerned about their part-time employees' wellbeing, but because those workers are otherwise covered by national health plans or because the employers are required to provide coverage by law.

The above argument is in line with Kampf's (2007) findings discussed in Section 2.3.3. More specifically, Kampf's study of Maersk (Denmark) and WalMart (U.S.) corporate websites reveals international differences in CSR discourse regarding employees. For example, Kampf's findings indicate that while both companies discuss diversity issue management, the way in which these issues are discussed differ because of the cultural systems the companies are embedded in. For example, WalMart's description of diversity is more detailed and focuses on issues relevant to the local context; it discusses issues such as race, age, sexual orientation, gender, national origin, veteran status, and marital status. According to Kampf (2007), these groups have historically been discriminated against and are currently legally protected groups within the U.S. legal system. In contrast, Maersk's definition of diversity is shaped by a different set of contemporary issues that are relevant in today's Denmark, focusing on religious beliefs for example. Kampf (2007, p. 50) argues that the recent widely publicized controversy surrounding the publication of the Prophet Mohammed cartoons could be seen as a local environmental factor in Denmark, encouraging the emphasis on policies addressing religious discrimination on the Maersk site. Additionally, Kampf's (2007) findings reveal that the Maersk definition of diversity includes a reference to gender, but not to color, race, age, veteran status, marital status, or sexual orientation as is the case with the WalMart site. According to Kampf, these differences can be attributed to the cultural system in which the corporate headquarters are situated; the legal framework in a given cultural system governs which groups are specified as needing protection. Kampf (2007, p. 50) concludes that the differing employee focus described above highlights the "situatedness" of the companies in their respective national and cultural domains that are the products of legal and historical factors.

To sum up Chapter 2, the purpose of the literature review presented in this chapter was four-fold:

- 1) To provide a general overview of the CSR topic; it was deemed important to facilitate basic understanding of the CSR concept before a specific aspect of this phenomenon - CSR reporting - is explored.
- 2) To demonstrate the growing popularity and importance of CSR reporting - and the GRI framework in particular - in today's business.
- 3) To demonstrate that international variations exist in companies' CSR orientation and reporting and highlight this phenomenon with two theoretical models.
- 4) To highlight the contemporary relevance of employee stakeholders in CSR reporting, which are the focus of the study's empirical investigation.

Each of the above topics was considered relevant to establish context for the empirical investigation and the subsequent discussion of the findings. The literature review therefore forms the study's theoretical framework, which will be discussed in more detail in the following sub-chapter.

2.5 Theoretical Framework

According to Home (1993), the function of the theoretical framework is to explain how the phenomenon under investigation will be approached: it describes the way in which the present study relates to earlier studies in the field and clarifies the concepts that will be used in the empirical investigation. In other words, the theoretical framework has two roles: (1) it is the theoretical answer to the given research question and (2) it is a construct that guides the empirical research (Home, 1993). In this study, the entire literature review forms the theoretical framework: it provides the theoretical answer to the research questions and acts as the basis for the empirical investigation, i.e. it steers the way in which the case countries are chosen and provides context for the discussion of empirical results.

The aim of this study is to investigate whether international differences can be observed in case companies' GRI based CSR reporting addressing employees. The aim of the literature review was to highlight the following phenomena within the broader topic of CSR (1) international CSR reporting; (2) local variations in international CSR reporting; and (3) increasing relevance of employee stakeholders in international CSR reporting. These topics form the study's analytical framework, illustrated in figure 20 below; i.e. the "lens" through which the empirical data will be investigated. Figure 20 illustrates the way in which the literature review topics narrow down from the general topic of CSR to the study's ultimate focus: the employee stakeholder group. In this visual presentation, the above literature review topics are shown within the overall global business context. The dotted line for the "CSR" topic illustrates the somewhat ambiguous nature of the concept, as discussed earlier in this report.

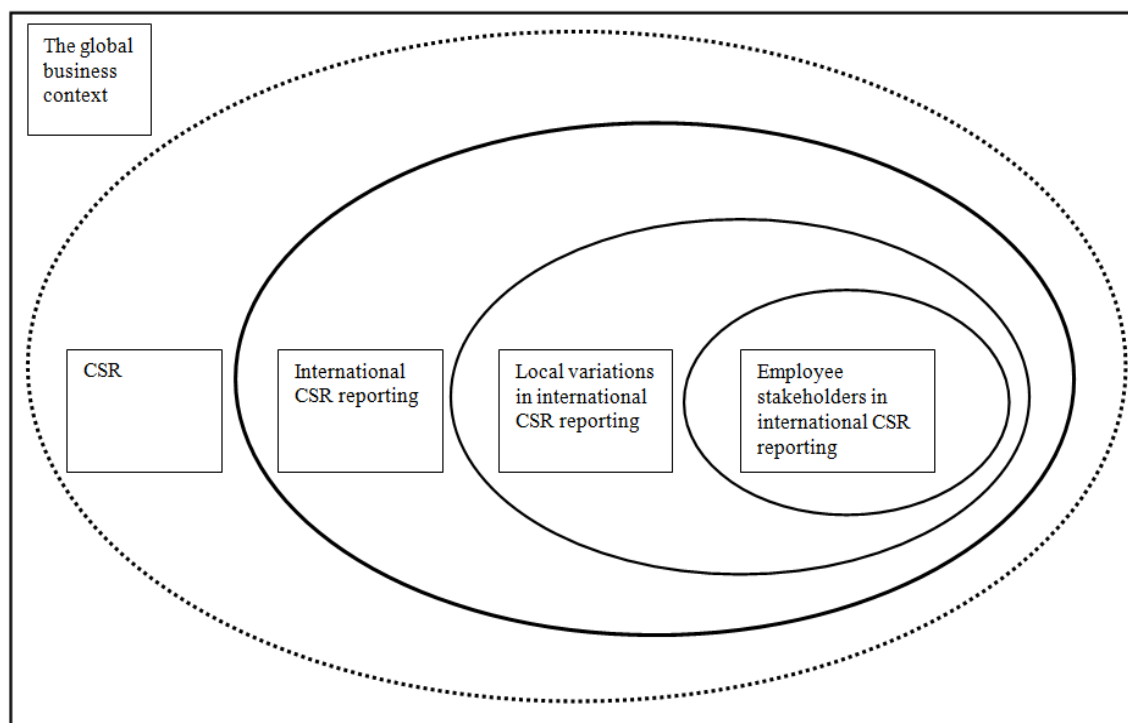


Figure 20: Analytical framework

The literature review demonstrated the relevance of CSR considerations in today's business environment as well as the increasing popularity of CSR reporting, and the GRI framework in particular. In addition, previous literature discussing international

variations in companies' CSR practices were highlighted and the reasons for this variance explored. It was established that one explanation for this variation are the fundamentally different legal and social contexts in which companies operate in, as discussed by authors such as Matten and Moon (2005) and Kampf (2007).

The report has thus far established how and why CSR reporting varies internationally with the support of existing literature. The empirical part of this study will illustrate four real life examples of companies utilizing the GRI guidelines in their CSR reporting. The goal is to observe whether the differences discussed in the literature review can be observed in actual company CSR reports. The results are then discussed in relation to the theoretical framework; i.e. earlier research on the topic. As Eskola and Suoranta (2005, p. 81) discuss, the relationship between theory and empirical investigations can be viewed in two ways: (1) theory as the means and (2) theory as the end goal. As the means, theory assists the researcher in conducting his or her research. In contrast, if theory is viewed as the end goal, the study seeks to build new theory. In this study, theory is seen as the means. The aim of this study is not to build new theory; instead, the theoretical framework's purpose is to guide the empirical investigation and provide a basis for the discussion of the results.

3 DATA AND METHODS

This chapter discusses the methodological choices related to the study's empirical component. In short, the empirical investigation is conducted in the form of a qualitative multi-case study. The data – i.e. case company CSR reports – is analyzed using qualitative content analysis. These methodological choices will be discussed in further detail in the following sub-sections.

3.1 Data

The aim of the study is to investigate whether international differences can be observed in case companies' GRI based CSR reporting addressing employees. As previous

research suggest (e.g. Matten & Moon, 2005; Kampf, 2007), notable differences in CSR engagement exist between Europe and the U.S. due to the differences in the region's legal and institutional settings. More specifically, it is argued that in general, companies in the U.S. tend to engage in social responsibility activities more by choice, whereas within the European institutional and legal context many of the issues falling under the concept of CSR are already provided for by the state and the legal framework. Therefore, the case companies were chosen from the following countries: the U.S., the UK, Germany, and Finland to represent a U.S. – Continental Europe – Scandinavia continuum. This choice is based on the assumption that a Nordic welfare state such as Finland could be anticipated to represent the extreme opposing end in contrast to the U.S. with regard to the level of the state's social service provision. As Kampf (2007, p. 46) argues, MNCs emerge and are headquartered in nation-state contexts and the cultural systems are therefore still relevant even in the global business context. Each of the chosen case companies are headquartered in one of the above four case countries and are therefore considered to be representative of that country's CSR context.

As the study focuses on GRI based reporting, the selection of actual case companies and CSR reports was limited to the GRI website's officially registered CSR reports. The reports were selected from the GRI website of officially registered reports based on the following three criteria:

- Year of CSR report publication
- CSR report GRI application level
- Company size

The selection of the reports was somewhat restricted based on these three requirements; i.e. it was challenging to identify reports fulfilling each criterion. However, it was considered important to base the data selection on specific criteria to establish a relevant basis for comparisons between the reports. First, it was considered important to select reports from the same year to ensure fair comparisons; e.g. economic fluctuations could

be expected to influence the report content and CSR reports from different years may not yield comparable information. While reports from 2009 were available at the time of the data selection, reporting year 2008 was chosen as the availability of reports for that year was significantly greater and allowed the fulfillment of the other two criteria. More specifically, as of June 17th 2010, a total of 246 reports were published on the GRI website for 2009. In comparison, 1,377 reports were available for 2008, allowing a greater sample from which to choose the reports from.

Second, to be able to make meaningful comparisons between reports adhering to the GRI guidelines, it was also considered vital to select reports that follow the reporting guidelines to the same extent; i.e. to select reports that have declared the same GRI application level. In this case, A-level reports were chosen for the analysis. This decision was based on the fact that A-level GRI reports follow the global guidelines to the greatest extent. Thus, it was considered that A-level reports would yield the most meaningful data on the potential influence of the reporting country's local context on the report content despite the harmonizing effect of a global reporting standard.

Finally, while no definite measure of "company size" was used, a basic screening of company size (e.g. number of employees, annual turnover) was performed to ensure that the comparisons between the companies have a relevant basis. It is also worth noting that it was initially planned that all four reports would represent the same industry and a similar level of internationalization of business operations for reasons of comparability. However, locating four reports from the same industry fulfilling all of the other three criteria was not possible. As a result, two of the case companies represent larger, more global companies with the other two being smaller, and more local in nature. This limitation will be further discussed in Section 6.3.

The four case companies chosen for the study based on the above described criteria are: IBM, The Co-operative Group, The Bayer Group, and The Kesko Group. These companies are headquartered in the U.S., UK, Germany, and Finland, respectively. The selected companies' CSR reports for 2008 were downloaded from the GRI list of

officially registered reports and analyzed using qualitative content analysis. A more detailed discussion of the analysis method will be provided in the next sub-chapter.

3.2 Methods

This study was carried out as a qualitative multi-case study and the data were analyzed using qualitative content analysis method. As Eskola and Suoranta (2005, p. 61) describe, qualitative research does not seek to make statistical generalizations, but to describe a specific event, to understand a specific action or to give a theoretically meaningful interpretation of a specific phenomenon. The authors also point out that nearly all qualitative studies are case studies, the purpose of which is not to make empirical generalizations as with statistical studies. This study seeks to investigate whether observable differences are present in companies' CSR reports. The qualitative research approach is considered an appropriate means to address the research problem as the aim is not to make generalizations based on the study results. Rather, each case is considered as unique, real life presentation of the phenomenon under investigation: international CSR reporting. The goal is to gain an in-depth understanding of this phenomenon in the chosen case companies. Additionally, as Eskola and Suoranta (2005, p. 61) describe, in qualitative research, the size of the data sample does not have an immediate effect on the study's success and there are no rules about the "right" size. Therefore, the relatively small data sample – four companies – that is used in this study is considered sufficient for the study's purposes.

As described above, the case study design is very typical to qualitative research. According to Yin (2009, p. 2), case studies are often the preferred method when questions concerning "how" or "why" are being studied; the researcher has little control over events; or when the study focus is on a contemporary phenomenon within a real-life context. The case study approach was chosen for this study as the aim is to compare companies' CSR reporting internationally and to detect and discuss potential differences; i.e. the study addresses questions of "how" and "why". The case companies were chosen to represent different countries, as described in the preceding section 3.1, so that Research question #1 and #1a (*Can international differences be*

observed in GRI based CSR reporting addressing employees? and What specific CSR themes are discussed in the case company CSR reports' employee sections?)) could be answered. In addition, the potential differences found in the reports will be discussed in relation to the study's theoretical framework, with the aim of providing an answer to the Research question #2 (What factors may explain these differences?).

