CSR Reputation and Influence on Financial Performance

Professor: Lars Håkanson (LH)

Course: Business Research Methodology

Study: Bachelor of Science in International Business

Exam Date: January 21th, 2020

Copenhagen Business School

1. INTRODUCTION

On the 14th of January 2020, the European commission announced that they will mobilize a total of 1 trillion euros in green investments between 2020 and 2030 (European Commission 1). This is a great example of how sustainability and Corporate Social Responsibility (CSR) has become increasingly incorporated in society, and that because of this, corporations engaging in CSR are potentially rewarded by favorable access to capital. However, integrating CSR seems to be a two-headed hydra, as corporations are increasingly blamed for society's problems as more firms progress with CSR (Porter and Kramer, 2011), thus causing a feedback-loop continually demanding further CSR commitment from the firms.

Due to the controversy about CSR, a definition will be given in accordance to that of McWilliams and Siegel (2001).

> Definition of CSR: "actions that appear to further some social good, beyond the interests of the firm and that which is required by law" (McWilliams and Siegel, 2001)

Following this definition, CSR might be conceived as an unnecessary expense. Curiously, such an expense goes against classical economic theory (Nyborg and Zhang, 2012) due to its lack of focus on profit-maximization. This has undoubtedly sparked the interest of economists and business researchers, which has resulted in a rich literature on CSR and its influence on financial performance.

While much previous research has been conducted on CSR and financial performance, only few researchers have addressed the topic of *'CSR reputation'*. In spite of this, previous research has indicated significant correlations between financial performance and "perceived environmental reputation" (Margolis, Elfenbein and Walsh, 2007) as well as financial performance and "perceived environmental risk" (Vasi and King, 2012) in the favor of responsible corporations.

Surprisingly, Margolis and colleagues (2007) found that financial performance and firm size was a greater predictor of environmental reputation than actual CSR activity; with larger, successful firms being seen as more CSR-friendly. One might thus expect that MNEs, who might be perceived as a somewhat larger entity, could have an advantage in CSR reputation. However, despite these interesting findings, little research has addressed the relationship between CSR reputation and financial performance, and even fewer have linked this explicitly to MNEs.

It is the aim of this research paper to fill that gap by investigating the link between financial performance of MNEs and the CSR reputation thereof through an observational study. The primary incentives for the proposed analysis are; the current corporate and societal focus on CSR, as well as the scarcity of research regarding CSR reputation within the field of international business.

Results arising from such research would imply whether CSR reputation is correlated with financial performance and would thus provide useful insights for all who influence and utilize brand-value, especially: top management, investors, analysts and marketing departments.

2. PROPOSED RESEARCH QUESTION

As stated above, the focus of the study will be to examine on the relationship between CSR reputation and financial performance. Thus, the proposed research aims to answer the following question:

Is CSR reputation a predictor of financial performance in MNEs?

It is important to note that the research question will be answered through an observational study. Therefore, we will not be able to draw any conclusions about causality, or direction thereof, merely whether the two phenomena are significantly correlated.

3. EMPIRICAL BACKGROUND

Perhaps the most well-known critic of CSR, Milton Friedman, argued that "a corporate executive is an employee of the owners of the business", and that a CEO therefore has "direct responsibility" to the shareholders of the company (Friedman, 1970). Friedman (1970) hereby suggests that firms should only focus on increasing the wealth of their shareholders, since that is in their best interest, and since the firm is operating on their capital.

Many economists have later argued that firms can undertake CSR and still maximize profits, as CSR allows for greater access to capital and grants superior possibilities for marketing (Cheng, Ioannou and Serafeim, 2011).

However, findings have varied greatly, and although much research has investigated the relationship between CSR and financial performance, no single conclusive answer has been found. In a meta-analysis of CSR research, Margolis, et al. (2007) found that 58% of research found no correlation, 27% found positive and 2% found negative correlations (the remaining 13% was disregarded due to lack of information about sample size). From these findings, it seems reasonable to assume that engaging in CSR has little risk of worsening the financial performance of firms, which allows for companies to "do good *and* do well, even if companies do not always do well *by* doing good." (Margolis et al., 2007).

Additionally, non-conclusive findings are potentially a result of inconsistencies when measuring CSR, as no standard-measure has been established (Chen and Delmas, 2010). Inconsistent findings can thus largely be attributed to troubles identifying and measuring the wide amount of underlying "soft" measures that are thought to constitute CSR (Chen and Delmas, 2010). Because of this measurement-issue, much previous research has been built on commercially developed indexes, such as those developed by KLD (e.g. Sun and Yu, 2015; Chen and Delmas, 2010) and iRatings (Vasi and King, 2012), which might pose a problem due to their lack of transparency.

It is noteworthy that even for CSR to have no effect on financial performance, major investments in CSR must have near equal payback, as firms would otherwise suffer financial loss. This payback, some argue, emerges especially from the opportunity to differentiate products and company stocks, hereby increasing access to capital and eventually maximizing profits (Moir, 2001). Hereby, CSR can be seen as a potential competitive advantage (Porter and Kramer, 2006), especially if CSR is only pursued by few competing firms in an industry.

Researchers have argued that, aside from differentiating their products and stocks, firms can indirectly reduce costs by undertaking CSR, as CSR-friendly companies are seen as more attractive employers

3

(e.g. Greening and Turban, 2000; Turban and Greening, 1997) and thus are able to gain more skilled human labor at a lower expense (Nyborg and Zhang, 2012). Again, contradictory findings are found, as Sun and Yu (2015) argues that companies who engage in CSR generally pay more for their employees. However, this study still suggests that labor is more price-efficient for CSR-firms, even at a higher price (Sun and Yu, 2015), thus supporting the claim that firms who engage in CSR typically have a higher quality workforce, which is possibly due to greater access to employees.

Freeman and McVea (2001) state that previous research has considered CSR to be a luxury add-on only accessible by the most successful firms, which primary use is insurance against negative public opinions. Additionally, Freeman and McVea (2001) bring forth "the stakeholder approach", arguing that firms must strive to please all stakeholders, not only shareholders, and that this will result in a more efficient firm and thus transfer into financial success.

Within the field of CSR, Scandinavian firms are said to be world-leaders, with firms being up to 19 times as likely to be ranked on the highly esteemed CSR-ranking "The Global 100" than U.S. firms, and ranking disproportionately high on a variety of ESG measures (Strand, Freeman, and Hockerts, 2014). Scandinavian corporations have previously been known for high CSR activity without intensely using it for marketing purposes (Carson, Hagen and Sethi, 2013). It is argued that the high amount of CSR activity stems from the Scandinavian culture and welfare state and is therefore imbedded in the norms and values of Scandinavian folk (Strand and colleagues, 2014). Because of this cultural familiarity and custom to high standards of CSR, one might expect the Scandinavian folk to be well-experienced in judging CSR. This is further backed by the statement that in Scandinavia, "making superfluous efforts to avoid looking bad is not considered respectable" (Strand et al., 2014), which potentially makes them a hard crowd to impress, unless firms are standing behind their words and engaging in high levels of activity.

While most research has investigated the influence that CSR has on financial performance, Margolis et al. (2007) reversely suggest that past and current financial performance are good predictors of the current level of CSR activity within a firm. Similar findings have been made by Orlitzky, Schmidt and Rynes, (2003), whose research supports the existence of a simultaneous, bidirectional correlation between CSR and financial performance. Additionally, Margolis et al. (2007) found that firm's CSR reputations are a better predictor of their financial performance than actual CSR activity. These findings may largely be credited to the fact that unlike CSR activity, CSR reputation is what the public associates with the firm. This is especially important since that is the determining factor for whether a company is able to differentiate their stocks and products through CSR and use CSR successfully for marketing purposes.

This is especially important considering the continuous growth in responsible investments shown on figure 1. The annual growth of AUM of responsible investments in the given period is 19%, which more than quadruples the total amount of assets under management of firms who signed the Principles for Responsible Investment (PRI).

Figure 1 – Source of Data: UNPRI, https://www.unpri.org/pri. Global Responsible Investment, Total AUM of firms who signed the Principles for Responsible Investment (PRI).

4. THEORETICAL BACKGROUND

The research proposed in this paper will add to the literature field of International Business due to its focus on the Multinational Enterprise and factors on the financial performance hereof. When studying CSR, the majority of previously conducted research has essentially built on the following two competing hypotheses: (a) firms engage in CSR driven by maximizing profits, as CSR reputation is expected to grant firms a competitive advantage in regard to accessing customers, investors and employees (b) firms undertake CSR for ethical reasons rather than for the sake of financial gains.