Finally, the actual analysis method used in the study is qualitative content analysis. According to Zhang and Wildemuth (2009), qualitative content analysis is a valuable alternative to the more traditional method of quantitative content analysis, when the researcher involves interpretive work. As Zhang and Wildemuth (2009, p. 1) describe, in comparison to the quantitative content analysis method, qualitative content analysis goes beyond simply counting words or extracting objective content from the data and allows the researcher to understand the social reality in a more subjective manner. According to the authors, the goal in qualitative content analysis is to identify important themes or categories within the data content, and to provide “a rich description of the social reality created by those themes/categories as they are lived out in a particular setting” (Zhang and Wildemuth (2009, p. 11). The authors suggest that this analysis method, employed with careful data preparation, coding, and interpretation, can assist in developing new theories and models, as well as confirming existing theories and providing in-depth descriptions of particular phenomena.

According to Eskola and Suoranta (2005, p. 137), the purpose of qualitative data analysis is to bring clarity to the data and then produce new knowledge about the issue under investigation. More specifically, the purpose is to condense the data without losing the information it contains, or to reorganize a scattered collection of data to form a clearer and more meaningful whole. Similarly, Weber (1985, p. 5) describes the basic idea of content analysis to be the classification of words within the text into content categories; words, phrases, or other units of text classified in the same category are presumed to have similar meanings.

This study addresses GRI based CRS reporting and the aim is to compare reports to detect potential differences. Therefore, GRI's 14 Labor Practices and Decent Work performance indicators were chosen as the categorization framework for the content analysis. The above fourteen performance indicators that each company must address and provide content for in their CSR reports represent "themes" in the analysis, which according to Eskola and Suoranta (2005, p. 174) can be used to categorize qualitative data; by categorizing the data based on themes, it is possible to compare specific themes that emerge and occur in the data. The goal of the analysis is to identify differences in the CSR reports' themes, i.e. in the 14 performance indicators – and make interpretations about the way in which the case companies' differ in the CSR activities they consider relevant and important to communicate to stakeholders.

Finally, according to Eskola and Suoranta (2005, p. 149), the relationship between qualitative analysis and interpretation can be viewed from two perspectives. From the first perspective, qualitative data analysis and the interpretation stages are inseparable. In the second case, the analysis and interpretation are separate events: during analysis, raw data is processed and categorized based on the research problem and then the categorized data is used to make interpretations from it. In this study, the latter approach was adopted. The data is first analyzed (as presented in Chapter 4), followed by the interpretive phase – i.e. discussion of results – in Chapter 5.

3.3 Trustworthiness of the Study

According to Zhang & Wildemuth (2009), the quality of research in the traditional positivist research paradigm is typically evaluated using the validity, reliability, and objectivity criteria. However, according to the authors, the qualitative content analysis method differs from the positivist tradition with respect to its fundamental assumption and purposes, thereby making the above quality criteria unsuitable for assessing its results. Lincoln and Guba (1985, in Zhang & Wildemuth, 2009) offer four alternative criteria for evaluating interpretive research: credibility, transferability, dependability,

and confirmability. The first criterion, credibility, will be discussed in more detail in relation to the present study.

Credibility refers to the “adequate representation of the constructions of the social world under study (Bradley, 1993, p. 436, in Zhang & Wildemuth, 2009). According to Zhang & Wildemuth (2009, p. 6), the researcher can improve the credibility of qualitative content analysis by designing transparent processes for coding and drawing conclusions from the raw data. In this study, careful attempts were made to ensure that the data were categorized for analysis in a systematic manner and based on a set criterion. More specifically, in order to analyze and compare the report content addressing employee issues, the data were categorized utilizing the 14 “Labor Practices and Decent Work” performance indicators. The GRI index prepared by the company explicitly references the location of the information used in the analysis, therefore limiting the researcher’s potential errors in selecting this data.

4 FINDINGS

In this chapter, the results of the report analyses will be presented. The chapter is divided into four parts based on the four case companies. Each case company is first briefly introduced, followed by a summary of the analyzed report’s key content. The aim of the study is to investigate how employee stakeholders are featured in GRI based CSR reports and the results are therefore presented according to the GRI’s 14 Labor Practices and Decent Work Performance Indicators, or the “LA”s discussed in Section 2.2.3. To ensure an accurate presentation of the data used in the analysis, this section provides a rather detailed overview of the case companies’ CSR report content. The key differences between the case company reports are summarized and discussed in a more concise manner in Chapter 5.

4.1 IBM

As described on its website, IBM is a multinational computer, technology, and IT consulting corporation. In 2008, IBM had operations in over 170 countries, employed 438,080 employees, and recorded \$103.6 billion in revenue (IBM, 2009). The company is headquartered in New York, United States.

IBM's CSR report titled "2008 Corporate Responsibility Report" is an A level report that was not externally verified. The 2008 report is available only in the English language on the GRI and company websites. The IBM CSR report is supported by an associated CSR website (<http://www.ibm.com/ibm/responsibility>), which is an increasingly common trend in CSR communications (KPMG, 2008). IBM's GRI index is located on the website and most of the data for each performance indicator is provided through internet links instead of the actual report. IBM's GRI index is displayed in Appendix 2. The key content of the report is summarized below.

Employment

LA1: Total workforce by employment type, employment contract, and region (Core Indicator)

The employment data provided under this indicator are presented in Appendix 2. Data is presented in two categories only: total workforce and the number of full-time employees; i.e. no specific information on regional distribution is provided.

LA2: Total number and rate of employee turnover by age group, gender, and region (Core Indicator)

As required by the GRI guidelines, a company must declare the reason for missing data in order to qualify for an A GRI application level. The report states: "We consider this information to be proprietary and therefore do not publicly disclose it, however, the attrition rate in IBM remains lower than in nearly all its competitors. We retain our existing talent by offering challenging work, leading edge work/life programs,

competitive pay and benefit programs, training and development programs, and retention programs for key contributors.” (GRI index)

LA3: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations

(Additional Indicator)

The IBM CSR report does not offer any detailed information on specific benefits available to employees, but simply provides the following statement: “IBM is a global company and each country has various employment categories to meet the needs of the business while complying with local practices and legal requirements. IBM offers a competitive wage and benefits package to employees in each country, however not every type of temporary or part-time employment category in each country will provide all of these benefits.” (GRI Index)

Labor/Management Relations

LA4: Percentage of employees covered by collective bargaining agreements

(Core Indicator)

The IBM report offers the following statement under this performance indicator: “IBM does not publicly disclose this information. However, we respect the legal rights of our employees to join or to refrain from joining worker organizations, including labor organizations or trade unions” (GRI Index).

LA5: Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements

(Core Indicator)

For this performance indicator, the IBM report states that the length of the notice period is dependent on the type of change being made. The report states that: “In all instances IBM is committed to providing appropriate notice and to following the legal, industrial relations and consultation requirements, if any, within the countries implementing a change. This includes satisfying industrial relations information and/or consultation requirements, if any” (GRI Index).

Occupational Health and Safety

LA6: Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advice on occupational health and safety programs

(Additional Indicator)

For this additional performance indicator, the IBM report provides specific statistics. (e.g. it is reported that up to 25% of the total workforce represented in formal joint management-worker health and safety committees) (GRI Index).

In addition, while for some of the previous core indicators only limited information is provided, for this indicator an abundance of information is included. It is explicitly stated that company safety and health responsibilities are established and defined through corporate policies. The company's commitment to employee well-being is described in the following manner: "the health and well-being of IBM employees is a fundamental line management and employee responsibility. Our support for healthy work environments and improved health through prevention is vital to our innovation and productivity. IBM intends to be recognized for a work environment that promotes employee well-being and strives for continuous improvement. IBM fosters an environment that encourages management and employee involvement in well-being program activities, individually and in teams or workgroups" (GRI Index).

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region

(Core Indicator)

For this core indicator, the IBM report provides data on recordable incident rates, lost time incident rates, and the number of fatalities (see Appendix 2). Other statistics are not provided, as it is explained that the data is tracked and maintained at the country level. IBM provides the following general statement for this performance indicator: "IBM's commitment to workplace safety was first formalized as a corporate policy in 1967. To promote a consistent standard of care throughout the world, IBM's proactive approach to well-being is managed globally, but is implemented locally, according to

local needs and customs” (GRI Index).

LA8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases

(Core Indicator)

As discussed under the performance indicator LA6, the IBM report provides extensive information related to employee health initiatives. Under this performance indicator, activities in place to promote employee well-being are discussed. In addition to general statements about the company’s commitment to employee health and well-being, the website link referenced under this performance indicator features a variety of documents discussing IBM’s activities in addressing employee health and initiatives in different countries of operation.

LA9: Health and safety topics covered in formal agreements with trade unions

(Additional Indicator)

Under this performance indicator, it is stated that IBM does not publicly release the information. A general statement is used again to highlight IBM’s stand on the issue: “Our health and safety standards are addressed in our Global Employment Standards. IBM strives to provide its employees with a safe and healthy workplace in compliance with all applicable laws and regulations” (GRI index).

Training and Education

LA10: Average hours of training per year per employee by employee category

(Core Indicator)

As with many of the other performance indicators in IBM’s CSR report, a general statement is provided to explain the absence of data: “IBM has provided the average number of paid training days per employee, but does not break down this data into employment categories” (GRI index). The data reported is shown in Appendix 2.

LA11: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Additional Indicator)

IBM's CSR report provides information for this additional performance indicator. IBM's commitment to employees' skills management and lifelong learning is described in the following way: "In IBM's long-term strategy for learning and for growing the capabilities of our employees, we study emerging technology and business trends, identify skills most in demand and aligned with our client's and company's business objectives and seek to upgrade expertise with those skills, most in demand. This also provides us with insights of skills becoming less valued in the marketplace and as a result we provide transition learning guidance so that employees can shift to more valued expertise areas, as part of our career framework. IBM employees also participate in external education programs, and can request an Educational Leave of Absence to pursue a degree, while maintaining IBM benefits and service credits" (GRI index).

LA12: Percentage of employees receiving regular performance and career development reviews (Additional Indicator)

IBM's report states that "IBM employees are assessed on their performance annually and employees are offered an individual development plan annually" (GRI index). However, no detailed information or numeric data is provided for this indicator.

Diversity and Equal Opportunity

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (Core Indicator)

For this indicator, IBM states that it does not collect all the data requested under this performance indicator. Appendix 2 shows the data reported on the gender distribution in the company board and the overall employee base.

The report also makes an explicit reference to the company's concern for diversity: "Given the speed and diversity of the global market place – geographically, culturally, ideologically – our success as a global enterprise depends on our ability to work effectively across those differences and using diversity to drive innovation" (GRI index). The report discusses a new charter for the company's diversity strategy that aims to foster cultural intelligence among employees and to increase employment opportunities for various demographic groups. In addition, the report's diversity discussion also includes "GLBT" (gay, lesbian, bisexual, and transgender) issues: the report makes a reference to IBM's 2008 expert testimony in the U.S. on the business case for adopting "Domestic Partnership Benefits" at the federal level.

**LA14: Ratio of basic salary of men to women by employee category
(Core Indicator)**

For this performance indicator, IBM simply states that the data for this indicator is not collected.

4.2 The Co-operative Group

As described in its 2008 CSR report, The Co-operative Group is an "industrial and provident society, which is owned and democratically run by its members" (The Co-operative Group, 2010). As specified in the report, the term "Group" is used to describe all parts of The Co-operative Group's businesses with the exception of The Co-operative Financial Services (CFS). The Co-operative Group consists of various businesses that are described on the corporate website as covering "everything from ethical banking and travel to great value local food and online shopping" (The Co-operative Group, 2010). In 2008, The Co-operative Group employed 82,000 people and recorded sales of £10.4 billion (the Group) and £7.5 billion (CFS). The Co-operative Group operates only in the UK and is headquartered in Manchester, UK.

The Co-operative Group's CSR report titled "Sustainability Report 2008/09" is a GRI checked A+ level report. The 2008 report is available in the English language only on

the GRI and company websites. Similar to IBM, the Co-operative Group's CSR report is supported by an associated website (<http://www.co-operative.coop/corporate/Sustainability>). The Co-operative Group's GRI index is displayed in Appendix 3. Key content of the report is summarized below.

Employment

LA1: Total workforce by employment type, employment contract, and region (Core Indicator)

For this performance indicator, the Co-operative Group's report presents the required workforce statistics. The employee statistics broken down by business area and contract type are shown in Appendix 3. According to the report, direct comparisons over different categories are not possible due to business categorization changes that occurred over the given period.

LA2: Total number and rate of employee turnover by age group, gender, and region (Core Indicator)

The Co-operative Group's report presents employee turnover rates based on age, gender, and business area. The turnover rates reported can be seen in Appendix 3. It is noted in the report that the figures vary considerably for different business areas.

LA3: Benefits provided to full –time employees that are not provided to temporary or part-time employees, by major operations (Additional Indicator)

For this additional performance indicator, the report states that all company part-time employees are entitled to the same benefits as their full-time equivalents (p. 114).

However, it is specified that certain benefits (e.g. holiday benefits) are prorated based on the number of hours worked and other benefits may require a certain length of service before the employee is entitled to it. Examples of the benefits available to all employees regardless of their status include bonus and incentive schemes, childcare vouchers, and public transportation tickets. Examples of benefits that are available to

employees after a specific qualifying period include sick leave and enhanced maternity and adoption schemes (p. 114).

Labor/Management Relations

LA4: Percentage of employees covered by collective bargaining agreements

(Core Indicator)

The Co-operative Group's report explicitly states that "the Group appreciates that trade unions make an important contribution to business and society as a whole" (p.112). It is stated that of the Trading Group employees, 34% are union members, as are 61% of CFS employees (p.112). It is also stated in the report that the Group established a new "Consultative Framework" with the trade unions in 2008, which outlines their collaborative efforts. The agreement includes a framework of meetings to support pay negotiations, employment terms and conditions, and supports joint problem solving.

LA5: Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements

(Core Indicator)

Regarding this performance indicator, the report states that the company "always agrees consultation periods with the trade unions prior to any structural change" (GRI Index). The report highlights the company's collaboration with the unions and stresses that redeployment efforts are a priority and layoffs the last resort.

As an example of the company's commitment to employee job security, the report discusses the 2008 merger of The Co-operative Group and United Co-operatives and the following structural integration process. A special integration program included redundancy provisions and outplacement services for displaced staff (p.112). It is stressed in the report that the company worked in close consultation with the relevant trade unions during the integration process (p.112).

Occupational Health and Safety

LA6: Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advice on occupational health and safety programs

(Additional Indicator)

For this additional indicator, the report declares that only partial reporting is provided. The report simply states: “CFS has a Well being Forum that meets four times per year to review and discuss and make decisions on matters relating to colleagues' well being, diversity and health and safety. The whole Group workforce is represented by the committee” (GRI Index).

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region

(Core Indicator)

As required by this indicator, the report provides data on accident rates as shown in Appendix 3. The report makes a reference to the national law relating to the reporting of accidents and injuries, and compliance to this law is stressed (p.115). The report specifies that there was only one incidence of occupational disease within the Trading Group and that for the CFS, occupational disease rates are not recorded as they are not applicable to the business (p.115). For the data pertaining to lost days, the report states that it is currently not possible to provide this information as the data available cannot be broken down into the reasons for absence (p.115). Absence rates as a proportion of employee time are reported as can be seen in Appendix 3.

LA8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases

(Core Indicator)

Concern for employee health and safety is explicitly referenced in the report: “The health and safety objectives of the Group are to safeguard the health, safety and welfare of all employees when they are at work and to protect non-employees from any hazard

created by the business' operations. Within the Trading Group, there has been a significant increase in both reportable and non-reportable accidents in 2008. This is attributable to improved health and safety reporting, and a wider emphasis on health and safety culture” (p.115).

As an example of the company’s commitment to employee well-being, the report highlights “The Employee Assistance Program (EAP)”, which is a 24-hour service providing access to specialist services (e.g. a free 24-hour helpline staffed by trained counselors; face-to-face counseling; an online information portal available through the company intranet). It is specified that the service is available to all employees and their immediate family members living in the same household (p.115).

**LA9: Health and safety topics covered in formal agreements with trade unions
(Additional Indicator)**

The Co-operative Group’s CSR report provides data for this additional indicator. For example, the report discusses a joint “Working together” framework that the company has established with trade unions (GRI index). This framework is composed of forums such as the “Well Being Forum” that reviews, discusses and makes decisions on issues related to employees’ well being, diversity, and health and safety.

Training and Education

**LA10: Average hours of training per year per employee by employee category
(Core Indicator)**

The training opportunities provided for the Co-operative Group employees are discussed in more detail under the subsequent indicator LA11. The average training days and investment per employee are displayed in Appendix 3. It is stated that in 2008, centrally provided training was delivered to 1,125 employees, totaling an investment of over £118,000 (p.113).

LA11: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Additional Indicator)

The report highlights the company's commitment to employee skills management and learning by stating that "The Co-operative Group believes the way to build a successful and co-operative business is to train and develop its employees. To achieve this, it is committed to ensuring, amongst other things, that all employees receive: induction training; an introduction to the co-operative values; the knowledge and skills training to meet the requirements of their job; financial support for developmental training as appropriate; and entitlement to performance reviews" (p. 113).

The report describes the way in which the company encourages employees to participate in training and to achieve professional or higher qualifications than what is relevant to their work role. As an example, the company established the "CFS University for All" in January 2008, thereby centralizing all its training and development activities (p.113). This establishment provides services such as induction training, skills training such as communication and presentation skills, and financial support for exam fees, and learning materials.

The report also discusses the company's educational programs for students. For example, the company provides an 18-month "Business Management Program" and a three-year "Chartered Institute of Management Accountants (CIMA) Finance Program" targeted toward graduates to assist them in their career paths. The company also has a graduate recruitment team that works with universities in the UK (p.113).

LA12: Percentage of employees receiving regular performance and career development reviews (Additional Indicator)

No numerical data is provided under this additional indicator, but as stated under the preceding performance indicator, the company is committed to ensuring that all employees receive performance reviews. The absence of this numeric data is explained by stating that "employees do receive regular performance and career development

reviews and the process is managed at a local level. Data is not collected centrally on this and it is not considered relevant to collate data at this level” (GRI Index).

Diversity and Equal Opportunity

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

(Core Indicator)

This indicator requires the company to declare the composition of governance bodies and to provide a breakdown of employees based different diversity categories. The diversity data concerning The Co-operative Group’s board is given based on gender, age, and ethnicity. The number of female, ethnic minority, and disabled employees and managers as well as employees in different age bands are also reported and displayed in Appendix 3. Efforts to ensure improved management of employee data are also discussed in the report; e.g. the company developed a new human resource system in 2008 which includes fields for six diversity categories: gender, age, disability, ethnicity, and for the first time, sexual orientation, and religion and belief (p.50).

In addition to providing this statistical data in its report, the company makes explicit statements about its concern for diversity issues. For example, it is stated in the report that “The population of the UK is becoming increasingly diverse, making consideration of diversity issues an imperative for any forward-looking business. The Co-operative Group’s commitment to diversity is longstanding and enshrined in the co-operative value of ‘equality’ and the co-operative principle of voluntary and open membership” (p.51) . Additionally, the report discusses the company’s belief in the benefits of diversity: “The Group believes that encouraging and supporting diversity ultimately leads to increased creativity and innovation, benefitting employees, customers, and other key stakeholders” (p. 51).

The report describes the “Group-wide Diversity Principles” that were established in 2006, which outline the company’s approach to diversity issues; e.g. how the company

is committed to addressing diversity in relation to employees, customers, and the community (p. 51). The company efforts for diversity inclusion in recruitment activities are also discussed; in order to attract a diverse range of individuals, the company utilizes and attends a range of different media and job fairs, and creates targeted marketing materials, for example to attract return-to-work mothers (p. 51).

In discussing diversity management issues, the report focuses on five main topics: employee gender, ethnicity, age, disability, and sexual orientation. First, diversity issues related to women are discussed at length in the report as gender was chosen as the priority focus for the Trading Group diversity team in 2008. For example, the gender network of senior female employees, the Co-operative Group policy on domestic violence, and activities to provide a safe and positive environment for expectant and new mothers as well as to facilitate the return of women to the labor market are discussed (p. 51).

Second, the report states that in 2008, 7% of the Trading Group's employees were from ethnic minority groups. In order to better understand the challenges that employees and jobseekers from ethnic minorities face, the company has a special "Trading Group race plan". This initiative includes meetings with ethnic minority colleagues in order to generate ideas on how to increase the mobility of ethnic minorities and provide mentoring opportunities (p. 52).

Third, the report makes a reference to a local law - the "Employment Equality Regulations" - which came into effect in October 2006 and makes age discrimination in the workplace illegal (p. 54). The company's commitment to age equality is discussed with examples such as the removal of contractual retirement ages as well as the positive feedback it has received for being "an employer that has adopted good employment practice in relation to age diversity" as part of the "Age Positive" campaign led by UK's Department for Work and Pensions (p. 54).

Fourth, the report also provides a rather extensive discussion on disabilities. It is noted that within the Trading Group, 0.7% of employees have declared a disability in 2009, and with the CFS the corresponding number is 2.2% (p.53). It is stressed that disability

will be a priority focus for the company in 2009. The company's commitment to providing equal opportunities to disabled people is discussed with several examples such as the company's membership in "Employers' Forum on Disability", which provides research resources and advises on recruiting and retaining disabled employees and on serving disabled customers (p. 54).

Finally, sexual orientation is discussed as part of the company's diversity management efforts. It is stated that the company is a member of the "Stonewall Diversity Champions" program, which is a best practice forum that allows employers to engage with one another on sexual orientation issues (p. 54). Additionally, a sexual orientation employee network was set up at the company in 2008 that meets on a quarterly basis to discuss sexual orientation issues as they relate to employees, products, and community support. A new question relating to sexual orientation was also included in the company's 2008 employee survey, with the aim of gaining better understanding of and engaging with employees representing sexual minorities (p. 54).

**LA14: Ratio of basic salary of men to women by employee category
(Core Indicator)**

The report states that "Men and women can receive the same low/high range of pay within each band. As there are such diverse job roles within the Group, it is not meaningful to compare the basic salary for women and for men within the categories of managers/non-managers" (GRI Index).

4.3 The Bayer Group

As described on its website, Bayer is a global company with core competencies in the fields of health care, nutrition, and high-tech materials (Bayer, 2010). In 2008, Bayer employed 108,600 people and had sales of €32.92 billion. Bayer is headquartered in Leverkusen, Germany.

Bayer's 2008 CSR report titled "Sustainable Development Report 2008" is a GRI checked A+ level report. The 2008 report was published both in German and English. Similar to the previous two reports, Bayer's report is also supported by an associated

website (<http://www.sustainability2008.bayer.com/en/homepage.aspx>), but the GRI index references only the actual CSR report for the 14 performance indicators. The report's GRI index is displayed in Appendix 4. The key content of the report is summarized below.

Employment

LA1: Total workforce by employment type, employment contract, and region (Core Indicator)

For this performance indicator, the Bayer report provides employee statistics displayed in Appendix 4. Employee data is broken down by region and function. The report specifies that around 51 percent of the company employees are located in Europe, still accounting for the majority of the workforce despite the global nature of the company's operations (p.64).

LA2: Total number and rate of employee turnover by age group, gender, and region.

(Core Indicator)

The Bayer report provides the following company-wide employee turnover rates for 2008 based on regions: Europe 8%; North America 10%; Latin America/Africa/Middle East Region 7%; and Asia/Pacific region 12% (p. 65). It is stated that data division according to age group and gender has not been carried out because of the complexity of compiling this data in individual countries. However, the company is currently in the process of expanding the system for recording HR data (p.65).

LA3: Benefits provided to full –time employees that are not provided to temporary or part-time employees, by major operations

(Additional Indicator)

Information for this additional performance indicator is not provided in the Bayer report.

Labor/Management Relations

LA4: Percentage of employees covered by collective bargaining agreements

(Core Indicator)

The Bayer report provides the data required under this performance indicator as displayed in the Appendix 4. As can be seen in Appendix 4, the highest percentage of employees covered by collective agreements is in Europe and the lowest in North America. In addition to presenting employee statistics regarding collective bargaining agreements, the company also provides the following statement: “Employees at all Bayer sites have the fundamental right to elect their own representatives. Where they do not do so, we make a special effort to ensure direct and open communication. Constructive collaboration with employee representatives is reflected in different forms of participation such as the Bayer European Forum (BEF), our Europe-wide platform for dialogue between employer and employee representatives. Following the enlargement of the European Union, we extended our European Forum to include representatives from the new member states in which we have a presence” (p.65).

LA5: Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements

(Core Indicator)

To address this performance indicator, the report provides a short statement: “Full and timely information for our employees is provided on significant operational changes in compliance with the relevant national and international obligations” (p.66).