These two viewpoints comprise the foundations for the discussion below. As an understanding of competitive advantages is required to explain the first viewpoint, a brief overview of the concept is supplied prior to the discussion.

In a largely influential paper on competitive advantages, Barney (1991) argues that competitive advantages that are *"sustained"* (meaning irreplaceable by direct competition) originate from firm resources within three categories; physical capital, human capital and organizational capital. As argued prior by Porter, (Porter, 1980, cited in Barney, 1991) the paper states that the ability for firm resources to either exploit internal organizational strengths or downplay weaknesses is what determines their potential as a competitive advantage. Furthermore, Barney (1991) adds that competitive advantages must possess characteristics that lowers their value-creation for competitors, as this would otherwise result in a shift back to the original equilibrium such that no firm gains from access to the resource relative to that of the competition. Thus, competitive advantages are that which increases profits or lowers costs relative to competitors. So, does a positive CSR reputation comprise a sustained competitive advantage?

For a corporation to obtain a sustained competitive advantage, firms can attempt to differentiate the perception of their products favorably, as proposed as one of the three generic strategies by Porter (1985). Differentiated products generally seek to maximize profits by bending the demand-curve they face into higher prices (Smith, 1956). As argued by Margolis et al. (2007), the same principles can be applied to stocks, where companies can invest in brand-value. Thus, companies are thought to differentiate their products and especially stocks through a superior CSR reputation. Hereby, companies can positively stand out from the competition, allowing for the charging of higher prices on products (Smith, 1956), better marketing possibilities and greater access to capital through socially responsible investors (Cheng and colleagues, 2011). Especially changes in access to capital can be potent, as socially responsible investors are said to measure CSR nearly as a dummy variable, with firms either being 'CSR-friendly' or not, with little in between (McWilliams and Siegel, 2000). Therefore, appealing slightly more or less CSR-friendly can result in a drastic change in access to capital.

Alternatively, firms can obtain competitive advantages through improved human capital. As the world becomes increasingly globalized, especially physical capital and location-specific factors become more easily accessible by competitors. Therefore, firms must increasingly look inward for sustained competitive advantages, which increases the relative importance of human- and organizational capital. Thus, an increasingly important factor is the quality of workforce, which has been shown to positively influence financial performance over a broad range of measures (Huselid 1995). Huselid (1995) explains that increased financial performance arises from the firm's ability to utilize individual-level factors. This implies that part of a firm's financial success ultimately stems from the skills of the individuals it employs. Therefore, the ability to recruit and maintain talented individuals for the right price plays an important role in being price-efficient. Hence, findings that suggest employees pursue more jobs from firms with positive CSR reputations (e.g. Burbano, 2016; Greening and Turban, 2000) potentially even at a significantly lower price (Burbano, 2016) are highly relevant. This might serve as a rationale for how why firms undertake CSR and provides grounds for discussion of potential future

gains by investing in a positive CSR reputation. Following this line of thought, efforts to increase CSR reputation can be seen as a future investment rather than a charity. Additionally, these findings provide incentives for further research, as influencers of CSR reputation are not yet fully understood, with current research finding familiarity, profitability and product quality to be the most likely indicators (Turban and Greening, 1997).

If the hypothesis that CSR reputation provides firm with a competitive advantage is correct, we expect to observe a positive correlation between CSR reputation and financial performance in our study.

While most previous research has investigated CSR from the standpoint that firms seek to maximize profits, others have argued that CSR initiations arise from a reaction to societal expectations rather than for the sake of economic gains. As some economists argue through "the separation thesis" (Harris and Freeman, 2008), ethics and business are intertwined and cannot easily be separated. This claim is based on the fact that unlike people described in basic economic theory, employees and other stakeholders are in reality not as one-dimensional, purely self-interested and concerned with profit maximization as economic theories make them to be (Harris and Freeman, 2008). This suggests that perhaps the purpose of CSR is not solely economic profits, but more experiential value created for those stakeholders involved, such as employees, investors and top management. Research shows that employees in CSR-friendly companies experience improved self-image (Greening and Turban, 2000). As this most likely stems from the experience of 'being an ethical person', which is just as easily applied to investors and managers, firms engaging in CSR might create real value of their stakeholders, just not exclusively in terms of monetary value.