Occupational Health and Safety

LA6: Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advice on occupational health and safety programs

(Additional Indicator)

Information for this additional performance indicator is not provided in the Bayer report.

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region

(Core Indicator)

The data provided on Bayer employees' occupational injuries is displayed in Appendix 4. In addition to the above statistics, the report discusses the company goal of reducing occupational injuries and the progress it has made toward achieving this goal in 2008. Additionally, it is stated that the rate of reportable injuries has declined in 2008 and no fatal accidents were reported (p.73).

LA8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases

(Core Indicator)

In relation to this performance indicator, the Bayer report states that due to employees' rising retirement age and increasing work demands, the company's occupational health management is designed to maintain and strengthen employees' health and ability to perform (p. 73). Initiatives such as a special re-integration program to help employees who are frequently ill or have been unfit for work for an extended period of time are discussed to demonstrate the company's concern for employee well-being (p. 73). The company also provides services that assist employees to overcome psychological problems, challenges in their personal lives as well as addictions. The report also discusses preventive health care for employees in countries where the public health system is insufficient. For example, the company offers employees in many countries regular medical check-ups, vaccinations, cancer checks and advice on issues such as cardiovascular disease, stress avoidance, and ergonomics (p. 73).

LA9: Health and safety topics covered in formal agreements with trade unions
(Additional Indicator)

Information for this additional performance indicator is not provided in the Bayer report.

Training and Education

LA10: Average hours of training per year per employee by employee category (Core Indicator)

For this performance indicator, the Bayer report declares that 2.7 percent of the company's total personnel expenses (approximately €7.5 billion) were invested in vocational and further training of employees in 2008 (p. 70). It is stated that in Germany alone, over 10,000 employees attended at least one training course, and spent up to five days in ongoing vocational training on average (p. 70).

LA11: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Core Indicator)

To highlight the company's commitment to employee training, the report states: "Bayer traditionally gives high priority to ongoing training of its employees because professional and personal development enhances motivation and performance. Our professional training offering is geared to the needs of our operational business and standardized processes are used to plan, implement and evaluate training worldwide" (p.71). It is also specified that in addition to the globally uniform training and personal development opportunities provided by the company, various local and regional initiatives are in place. For example, the "Andean Region Leadership School" provides managers in South America practical training on the company's corporate values and leadership principles (p.71).

In addition to discussing training opportunities available to company employees in general, the Bayer report places a notably strong emphasis on vocational training when discussing employee skills management and learning. The report states that Bayer had 2,900 trainees on its payroll globally in 2008 (p.70). In addition, it is specified that 933 young people began vocational training course at the company's German sites in 2008 (p.70). The report discusses the "dual training system" that is common in Germany, Austria, and Switzerland, which combines theoretical instruction at technical schools with practical work experience. It is stated that in addition to the previously mentioned

countries, this type of training was also offered to students in China, Mexico, and Argentina (p.70).

The report also notes the challenges facing the company related to demographic change. It is acknowledged in the report that the changes occurring in the company workforce by 2020 will present challenges and the company has therefore initiated a global “Demographic Change Management@Bayer” program to address this issue (p. 70). With respect to training, this program helps employees prepare for changes in their working lives and provides training and support for older employees. In addition, the company is striving to position itself as an attractive employer for young professionals.

LA12: Percentage of employees receiving regular performance and career development reviews

(Additional Indicator)

Information for this additional performance indicator is not provided in the Bayer report.

Diversity and Equal Opportunity

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

(Core Indicator)

The Bayer report does not provide any statistical summaries for this performance indicator, but the company’s commitment to diversity is described in the following manner. For example, it is stated that Bayer’s senior management comprises executives from 23 nations (p. 66). Furthermore, the Bayer CSR report provides an explicit statement about being an equal opportunity employer: “Bayer offers equal opportunities to all employees – regardless of gender, color, religion or sexual orientation” (p. 66). Furthermore, it is stated in the report that Bayer’s “directives stipulate that the selection of personnel worldwide is exclusively based on specialist qualifications, development potential, and individual performance” (p. 66).

It is also stipulated in the report that company employees who feel discriminated against despite the diversity guidelines and principles that are in place are encouraged to report such issues so that they can be investigated by the legal and HR departments (p. 66). In addition, it is noted that in the U.S., the company has a special diversity councils that provide advice and mediation in the event of suspected discrimination (p. 66).

Furthermore, the report contains an exclusive note on diversity issues in the U.S. It is stated that the company has a long tradition of diversity management in the U.S. since the mid-1990s and has won notable awards in this arena. Some of the activities discussed under this theme include special assistance to employees who are caring for sick or elderly relatives and mentoring programs for women, African Americans, and younger employees. It is noted that the company was voted as one of the top 10 companies for global diversity by the Diversity Inc. magazine (p. 66).

Additionally, the report discusses equal opportunity measures for women; it is stated in the report that “Equality of opportunity for men and women has been a basic principle of recruitment and professional advancement at Bayer for many years. In Germany, for instance, we have had a Joint Committee on Equality of Opportunity for more than 18 years. Bayer has a strong interest in raising the proportion of female employees in all professional areas and at all management levels. Human resources trends show that our efforts to recruit well qualified female employees and our professional advancement programs are having a positive effect. Between 2000 and 2008 the number of female chemists at our German companies rose by 36 percent and there was even an 81 percent increase in female engineers. Group-wide, female employees currently account for around 27 percent of our total workforce” (p. 67). Bayer discusses its equal opportunity commitment also in relation to demographic trends discussed earlier; the company strives to encourage young women to choose a technical or scientific careers. To achieve this, the company arranges activities at nearby schools and organizes special events for young women during Germany’s national “Girls’ Day” (p. 67).

It is stated in the report that proportion of female managers is increasing in the company, with approximately 18 % of middle managers in Germany being female compared to only 9% ten years before. It is noted that while the proportion of female executives in senior management globally is still low, it is also rising (from 3.8 % in 2006 to 4.7 % in 2008) (p. 67). The report indicates that the company aims to increase the proportion of women in their selection processes for managerial positions. The newly introduced “Women’s Leadership Initiative” is part of the strategy to achieve a “significant increase” in the proportion of female employees in senior management positions from the current level of 15% by 2012 (p. 67).

**LA14: Ratio of basic salary of men to women by employee category
(Core Indicator)**

For this performance indicator, Bayer provides only partial reporting. It is stated that the company “naturally considers equality of opportunity to also include performance-oriented compensation irrespective of the gender of the employee. Owing to the differing framework conditions in the individual countries and operations, global recording of gender-specific compensation statistics is very difficult (p.66).

4.4 The Kesko Group

As described on its 2008 CSR report, Kesko is a trading sector service provider operating in the food, home and specialty goods, building and home improvement, and car and machinery trade (Kesko, 2009). In 2008, Kesko employed 24,668 people and had sales of €9,287 million (Kesko, 2009). Kesko is headquartered in Helsinki, Finland and has subsidiaries in Scandinavia, Russia, and the Baltic States.

Kesko’s CSR report titled “Corporate Responsibility Report 2008” is a third-party checked A+ level report. The 2008 report was published both in Finnish and English. Similar to the other three CSR reports analyzed in this study, Kesko’s CSR report is supported by an associated website (<http://www.kesko.fi/en/Responsibility>). However, unlike with the other reports, all of the information referenced in the GRI index is

located in the actual CSR report. Kesko's GRI index is displayed in Appendix 5. The key content of the report is summarized below.

Employment

LA1: Total workforce by employment type, employment contract, and region (Core Indicator)

Under this performance indicator, the Kesko report provides employee statistics that can be seen in Appendix 5. Employee data is broken down by region and contract type. As can be seen in the table, the majority of the company's employees are located in Finland.

LA2: Total number and rate of employee turnover by age group, gender, and region (Core Indicator)

Kesko provides information on its employee turnover rates per regions as can be seen in Appendix 5. The turnover rate in Finland was 35% and the average turnover rate outside Finland approximately 51% (p. 63). The turnover rates are not broken down by age or gender. In addition to providing these statistics, the report provides additional information for the reasons behind employment terminations in 2008. According to the report, the most common reason for terminating employment in Finland was the ending of a fixed-term contract, which accounted for about 46% of departures (p. 62). In other regions, the most common reason at 86% was the employee's decision to terminate the employment contract. Furthermore, it is noted that 181 people retired in Finland and that there were no retirements in other regions in 2008. Finally, approximately 2% of employment contracts in Finland and 12% in other regions were terminated for production and financial reasons or other reasons based on the "Employment Contracts Act" (p. 62).

LA3: Benefits provided to full –time employees that are not provided to temporary or part-time employees, by major operations

(Additional Indicator)

Information for this additional performance indicator is not provided in the Kesko report.

Labor/Management Relations

LA4: Percentage of employees covered by collective bargaining agreements

(Core Indicator)

The section titled “Cooperation with employee representatives” provides the employee data required under this performance indicator as displayed in Appendix 5. The unionization rates are given for Finland and Norway (40.1% and 25.5%, respectively) with the caveat that only a few employees are members of trade unions in the Baltic countries and Russia and that this information is not made public in Sweden (p. 69). More specifically, the report specifies that collective bargaining agreements cover all employees in Finland, Sweden and Norway, while in Russia and the Baltic countries no binding collective agreements covering any industries have been concluded yet (p. 69).

LA5: Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements

(Core Indicator)

To provide the required information for this core performance indicator, Kesko’s report includes a short statement referring to local laws: “In all operating countries, Kesko applies the notice periods which are specified in labor legislation. In Finland, the minimum notice period is 0.5-6 months depending on years of service” (p. 62).

Occupational Health and Safety

LA6: Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advice on occupational health and safety programs

(Additional Indicator)

Information for this additional performance indicator is not provided in the Kesko report.

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region

(Core Indicator)

For this performance indicator, the Kesko report states that the company collects work-related health and safety statistics, as well as absence statistics due to illness. It is specified that injuries and sick days are reported according to Finnish National Accounting Board's recommendations and that information of subcontractors' accidents is not included in the data. The section titled "Health and safety" (p. 67) provides statistics on employee injuries, sick days and absenteeism as displayed in Appendix 5. It is also noted in the report that Kesko Group companies in Finland have occupational health and safety committees based on the Finnish occupational safety and health legislation (p.67). For example, in 2008, Kesko established an occupational health and safety forum as an employee communication forum. In addition, "occupational safety and responsibility" courses were offered by the company (p. 67).

LA8: Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases

(Core Indicator)

Under this performance indicator, the Kesko report discusses a "Work and productivity program" begun in 2008 with the aim of increasing employees' work productivity by increasing staff competence and wellbeing as well as investing in more effective human resource management (p. 68). According to the report, other long-term projects

focusing on workplace well-being are also offered to increase employees' work productivity by "reducing sickness absences, to maintain the physical condition and to raise the retirement age." Improvements to work productivity are also sought by promoting the adoption of different "working hour models and by systematic working hours' management" (p. 68). Various company programs and campaigns are also highlighted that are in place to promote employee exercising, hobbies, and recreational activities.

In addition, the report discusses the way in which the "Kesko Occupational Health Service Unit" assists with activities such as workplace ergonomics, and guidance for employees with substance abuse problems. Other activities that Kesko has in place to promote employee well-being include diagnosis and prevention of work-related upper extremity disorders, "Stop the Flu" program, and a project related to the treatment of depression (p. 68).

**LA9: Health and safety topics covered in formal agreements with trade unions.
(Additional Indicator)**

Information for this additional performance indicator is not provided in the Kesko report.

Training and Education

**LA10: Average hours of training per year per employee by employee category
(Core Indicator)**

For this performance indicator, the Kesko report provides average training days per person for each region as can be seen in Appendix 5. According to the report, a total of 19,900 working days or 1.8 days per employee were devoted to additional training in Finland, with a total of €4.6 million (€420 per employee) having been allocated for employee training in 2008. The total number of training days outside of Finland was 3,230 or 0.5 days per employee (p. 66). The report notes that this data is not available for Norway, Sweden and Rautakesko AS Estonia. The training costs abroad totaled €1.1 million (€124 per employee) in 2008 (p. 66).

LA11: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings (Additional Indicator)

While statistics for employee training activities are discussed in the Kesko report's "Competence development and training" section as indicated under the preceding GRI performance indicator, it is declared in the GRI index that this additional performance indicator is not covered in the report.

LA12: Percentage of employees receiving regular performance and career development reviews.

(Additional Indicator)

In relation to this performance indicator, Kesko report provides the following general statement: "Annual performance and development reviews are one of the key tools used for efficient performance management and motivating leadership. Reviews cover the entire personnel. In 2008, 77% of the Group's employees in Finland participated in the reviews and 74% elsewhere. The performance assessment of key personnel was extended to cover all companies in the Kesko Group" (p. 64).

Diversity and Equal Opportunity

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity

(Core Indicator)

For this performance indicator, the Kesko report specifies that the data is provided only based on gender and age. These figures can be seen in Appendix 5. The report notes that over half of the employees are below the age of 36 and only 8% of employees are over 55 years of age. On average, Kesko employees are younger in subsidiaries outside of Finland, with the exception of Norway (Sweden 31; Norway 37; Estonia 34; Lithuania 32; Latvia 34; and Russia 29) (p. 62).

To highlight the proportion of female employees at Kesko, the report provides the following statistics (p.65). At the end of 2008, 62% of Kesko Group employees in Finland were female. Outside of Finland, the percentage of female employees was between 45% and 55%. Additionally, it is highlighted in the report that women held 20.6% of the total top management positions in 2008. More specifically, one out of the seven Board of Directors was a woman and two out of the eight Corporate Management Board members were women. Furthermore, it is reported that while the proportion of women in middle management in Finland slightly dropped to 20.3%, the proportion of women rose in management and specialist positions to 48.8%. Outside of Finland, the average proportion of women in middle management was 58% and 38% in expert positions (p. 65).

The Kesko report also describes its stand on equality by referencing the parent companies' and subsidiaries' company-specific equality plans, which include "objectives for improvement based on national legislation covering recruitment, career development and training, compensation, and work-family interaction" (p. 65). The equality plans also cover gender issues and other equality aspects such as age and cultural background. It is noted that employees' equality management experiences have been monitored through personnel survey since 1996 (p. 65). Based on the personnel survey results, the report states that the implementation of equality at Kesko is rated "high" and has been improving over the years (p. 65).

**LA14: Ratio of basic salary of men to women by employee category
(Core Indicator)**

For this performance indicator, the Kesko report provides only partial reporting. The following brief statement is provided in the GRI index to fulfill this indicator requirement: "the Kesko Group uses a job grading system. The equality of pay is monitored as part of the implementation of company-specific equality plans" (p. 89).

5 Discussion

In this chapter, the results of the case company CSR report analysis will be discussed individually for each of the four case companies. An overview of the key differences is provided in table 2 below.

Table 2: Key differences in case company CSR report themes

	IBM	The Co-operative Group	The Bayer Group	The Kesko Group
Amount of information presented	Brief, generic statements of global nature	Detailed information, possibly due to the local nature of business operations	Brief, generic statements of global nature	Detailed information, possibly due to the local nature of business operations
Key CSR themes discussed	No notable focus on specific CSR themes. However, references made to some locally relevant CSR themes such as the "Domestic Partnership Benefits"	Coverage of diversity management issues the most extensive, including a detailed discussion on gender, ethnicity, age, disability, and sexual orientation minority groups.	Notable emphasis on vocational training, a locally significant CSR activity in the German context.	Limited scope of diversity management issue discussion; explicit focus on gender issues.

5.1 Key Findings from the IBM CSR Report

Based on the analysis of the IBM CSR report, it can be stated that three differences stood out in comparison to the other three case reports. These differences were related to: the amount of data provided, the company's collaboration with labor unions, and the company's diversity management.

First, as a general observation it can be stated that while the IBM report is an A level report, according to the GRI-guidelines performance data can be excluded as long as an explanation for its absence is provided. For example, in relation to the core indicator LA2 ("Total number and rate of employee turnover by age group, gender, and region")

the report states that the information is considered proprietary and therefore is not publicly disclosed. Similarly, for indicator LA 4 (“Percentage of employees covered by collective bargaining agreements”) it is again stated that IBM does not publicly disclose this information. This finding does not agree with what could have been expected based on Kampf’s (2007) findings of a U.S. company having a more pronounced need to communicate its activities as a good corporate citizen to its stakeholders. This finding may have been different had a smaller, more local American company been used in the analysis. In addition, this analysis focused exclusively on labor issues and therefore no valid statements about IBM’s overall CSR communications can be made based on the findings.

While the experience gained from this study generally supports the notion that a common reporting framework, such as the GRI, allows for easier comparisons between different companies’ reports adhering to the same content requirements, the fact that merely stating the reason why certain information is missing could be considered problematic. More specifically, the experience described above leads one to wonder if there should be a way to separate those companies that truly provide all of the information requested under each performance indicator. It is also reasonable to assume that with a global company such as the IBM, much of the HR data is collected locally in the various operating countries and regions, thus presenting this data for the entire company would be challenging. However, one could expect that if a company continues to adhere to a specific reporting guideline such as the GRI in the future, the company HR systems could be streamlined to provide the data needed for this purpose.

The second key difference observed in the IBM report was related to the company’s statements about employees’ union membership. Briefly put, IBM’s stance on employee union membership was not – at least explicitly – as strongly “collaborative” as was the case with the other three companies. For example, the Co-operative Group uses expressions such as “the Group appreciates that trades unions make an important contribution to business and society as a whole” (The Co-operative Group, 2008, p.112) to describe its stance on labor unions and discusses its collaborative efforts with labor

unions. In contrast, the IBM report shortly states that “we respect the legal rights of our employees to join or to refrain from joining worker organizations, including labor organizations or trade union (GRI index).” This finding is not unexpected considering the generally weaker position of labor unions in the U.S.

Finally, another difference that was detected in the IBM report was related to diversity management issues. Based on Kampf’s (2007) discussion on the legally protected minority groups that represent a local environmental factor in the U.S., one could have expected to find an explicit reference to these protected groups in the IBM report. However, no such statement was included in the report. One could speculate from this that the report content is tailored to a global audience and that this finding may have been different if a smaller and more local American company was used in the analysis. While there is no mention of the protected classes in the report, an explicit reference is made to the company’s concern for diversity: “Given the speed and diversity of the global market place – geographically, culturally, ideologically – our success as a global enterprise depends on our ability to work effectively across those differences and using diversity to drive innovation.” Interestingly, the report discusses IBM’s expert testimony on the business case for adopting “Domestic Partnership Benefits” at the federal level in the U.S in relation to GLBT (gay, lesbian, bisexual, and transgender) issues. This initiative certainly seems fitting to the local U.S. context, considering that employers usually play an important role in employees’ ability to obtain benefits such as healthcare and pension at reasonable rates and are commonly available to legal spouses and family members only. As discussed by Matten and Moon (2005) and Kampf (2007), this type of CSR initiative may be redundant in the European context; for example, in Finland this type of initiative might have less relevance to an employee, as majority of social benefits are provided by the state irrespective of one’s marital status.

5.2 Key Findings from the Co-operative Group CSR Report

To answer the question of how the Co-operative Group's CSR report differed from the other three reports reviewed, it can be said that the report's coverage of diversity management issues was unquestionably the most extensive. In the report, explicit statements such as "The population of the UK is becoming increasingly diverse, making consideration of diversity issues an imperative for any forward-looking business" (Co-operative Group 2008, p. 50) and "The Co-operative Group's commitment to diversity is longstanding and enshrined in the co-operative value of 'equality' and the co-operative principle of 'voluntary and open membership'" (Co-operative Group 2008, p. 51) rather clearly highlight the company's commitment to diversity management. As discussed by Idowu (2009), the UK can be considered a world leader in CSR with its government having actively encouraged the emergence of CSR, which may explain the seemingly more advanced stance on CSR issues, at least based on this example.

Furthermore, not only is the company's commitment to diversity issues stated verbally in the Co-operative Group's report, but it is also the only report used in this study that provides substantial numerical data to support these statements; e.g. statistics showing the number of employees and managers from ethnic minority groups and those declaring disability (see Appendix 3). In addition, the Co-operative Group's report also discusses the ways in which the company is striving to improve its diversity data management. For example, a new human resource system that tracks data on new diversity categories such as sexual orientation and religion and belief is discussed. These diversity categories are notably missing in the other reports. Given the increasingly multi-cultural context in Europe and elsewhere, sensitivity to issues such as religious views in the workplace are likely to become increasingly important consideration as discussed by Kampf (2007).

Finally, to briefly assess and give examples of some of the seemingly context specific diversity management issues discussed in the report, it can be mentioned that the Co-

operative Group's report made several references to expectant and return-to-work mothers. More specifically, in discussing the company efforts for diversity inclusion in recruitment, efforts to attract return-to-work mothers are mentioned. Similarly, efforts to facilitate the return of women to the labor market and enhanced maternity benefits are highlighted in the report. While these types of initiatives may be increasingly commonly discussed in companies' HR policies and CSR reports in many countries, it is worth noting that the Kesko report did not mention any such activities, and would be unlikely to do so. This is once again in accordance with the views presented by Matten and Moon (2005) and Kampf (2007). The maternity benefits described above are likely to be somewhat redundant in the Finnish context, where state mandated maternity benefits are relatively generous by global standards.

5.3 Key Findings from the Bayer Group CSR Report

Based on the report analysis, it can be concluded that two notable differences were observable in the Bayer report in comparison to the other three CSR reports. First, possibly due to the global nature of its operations, Bayer provides limited data on many of the performance indicators. Second, similar to IBM, an obvious emphasis is placed on vocational training activities, which are locally significant CSR activities in the German context as discussed by Habisch and Wegner (2005) and Roome (2005).

First, Bayer's CSR report differs from that of the Co-operative Group's and Kesko's in that there is a notable absence of data under several of the performance indicators. This is similar to the IBM report and likely to be related to the fact that compiling local data from various regions is a more challenging undertaking to a large multinational. More specifically, it is noted under several of the performance indicators that Bayer does not track and categorize employee data according to all categories requested under the performance indicators because of the "complexity of the compiling the data in the individual countries".

As will be later discussed in the limitations section of the report, it is fully acknowledged that the comparisons between the four case companies' corporate policies as being representative of the "home country context" are not without fault given the differences in company sizes and operating countries; i.e. in comparison to large multinational such as IBM and Bayer, the Co-operative Group and Kesko are still inarguably more local, which is reflected in their ability to provide more detailed employee data. In addition, similar to IBM, Bayer provides mostly generic, global statements under each performance indicator. It can be concluded from this that rather being reflective of the home country's social and legal contexts and providing "one-size-fits-for-all" communications about its CSR activities, global companies discuss locally important CSR issues with separate examples from different regions. An example of this is the Bayer report's reference to African Americans in discussing diversity management in the U.S.

However, a notable focus in the Bayer CSR report is placed on vocational training, which is a common and locally relevant issue in the German societal context. In conjunction with the performance indicator LA11, the report discusses vocational training courses at the company's German sites that combine theoretical instruction at technical schools with practical work experience in detail. The report makes references to the "dual training system" that is locally relevant to the German context (Habisch&Wegner, 2005; Roome, 2005). However, it is interesting to note that this type of training is also discussed as being offered to students in China, Mexico, and Argentina. While many companies around the world are likely to provide some type of training combining academic instruction and practical work experience, it could be that in Bayer's case, the provision of this type of training in other operating countries is an extension of a context specific German tradition.

5.4 Key Findings from the Kesko Group CSR Report

Perhaps the most notable difference in the Kesko report in comparison to the other three case reports is the limited scope of the diversity management issue discussion. Whereas

the other reports have rather extensive coverage of diversity issues – particularly in case of the Co-operative Group – the Kesko report notably focuses on gender issues in discussing diversity, with little information being provided on other diversity themes. Rather detailed gender statistics are provided in the report, illustrating the proportion of female employees in the company workforce and management. Unlike Vuontisjärvi's (2007) findings suggest, it does not appear that in this specific company's case gender equality is considered resolved or self-evident, as notable amount attention is given to this topic.

In addition to the above discussed data on gender issues, the Kesko report also provides a brief statement about the company's equality plan that covers gender issues as well as other equality aspects such as age and cultural background. However, beyond this one sentence, there is a noticeable lack of focus on cultural diversity, considering the fact that Finland is becoming an increasingly diverse society. Furthermore, what is noteworthy is that whereas the Co-operative Group, for example, uses statements such as “The population of the UK is becoming increasingly diverse, making consideration of diversity issues an imperative for any forward-looking business” to highlight its concern for diversity, the Kesko report does not provide any such explicit statements about its concern for diversity. Instead, a rather bold statement about its equality implementation is provided; the report states that based on a company employee survey, equality implementation in the company is considered to be “high.” While the source of this information – an employee survey – inarguably gives the data credibility, it nevertheless seems quite bold. One could argue that complementing this employee survey data with an explicit statement about the company's concern for employee equality and continual attempts to improve it would have a more convincing impact on the reader. As stated in “The European Business Campaign on Corporate Social Responsibility” (2005) report, the future challenges for the Finnish labor market include ensuring that the growing numbers of refugees and immigrants living in Finland are proportionally represented in the labor market; it can be expected that the workforce will become increasingly diverse, warranting more attention to diversity management issues.