While remaining within the field of business ethics, others have described the underlying motivations behind CSR through social contract theory (Moir, 2001), as the reasoning for engaging in CSR can be perceived as the firm fulfilling its part of an unwritten contract, paying back to society for the privilege to operate. Largely stemming from Rousseau (1762/1969), social contract theory proclaims that the collective of individuals pay a tax to society to maintain the social order. In his work, Rousseau (1762/1969) argues that for collectives to be formed by free individuals, a mutually beneficial contract must be signed, as this is the only way for free people to remain free yet still cooperate and live together. This implies that once such an agreement has been made, the individuals devote their efforts for the benefit and unceasing of the collective, and in return the collective strives to improve the lives of the individuals.

If the hypothesis that firms undertake CSR purely for ethical reasons, at the expense of profit maximization, we expect to see a non-positive correlation between CSR reputation and financial performance in our study.

5. PROPOSED RESEARCH DESIGN

The proposed research will take use of quantitative, deductive data-collection methods, and will though ordinary least-squares regression investigate the relationship between perceived CSR and financial performance of MNEs. It is important to note that because this is an observational study, it is only possible to test for correlation between perceived CSR and financial performance, and not causality. Thus, even in the case of a highly significant correlation, we will not be able to conclude whether or not perceived CSR causes a change in financial performance.

Throughout the proposed research, we will opt for a detached approach to data collection and attempt to minimize personal influence applied to data.

6

5.1 Population

For the measurement of perceived CSR, the desired population is that of Scandinavian international business scholars. This implies that the data will not be representative of the general public, and thus, the proposed research will not be able to draw conclusions about that population. However, this is to be expected, as it is deemed unrealistic to obtain a representative sample of such a diverse group.

The desired populations for the multinational firms involved are internationally well-established MNEs. Since the research is proposed and carried out in Denmark by primarily Scandinavians, Nordic firms will be excluded to compensate for the fact that the respondents are expected to be biased towards successful firms from their own nationality.

Thus, results developed by this paper apply only to Scandinavian international business scholars' perceptions of the CSR reputation of well-known non-Nordic MNEs.

5.2 Unit of Observation

Perceived CSR will, as stated above, be measured on an individual level using a 7-step Likert Scale (see figure 2) and will be transformed from qualitative statements such as "*Extremely good*" into quantitative data, such as "+3" to enable for the ability to calculate average scores. Even at a commercial level, CSR-measurement experts are struggling to construct an objective measure. Therefore, attempting to create such a measure with no prior experience will expectedly result in more harm than good, causing an even greater bias which is simultaneously less easily identified.

Figure 2. Example of proposed survey question. Source: Qualtrics

At the beginning of the survey, respondents will be given a definition of CSR in accordance to that of McWilliams and Siegel (2001) (see Introduction). This is done to avoid different interpretations. When implementing such information, one must be caution of adding irrelevant statements, as respondents rationalize the questions based on the information given by the researcher (N. Schwarz, 1999), and might therefore be biased by confusing or unnecessary comments. Additionally, to avoid random answers, respondents will be given a "N/A" option for firms that they are unfamiliar with or have no attitude towards. Theoretically, assuming respondents are independent and non-affected by the researcher, this results in an average score which is a rough yet representative measure for the firms' CSR reputation.

Financial performance, which has been widely accepted as being measured through return on assets, return on equity and return on investments (Chen and Delmas, 2010), will be obtained through reliable secondary sources, such as company websites, most recent annual reports or trustworthy databases like Orbis, and will typically have a very high precision and low bias, as these measures are "hard" and therefore more easily defined.

5.3 Sample Selection and Biases

For the individual respondents filling the questionnaire, the sample will consist primarily of international business students from the Danish *Copenhagen Business School*, where we have privileged access, which adheres to the set criteria by being located in Scandinavia and consisting of scholars of international business. Although comprised of many nationalities, the sample is predominantly Scandinavian, yet overrepresenting especially Danish students. This sample is therefore not perfectly representative of international business students from the entire Scandinavian region. This results in a sampling bias leaning towards Danish perceptions of companies involved as well as interpretations of CSR and expected standards thereof. However, the Scandinavian region is considered to be culturally alike and can for many purposes be considered as possessing many of the same characteristics, norms and values. Thus, the sample still provides useful information. To minimize sampling biases, access to scholars of other Scandinavian business schools will be attempted, both through direct communication with the communication-department of business schools, as well as through the Snowball Effect, which might redirect us to other Scandinavian scholars of international business. However, it must be anticipated that the respondents will consist primarily of students from Copenhagen Business School. One must also be aware that respondents of questionnaires are widely considered to possess different characteristics than that of non-respondents. Therefore, the questionnaire will be sent out an additional time to non-respondents in an attempt of minimizing the response bias (Dillman, 2007)