The above sub-chapters have described some of the key differences observed in the analysis of CSR reports. As mentioned, some of these differences in the reports' content could be due to differences in the company sizes and scale of operations, which is a limitation of this study. On the other hand, it is argued that some of the CSR topics discussed above reflect the home country context in which the company is headquartered. An example of this would be the explicit emphasis placed on vocational training in the Bayer report.

However, despite the presence of certain locally relevant CSR topics in the reports, it is argued that as a whole, the reports are very similar content-wise. This finding is not unexpected given the fact that the reports all adhere to the GRI reporting guidelines at the A-application level and thus must all report on the same employee issues. In sum, the study's aim was to investigate whether international differences can be observed in GRI based CSR reporting. To answer the two research questions posed

(1) Can international differences be observed in GRI based CSR reporting addressing employees?

(1a) What specific CSR themes are discussed in the case company CSR reports' employee sections?

(2) What factors may explain these differences?

it is argued based on the findings that:

(1) Some international differences - as discussed previously in this chapter - are observable in the case companies' GRI based CSR reports, but in general the reports appear rather uniform in their content.

(1a) Examples of locally relevant CSR themes observed in the case companies' CSR reports include IBM's discussion of "Domestic Partnership Benefits" and the Bayer Group's discussion of vocational training activities.

(2) While some of the differences in the reports' CSR themes may be argued to be due to factors such as the fact that Europe's legal framework and institutional fabric is inclusive of many issues that arise under CSR (Matten&Moon, 2005) as well as other contextual factors such as cultural norms and traditions that influence which CSR themes are considered important in the reporting country's local context (Kampf, 2007; Nielsen&Thomsen, 2007; Roome, 2005), the differences observed in this analysis are considered to also be due to differences in the case company size and operations. This limitation will be further discussed in Section 6.3.

6 CONCLUSIONS

This chapter provides a summary of the entire research process and highlights the study's main findings. Additionally, the study's practical implications as well as limitations will be discussed. Finally, potential avenues for further research on the study topic will be explored.

6.1 Research summary

The objective of this study was to discover if international differences could be observed in the case companies' GRI based CSR reporting addressing employees. The study was motivated by earlier research supporting that CSR reporting is becoming an increasingly common practice in today's business and that international variations exist in companies' CSR reporting. The research questions formulated for the study were answered through a literature review and an empirical analysis of case companies' CSR reports. The literature discussed in this thesis was composed of the following four main topics: (1) general concept of CSR; (2) international CSR reporting; (3) local variations in international CSR reporting; and (4) increasing relevance of employee stakeholders

in international CSR reporting, each of which was considered relevant and vital to the understanding of the research problem and results. Figure 20 on page 54 helped to visually demonstrate the literature review's key content and the way in which each consecutive sub-topic narrows down to the study's ultimate focus: the employee stakeholder group.

In Chapter 3, study methods were presented: the study was conducted as qualitative multi-case study and the empirical data was analyzed using qualitative content analysis. The reasons behind these methodological choices were presented in that same chapter. Chapter 4 summarized the empirical findings for each of the four case companies from the U.S., the UK, Germany, and Finland. To provide an answer the study research questions, the empirical results were discussed in relation to the study's theoretical framework in Chapter 5.

In summary, the findings from this study show that while some locally relevant differences were observed under the 14 GRI performance indicators, it appears that CSR reports adhering to the GRI reporting guidelines are rather uniform in their content. These results are not entirely unexpected, as the selection criteria for the report analysis already assumes a great deal of uniformity between the reports (all of the reports followed the GRI framework at an A-application level). However, the interest in this study was to see if observable differences would be present despite the fact that a global reporting standard such as the GRI assumes standardization. This finding pointing to the relative uniformity of international GRI reports partially agrees with previous research by Chen and Bouvain (2009) suggesting that a global reporting standards have internationally harmonizing effect on CRS reporting in relation to company employees.

However, it was also concluded based on the findings that some of the CSR themes discussed in the reports were reflective of the company's home country context, an example of which is the Bayer report's emphasis on vocational training. The findings are therefore partially consistent with earlier studies by Matten and Moon (2005) and

Kampf (2007) suggesting that the local context in which the company has grown and is headquartered in has implications to its CSR orientation. It is further hypothesized from these findings that if smaller, more local companies were studied, the results may have lend more conclusive support to the above authors' findings. The absence of notable differences in the case company reports will be further discussed in the limitations section 6.3 as it is considered to be at least in part due to the sample used in the study.

6.2 Implications

A key implication of the study would appear to be that despite the generally harmonizing influence of a CSR reporting standard such as the GRI, care should be taken to consider how international stakeholder audiences interpret CSR information presented through the company's CSR communications. More specifically, CSR activities that may appear relevant to a communicator in one local context, may not be important to an audience member in another local context. This finding should not come as a surprise as one of the most fundamental principles of communication stresses the importance of understanding the audience's needs and interests, which vary based on the cultural context (Munter, 2006).

Despite the ongoing debate about the link between CSR and company profitability (e.g. Margolis 2001) as well as the actual readership rates of CSR reports, it is nevertheless an inarguable fact that CSR reporting is becoming increasingly common and the GRI guidelines are a de facto standard for the reporting (KPMG, 2008; SIRAN, 2009). With the increasingly global nature of business, it would seem relevant to argue that it is essential to further our understanding of those factors that influence CSR communications with international stakeholders. In other words, it is important to understand how to strategically communicate company CSR activities to an international stakeholder audience, and the knowledge of the way in which the local context influences one's CSR views is a prerequisite for this.

However, based on this study's findings it must be noted that the GRI framework seems to provide an excellent context and structure for companies' CSR reporting, allowing fair comparisons to be made between individual companies' CSR reports. It seems rather evident that without such shared reporting framework, local variations observed in this study would be magnified in CSR reports, making it more challenging for stakeholder audiences to make meaningful comparisons between different companies' CSR reports. As Kampf (2007, p. 46) argues, MNCs emerge and are headquartered in nation-state contexts and the cultural systems are therefore still relevant even in the global business context. Therefore, it can be assumed that a framework such as GRI helps companies to conform to a global standard in their reporting and possibly avoid misinterpretations about their CSR performance by international audiences. This implication may be even more relevant to smaller companies that can be assumed to have more locally oriented CSR orientation and activities, but nevertheless serve an international stakeholder audience to whom a socially responsible image must be communicated to.

6.3 Limitations of the Study

The main limitations of this study are considered to be related to the data sample used and the study's qualitative nature, both of which will be described in more detail in the following paragraphs.

One limitation of this study arises from the fact that the case companies do not represent a uniform sample, which may have affected the results. As described in Chapter 3 (Data and Methods), the case company selection was steered by several criteria that were chosen to ensure a reasonable basis for comparisons. Fulfilling these criteria, however, proved to be challenging and the case companies chosen represent different industries, sizes, and scales of international operations. More specifically, two of the case companies (IBM and the Bayer Group) are larger in size and more global, whereas the other two (the Co-operative Group and the Kesko Group) are smaller and more local.

Furthermore, since the data sample used in the study was relatively small (four case companies), no generalizations can be drawn from the study findings, nor was it the intent. The aim of the study was not to test a hypothesis or to generalize based on the findings, but rather to see if the select reports available based on the selection criteria would feature observable differences. In other words, each of the case companies is a unique, real life example of the phenomenon under investigation: international GRI based CSR reporting.

In addition, this study focused on companies' CSR reporting and companies' stand-alone pdf CSR reports and corporate websites as the communication channels. Therefore, the analysis of the case companies' CSR activities was not limited to one type of communication channel with all of the cases being representative of it. It is therefore fully acknowledged that the statements made in this report about the companies' CSR reporting is not actually limited to the actual stand-alone pdf reports, but also include the companies' websites to varying degrees. It could be argued that the findings could have had a better basis for comparisons if the analysis had focused on one type of communication channel only.

Finally, in addition to the issues related to the data sample described above, the qualitative nature of the study also suggests that care should be taken in generalizing the results. As Eskola and Suoranta (2005, p. 210) describe, the starting point of qualitative research is the open acknowledgement of the researcher's subjectivity and the fact that he or she is a central research tool in the investigation. The aim of this study was to investigate with real life examples if and how companies' CSR reporting differs internationally. Care was taken in the data categorization phase was to ensure accuracy of the results. However, the results should be considered as real life examples of the phenomenon under investigation, and no broader generalizations can be drawn from them.

As Eskola and Suoranta (2005, p. 33) describe, one the typical problems associated with qualitative research methods is the lack of depth of the analysis; the analysis often stays

at the level of direct quotes. In this study, the case reports were categorized based on themes (the LA performance indicators), and the analysis to a large extent involved direct quotations and summaries of the reports' key content. As argued by Eskola and Suoranta (2005), merely presenting quotes is not the same as actually analyzing, and the study risks remaining at a descriptive level. However, in this study, the aim was to see if observable differences exist in the reports; i.e. if the content that report writers intend the readers to see differs within the sample. Therefore, this study focused on comparing themes – CSR activities that the companies emphasize in their reports – and did not involve any deeper linguistic analysis for example. Therefore, it is considered that the descriptive nature of the analysis in this study suits its purposes and does not reduce the value of the end results.

6.4 Suggestions for Further Research

Given the contemporary relevance of the study topic, it is suggested that future studies should further explore the ways in which global reporting standards can be utilized in corporate communications to engage with international stakeholder audiences. More specifically, it is suggested that the present study is followed up with some methodological changes.

First, the findings of this study partially support the notion that despite a global standard such as the GRI, some local variations are still present in CSR reports. In this study, the conclusions were drawn from a relatively small sample featuring large companies and different methodological decisions may have yielded different end results. It would therefore be highly interesting to follow up this study with some modifications. For example, smaller, more local companies could be selected for the analysis. From this one could expect that the international variance in the CSR report themes would be more pronounced due to local contextual factors, allowing for a more detailed analysis of those differences. Similarly, while this study's aim was not to draw generalizations, it would appear highly relevant to conduct a follow up study utilizing a larger sample and quantitative research methods. This would allow the researcher to draw statistical

conclusions regarding the frequency of certain CSR themes in CSR reports internationally and thus complement the descriptive results of the present study.

As discussed throughout this report, CSR reporting is becoming an increasingly common practice in international business and the GRI reporting framework a de facto standard for global reporting. Furthermore, the contemporary workforce is becoming more internationally mobile and companies recognize employees as a strategic resource to be competed for. The key themes addressed in this study – international GRI based CSR reporting and employee stakeholders – are therefore likely to remain fruitful avenues for future research as well.

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Appendix 1

Labor Practices & Decent Work

Performance Indicators

Aspect: Employment

- CORE** LA1 Total workforce by employment type, employment contract, and region.
- CORE** LA2 Total number and rate of employee turnover by age group, gender, and region.
- ADD** LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

Aspect: Labor/ Management Relations

- CORE** LA4 Percentage of employees covered by collective bargaining agreements.
- CORE** LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.

Aspect: Occupational Health and Safety

- ADD** LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.
- CORE** LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.
- CORE** LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
- ADD** LA9 Health and safety topics covered in formal agreements with trade unions. Health and safety topics covered in formal agreements with trade unions.

Aspect: Training and Education

- CORE** LA10 Average hours of training per year per employee by employee category.
- ADD** LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
- ADD** LA12 Percentage of employees receiving regular performance and career development reviews.

Aspect: Diversity and Equal Opportunity

- CORE** LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
- CORE** LA14 Ratio of basic salary of men to women by employee category.

“GRI Performance Indicator Protocols Set: LA” (from GRI, 2010)

Appendix 2

Labor Practices and Decent Work Performance Indicators		
Aspect: Employment		Information Links
LA1	Total workforce by employment type, employment contract, and region.	Total Workforce
LA2	Total number and rate of employee turnover by age group, gender, and region.	Employee Turnover
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. [Identify benefits offered to all employees and indicate whether/where coverage differences exist between full and part-time employees]	Employee Benefits
Aspect: Labor/Management Relations		Information Links
LA4	Percentage of employees covered by collective bargaining agreements	Collective Bargaining Coverage
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Notice Operational Changes
Aspect: Occupational Health and Safety		Information Links
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Health & Safety Committees Corporate  Instruction HR 110, Employee well-being Corporate Policy  127 Responsibility for employee well-being ...
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region. Please include industry benchmarks, if available, in Additional Comments.	Injury Fatality Rates  2008 IBM Health and Safety Awards  IBM Supplier Conduct Principles  IBM Supplier Conduct Principles Guidelines  IBM Workplace Safety
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Disease Education Programs
LA9	Health and safety topics covered in formal agreements with trade unions.	Trade Union Health & Safety  IBM Global Employment Standards

Aspect: Training and Education		Information Links
LA10	Average hours of training per year per employee by employee category.	Average Hours Training
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Skills Management Program
LA12	Percentage of employees receiving regular performance and career development reviews.	Formal Review
Aspect: Diversity and Equal Opportunity		Information Links
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Diversity Indicators
LA14	Ratio of basic salary of women to men by employee category.	Female to Male Salary Ratio

IBM's 2008 GRI Index (from IBM 2009)

Total Workforce GRI LA1

Total workforce by employment type, employment contract, and region.

% of operations included in data:	2008	2007	2006
Employees			
Supervised workers			
Total workforce	438,080	426,969	396,555
Total workforce by region			
Home country			
Employees in OECD countries (include home country if appropriate)			
Employees in non-OECD countries (include home country if appropriate)			
Total permanent employees by employment type			
Full-time	398,455	386,558	355,766
Part-time			
Total employees by employment contract			
Indefinite or permanent contract			
Fixed-term or temporary contract			

Additional Comments:

The total workforce includes the full-time workforce as well as complementary workforce, which is an approximation of equivalent full-time employees hired under temporary, part-time, and limited-term employment arrangements to meet specific business needs in a flexible and cost-effective manner.

LA1: Total workforce by employment type, employment contract, and region (from IBM 2009)

Injury Fatality Rates GRI LA7

Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region. Please include industry benchmarks, if available, in Additional Comments.

% of workforce covered by this data:	100	Measure	2008	2007	2006	2005	Not tracked	Please explain trend	
Lost time illness rate		Yes					<input checked="" type="checkbox"/>	Recorded as lost time incident rate	C2
Lost time injury rate - employees		Yes					<input checked="" type="checkbox"/>	Recorded as lost time incident rate	C3
Lost time injury rate - contractors							<input checked="" type="checkbox"/>		C4
Recordable incident rate		Yes	0.27	0.30	0.32	0.35	<input type="checkbox"/>		C5
Lost time incident rate		Yes	0.13	0.14	0.13	0.19	<input type="checkbox"/>		C6
Number of fatalities - employees			7	2	1	3	<input type="checkbox"/>	US - 4 - (3 cardiac related deaths and 1 motor vehicle accident). Poland 1 - car accident Germany - 1 - business trip - passenger in taxi accident France - 1 - sudden death in airport	C7
Number of fatalities - contractors							<input checked="" type="checkbox"/>		C8

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region (from IBM 2009)

Employees	2004	2005	2006	2007	2008
Learning Investments					
Worldwide (\$M)	697	648	682	622	648
Learning Hours					
Worldwide (M)	15.3	18.0	19.6	22.3	23.2
Learning Hours Per Employee	46	55	55	58	61

LA10: Average hours of training per year per employee by employee category (from IBM 2009)

Diversity Indicators GRI LA13

Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

Employees by job category	Female			Minority groups			Age groups		
	Number worldwide	% in home country	% worldwide	Number worldwide	% in home country	% worldwide	% <30 yrs old	% 30-50 yrs old	% >50 yrs old

Employees by job category	Female		Minority groups		Foreign nationalities (other than nationality of the company's domicile country)	
	Number	% of board	Number	% of board	Number	% of board
Governance body (e.g., board) members	3	25	2	16	2	16

Additional Comments:

IBM does not collect all the data being requested in this question.

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from IBM 2009)

Employees	2004	2005	2006	2007	2008
Women in IBM Workforce (%)					
Asia Pacific	n/a	26.6	27.2	28.4	28.4
Europe/Middle East/Africa	n/a	25.6	25.9	26.4	27.0
Americas	n/a	31.0	30.9	30.6	30.7
Women Managers in IBM Workforce (%)					
Asia Pacific	n/a	23.4	20.3	21.2	21.0
Europe/Middle East/Africa	n/a	19.5	20.4	21.2	21.7
Americas	n/a	28.6	28.9	29.2	28.9

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from IBM 2009)

Appendix 3

GRI indicator	Level	Where to find the indicator (page number)
Social Performance Indicators		
Labour Practices and Decent Work		
Management approach	●	14–15, 53, 112–113
CORE – LA1: Total workforce	R	IFC, 111, GRI
CORE – LA2: Total number and rate of employee turnover	R	111–113, GRI
ADD – LA3: Benefits that are only provided to full-time employees	●	114
CORE – LA4: Collective bargaining agreements	●	112
CORE – LA5: Minimum notice period regarding operational changes	●	112, GRI
ADD – LA6: Percentage of total workforce represented in formal joint management-worker health and safety committees	○	9, 115, GRI
CORE – LA7: Injury, absenteeism, work-related fatalities	R	115–116, GRI
CORE – LA8: Education, counselling etc on serious diseases	●	115
ADD – LA9: Health and safety topics included in agreements with trade unions	●	9, GRI
CORE – LA10: Average hours of training per year per employee	●	113
ADD – LA11: Programmes for skills management and lifelong learning	●	113, GRI
CORE – LA13: Composition of governance bodies	●	51–54, 102, 114, GRI
ADD – LA12, CORE – LA14	X	GRI

The Co-operative Group's 2008 GRI index (from The Co-operative Group, 2010)

Total employees by business¹

	2004	2005	2006	2007 ² (former Group in brackets)	2008
	(excludes former United)				
The Co-operative Food ³	45,697	43,999	44,476	56,561 (44,603)	56,619
Specialist Commercial Businesses ⁴	n/a	n/a	n/a	962 (83)	1,118
Specialist Retail Businesses ⁵	2,235	2,038	1,859	3,344 (1,931)	3,315
The Co-operative Funeralcare	2,961	2,871	2,753	3,633 (2,735)	3,608
The Co-operative Pharmacy	2,782	2,893	3,064	6,252 (3,881)	6,606
Property Division ⁶	n/a	n/a	231	1,034 (1,011)	732
Corporate Functions ⁷	877	1,027	1,968	1,233 (903)	1,637
Other Businesses ⁸	2,121	1,981	868	603 (123)	659
CFS	12,938	10,303	9,778	7,989 (7,989)	7,738
Total	69,611	65,112	64,997	81,611 (63,259)	82,032

LA1: Total workforce by employment type, employment contract, and region (from The Co-operative Group 2010)

Total employees by contract type

Contract types	Trading Group		CFS	
	2007	2008	2007	2008
Permanent	69,783 (96.2%)	70,955 (95.5%)	7,950 (99.5%)	7,668 (99%)
Temporary	1,603 (2.2%)	1,716 (2.3%)	39 (0.5%)	70 (1%)
Casual	1,159 (1.6%)	1,623 (2.2%)	0 (0%)	0 (0%)

LA1: Total workforce by employment type, employment contract, and region (from The Co-operative Group 2010)

Trading Group Employee Turnover – avoidable leavers (excluding redundancies and outsourcing)

24,801 employees

Employee turnover by age group

<20 years	20–34 years	35–49 years	50 years +	Total
4,584 (18%)	12,229 (49%)	4,846 (20%)	3,142 (13%)	24,801

Employee turnover by gender

Female	Male	Total
14,938	9,863	24,801

CFS Employee Turnover – avoidable leavers (excluding redundancies and outsourcing)

1,565 employees

Employee turnover by age group

<20 years	20–34 years	35–49 years	50 years +	Total
164 (10%)	986 (63%)	296 (19%)	119 (8%)	1,565

Employee turnover by gender

Female	Male	Total
723	842	1,565

LA2: Total number and rate of employee turnover by age group, gender, and region (from The Co-operative Group 2010)

Avoidable employee turnover⁹

	2007	2008
The Co-operative Food	32%	28%
Specialist Commercial Businesses	33%	21%
Specialist Retail Businesses	25%	20%
Funeralcare	11%	8%
Pharmacy	17%	21%
Property Division	29%	3%
Corporate Functions	11%	8%
Other Businesses	n/a	30%
CFS	26%	20%

LA2: Total number and rate of employee turnover by age group, gender, and region (from The Co-operative Group 2010)

Health and safety accidents

	2007		2008	
	Reportable accidents per 100,000 employees ²³	Non-reportable accidents per 100,000 employees	Reportable accidents per 100,000 employees	Non-reportable accidents per 100,000 employees
Trading Group employees	845  ²⁴	8,815  ²⁵	1,395	9,739
CFS employees	133	1,900	62	1,585

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region (from The Co-operative Group 2010)

Absence as a proportion of employee time²⁹

	2007	2008
The Co-operative Food	4.2%	3.6%
Specialist Commercial Businesses	1.8%	1.6%
Specialist Retail Businesses	2.9%	1.8%
Funeralcare	3.7%	3.9%
Pharmacy	2.4%	2.5%
Property Division	3.3%	3.2%
Corporate Functions	2.5%	2.4%
Other Businesses	2.8%	1.8%
CFS	4.5%	4%

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region (from The Co-operative Group 2010)

Training provided by individual businesses

	Average number of training days per employee ¹⁰		Average investment per employee ¹¹	
	2007	2008	2007	2008
The Co-operative Food	0.8 ¹²	n/a ¹³	£712	n/a ¹³
The Co-operative Travel	0.6 ¹⁴	1.06	£59	£45
The Co-operative Pharmacy	2.1 ¹⁵	0.3 ¹⁶	£151	£162
The Co-operative Funeralcare	0.6	1	£90	n/a
CFS ¹⁷	n/a	3.58	£1,248	£1,276 ¹⁸

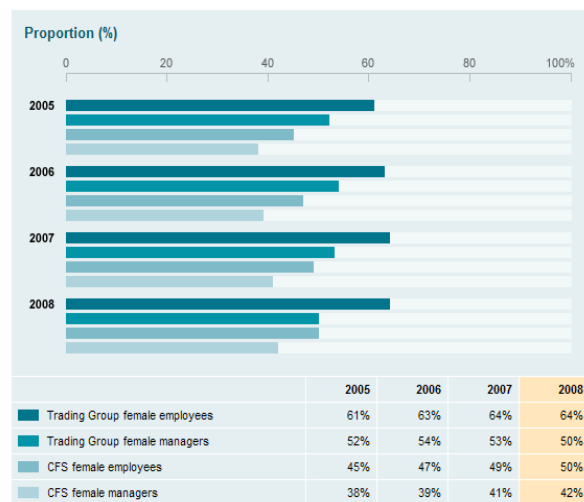
LA10: Average hours of training per year per employee by employee category (from The Co-operative Group 2010)

The Co-operative Group Board

- Gender (91% male, 9% female)
- Age (9% 30–50, 78% 51–65, 13% over 50)
- Ethnicity (100% White British)

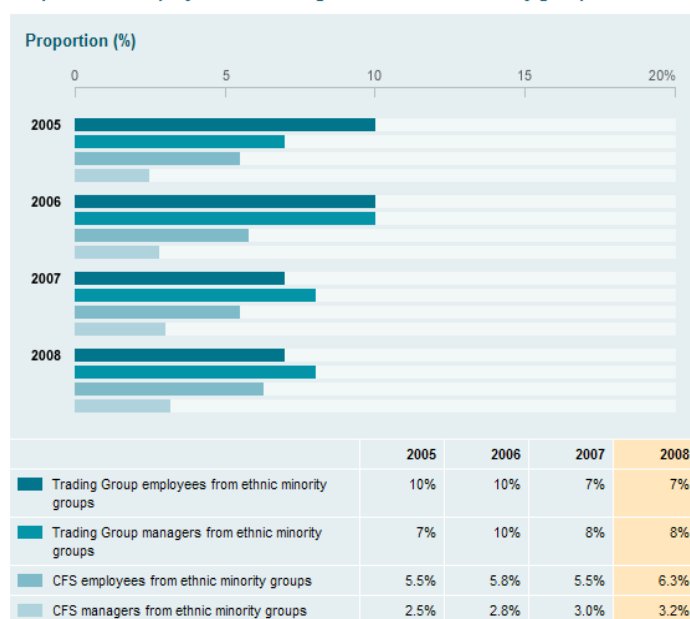
LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from The Co-operative Group 2010)

Proportion of female employees and female managers¹



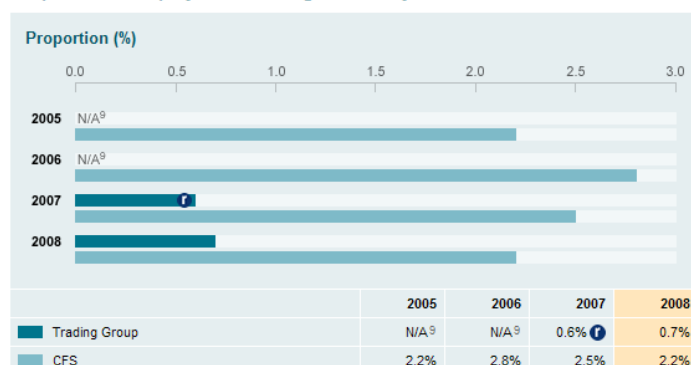
LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from The Co-operative Group 2010)

Proportion of employees and managers from ethnic minority groups²



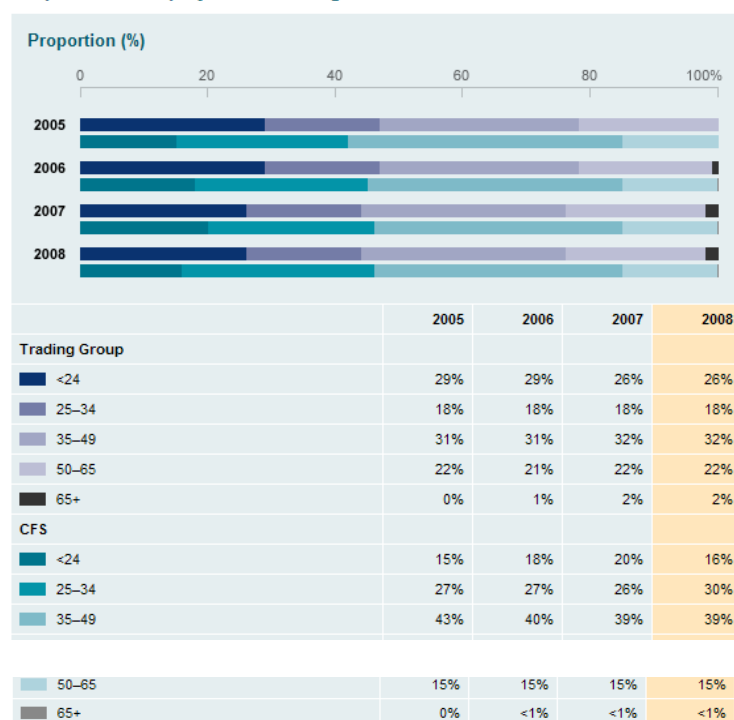
LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from The Co-operative Group 2010)

Proportion of employees declaring a disability⁹



LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from The Co-operative Group 2010)

Proportion of employees in each age band¹⁰



LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from The Co-operative Group 2010)

Appendix 4

Index according to GRI (G3 core indicators)		Page number
<i>Aspect: Employment</i>		
LA1	Breakdown of workforce by employment type and region	64,69
LA2	Workforce fluctuation by age group, gender and region*	65
<i>Aspect: Codetermination</i>		
LA4	Percentage of employees covered by collective wage agreements	65,69
LA5	Minimum notice period(s) regarding significant operational changes	66
<i>Aspect: Occupational health and safety</i>		
LA7	Injuries, absentee rates and work-related fatalities	72/73
LA8	Risk control and programs with respect to serious diseases	72-74
<i>Aspect: Training and continuing education</i>		
LA10	Training and continuing education hours by employee category	70/71
LA11	Programs for employability and lifelong learning	69/70
<i>Aspect: Diversity and equal opportunity</i>		
LA13	Composition of senior management and employee structure (e.g. age/gender/culture)	66/67
LA14	Compensation by gender and employee category*	66

The Bayer Group's 2008 GRI index (from Bayer 2009)

Employees* by region and function				
	2005	2006	2007	2008
Europe	45,700	57,800	56,200	55,500
North America	13,100	17,200	16,800	17,000
Asia/Pacific	13,200	17,300	18,900	20,800
Latin America/Africa/ Middle East	10,600	13,700	14,300	15,300
Production	41,600	47,800	48,800	49,100
Marketing	25,200	37,400	36,900	38,000
Research	8,000	12,300	11,600	12,300
Administration	7,800	8,500	8,900	9,200
Total	82,600	106,000	106,200	108,600
of which trainees	2,700	3,100	2,700	2,900

* Full-time employees. Part-time employees are included pro rata based on their contractual working hours.

LA1: Total workforce by employment type, employment contract, and region (from Bayer 2009)

Social security for employees by region (percent)				
Region/Area	Percentage of full-time employees with contractually agreed working weeks of max. 48 hours*	Percentage of employees with health insurance**	Percentage of employees eligible to take part in a company or company-financed pension plan***	Percentage of employees covered by collective agreements, especially on compensation and working conditions****
Europe	100	100	89	88
North America	100	87*****	98	9
Asia/Pacific	100	94	44	23
Latin America/ Africa/Middle East	100	99	45	42
Bayer Group (total)	100	97	76	57

* Standard employment contracts, excluding exempt employees

** State or employer/employee-funded

*** Including programs to supplement statutory pension plans

**** Sector or in-house agreements

LA4: Percentage of employees covered by collective bargaining agreements (from Bayer 2009)

Occupational injuries affecting Bayer employees

	2004	2005	2006	2007	2008	Ziel
Occupational injuries to Bayer employees resulting in days lost (MAQ*)	2.7	2.7	2.8	2.4	2.2	< 2.0
Reportable occupational injuries to Bayer employees (MAQ*)	4.7	4.0	4.3	3.7	3.6	-
Fatal accidents (total)	5	4	9	4**	2	-
of which Bayer employees	4	3	5	4	2	-
of which contractor employees	1	1	4	0	0	-

* MAQ = million working hour quota (injuries per million hours worked)

** Due to legal clarification, one fatal accident that occurred in 2007 was not reported until 2008.

LA7: Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region (from Bayer 2009)

Appendix 5

GRI GUIDELINES			KESKO'S REPORT			
Code	GRI content	Global Compact, COP ^{a)}	Included	Page	Report title/Figure	Shortcomings/deviations
Social performance indicators						
LA1	Total workforce		Yes	35, 61, 63	Job development Employment and employee turnover, personnel statistics	
LA2	Employee turnover	COP Relevant	Yes	61, 63	Employment and employee turnover, personnel statistics	Not specified according to age groups.
LA4	Collective agreements	COP Relevant	Yes	69	Cooperation with employee representatives	
LA5	Minimum notice periods in operational changes	COP Relevant	Yes	62	Employment and employee turnover	
LA7	Health and safety statistics	COP Relevant	Yes	67	Health and safety	Injuries and sickness absences reported according to Finnish National Accounting Board's (KILA) recommendations. Information of subcontractors' accidents not included.
LA8	Employee education on serious diseases	COP Relevant	Yes	68	Health and safety	
LA10	Training		Partly	63, 66	Personnel statistics, Competence development and training	Not specified according to age groups.
LA11	Programs for skills management and lifelong learning		Yes	66	Competence development and training	
LA12*	Performance and career development		Yes	64	Emphasis on leadership	Percentage provided for employees in Finland.
LA13	Diversity of governance bodies	COP Relevant	Yes	65	Equality	Kesko's reporting covers age and gender.
LA14	Ratio of basic salary of men to women	COP Relevant	Partly			The Kesko Group uses a job grading system. The equality of pay is monitored as part of the implementation of company-specific equality plans.

The Kesko Group's 2008 GRI index (from Kesko, 2009)

PERSONNEL STATISTICS FOR 2008, BY COUNTRY							
	Finland	Estonia	Latvia	Lithuania	Russia	Sweden	Norway
Total personnel at 31.12.	13,651	585	766	4,871	1,566	1,079	739
Average ^{a)}	10,939	576	841	4,671	1,375	1,059	596
New employees, number	5,620	230	239	3,133	1,167	458	228
Contracts of employment terminated, number	5,729	202	438	3,073	912	384	181
terminated by employer	97	90	207	147	68	56	47
Summer employees	967	11	22	142	51	73	^{a)}
Turnover rate, %	35	32.6	54.3	60.2	55	28.8	24.5 ^{b)}
Sick days	138,101	6,325	8,030	52,920	16,496	10,649	6,333
per person	10.1	10.8	10.5	10.9	10.5	9.9	8.6
per million working hours	6,531	5,409	4,726	5,609	6,059	5,714	6,037
Salaries paid, € million	350.6	9.1	14.8	55.2	16.4	24.6	28.7
average annual salary, €	32,054	15,811	17,602	11,823	11,926	23,235	48,187
Vocational training, %	65.2	29.8	61.8	1.9	15.8	^{a)}	^{a)}
Higher education with degree, %	14.5	69.4	29.4	19	40.4	^{a)}	^{a)}
Training days per person	1.8	0.9	1.9	0.1	0.5	^{a)}	^{a)}
expenses, € per person	420	460	248	12	10	310	370
Unionisation rate, %	40.1	^{a)}	^{a)}	^{a)}	^{a)}	^{a)}	25.5

^{a)} Including Kauko-Telko and Tähti Optikko
^{b)} Including summer employees
^{c)} Data not available
The data for DMA in Belarus not available

FIXED TERM AND PART-TIME EMPLOYMENTS IN 2004-2008					
	2004	2005	2006*	2007*	2008*
Fixed-term employees as % of all personnel at 31.12.					
Finland	16.2	14.1	16.5	14.8	15.6
Other countries	1.1	1.0	0.9	0.8	0.5
Group total	10.2	8.2	10.2	8.6	8.8
Part-time employees as % of all personnel at 31.12.					
Finland	40.1	37.1	42.0	43.6	43.0
Other countries	8.7	9.0	8.8	8.8	6.7
Group total	27.8	24.3	28.6	27.8	27.5

* Figures 2006-2008 exclude Kauko-Telko and Tähti Optikko

LA1: Total workforce by employment type, employment contract, and region (from Kesko 2009)

PERSONNEL STATISTICS FOR 2008, BY COUNTRY

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Summer employees	967	11	22	142	51	73	^{a)}
Turnover rate, %	35	32.6	54.3	60.2	55	28.8	24.5 ^{b)}

LA2: Total number and rate of employee turnover by age group, gender, and region (from Kesko 2009)

PERSONNEL STATISTICS FOR 2008, BY COUNTRY

	Finland	Estonia	Latvia	Lithuania	Russia	Sweden	Norway
Total personnel at 31.12.	13,651	585	766	4,871	1,566	1,079	739
Average ^{a)}	10,939	576	841	4,671	1,375	1,059	596
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^{a)} Including Kauko-Telko and Tähti Optikko

^{b)} Including summer employees

^{c)} Data not available

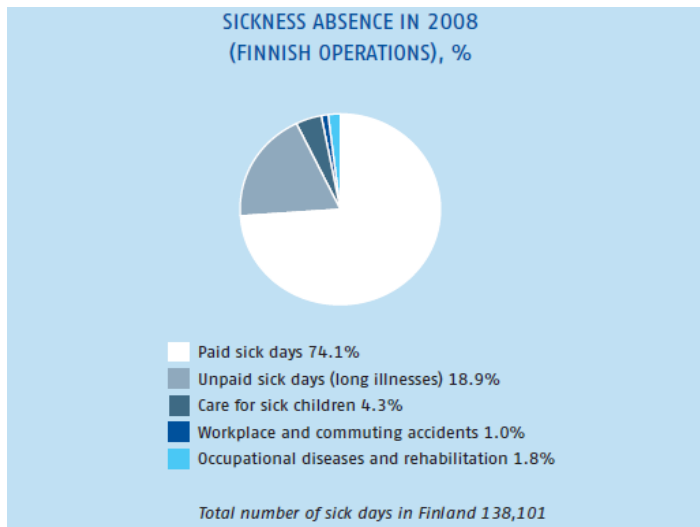
The data for OMA in Belarus not available

LA4: Percentage of employees covered by collective bargaining agreements (from Kesko 2009)

PERSONNEL STATISTICS FOR 2008, BY COUNTRY

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Total personnel at 31.12.	13,651	585	766	4,871	1,566	1,079	739
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Training days per person	1.8	0.9	1.9	0.1	0.5	^{a)}	^{a)}
expenses, € per person	420	460	248	12	10	310	370

LA10: Average hours of training per year per employee by employee category (from Kesko 2009)

GENDER BY EMPLOYEE CATEGORY IN FINLAND AT 31 DECEMBER 2008

	Women, number	Men, number	Women, %	Men, %
Top management	7	27	20.6	79.4
Middle management	76	298	20.3	79.7
Superiors, specialists	890	934	48.8	51.2
Workers, office workers	7.430	3.961	65.2	34.8
Total	8.403	5.220	61.7	38.3

PERCENTAGE OF WOMEN BY EMPLOYEE CATEGORY IN FINLAND 2004-2008

	2004	2005	2006	2007	2008
Top management	13.3	14.3	15.6	16.2	20.6
Middle management	24.1	23.6	24.7	21.6	20.3
Superiors, specialists	55.4	54.8	48.7	42.6	48.8
Workers, office workers	63.7	63.4	64.4	66.2	65.2
Total	61.1	60.8	60.9	62.0	61.7

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from Kesko 2009)

AGE BREAKDOWN OF PERSONNEL
IN FINLAND IN 2008, %



under 26 yrs	27.4%
26-35 yrs	27.0%
36-45 yrs	22.4%
46-55 yrs	15.1%
over 55 yrs	8.1%

LA13: Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity (from Kesko 2009)