The primary justification and strength behind this approach to sample selection is that of the ability to obtain a large enough sample size, which is essential for the research to progress further. Additionally, this allows for high feasibility of completing the research without risk of high unforeseen costs. As Copenhagen Business School composes approximately 400-500 scholars of international business, a sample size of 50-100 individual respondents will be considered realistic. Whether the sample size is sufficient for the analysis will be discussed in section 5.4.

For the multinationals chosen for the survey, firms will have to be recognizable for respondents for the research to have relevance (other than merely testing for the influence of company names). Thus, the firms selected will be theoretically sampled rather than randomly. This leads to sampling biases which stems from the dilemma that the researcher chooses the measure which is considered to define "well-known". For this measure, *'brand-value'* is chosen, and will rely on Financial Times' Global Top 100 Brands report (Winter, 2019).

Due to the specific measure, it can be anticipated that the average size of firms will comprise overwhelmingly of large companies. Therefore, the firms will be controlled for size, and an entry-criteria will be set up, only allowing for sampling of "large enterprises", following the definition of the European Commission (European Commission 2) as firms with above 250 employees. Additionally, as stated above, Nordic-based companies will be disregarded, and the next firm will be chosen. The top 50 firms that meet the criteria are identified and used for the study.

5.4 Data Collection

The data on CSR will be obtained through self-completion questionnaires as done by previous researchers (e.g. Burbano, 2016; Boehe and Cruz, 2010). More specifically, this will take form as a web-based survey, which will be developed using Qualtrics. Firstly, a pilot-survey is sent out, and potential improvements based thereof are implemented. A final survey is then sent to scholars of international business, primarily students from Copenhagen Business School. Additionally, the survey will be sent out a second time to non-respondents in order of maximizing response-rate and sample representativeness. Data collection through web-based surveys widely considered to be an effective

and time-efficient way of gathering data (Easterby-Smith, Thorpe, Jackson and Jaspersen, 2018), which enables low risk towards writing-barriers, such as missing data due to lack of funds, and is especially potent for gathering subjective information, such as personal opinions and perceptions.

To lower the amount of "N/A" answers obtained, firms must be chosen that the respondents will be expected to know at least trivially. Nordic-based companies will not be sampled due to the likely influence of respondent nationalism. This is a weakness in the design, as nationality might influence perception of CSR standards, and thus poses a potential lurking variable. However, this method is used to avoid asking respondents for personal data, such as nationality.

As the collected data on CSR builds on a primary source, greater confidence in the data is achieved, as potential misinterpretations are avoided (Easterby-Smith and colleagues, 2018). This is especially important for "soft" measures like CSR, which has not yet found standardized methods of measurements. Additionally, by using a web-based survey, data can be transformed and downloaded directly, hereby avoiding latent errors through manual transcription.

Numerous cautions will be taken to improve the response rate and the overall quality of data, as well as lower the risk of mid-survey exit. This is achieved by customizing the survey to meet the recommendations of Dillman (2007). Specifically, by making the research appear important to the respondent, increasing perception of "rewards" and lowering of perceived "costs". This means reducing the complexity of questions, avoiding taboos and gathering of personal information, encouraging mutual trust, and most specifically for this research, it means building on already established relationships and friendships, as this is likely to be one of the primary reasons for responses from Copenhagen Business School scholars, and indirectly those recruited through the Snowball Effect. Additionally, respondents will only be allowed to answer once, which will be achieved through automatically tracking for unique IP-addresses.

A major weakness is the length of the survey, which undoubtedly results in more frequent mid-completion terminations than had the responded only been asked to rank less firms. However, this effect is largely mitigated by the allowance for data-collection on partially completed questionnaires through Qualtrics. Thus, as long as the order of the firms are randomly arranged for each new individual, even if few finish the entirety of the questionnaire, valuable data will be acquired for all companies. Qualtrics approximates 10 minutes for the completion of 50 such questions, as questions only require one answer. Additionally, since responses are highly subjective and thus require little time-consumption once the concept is understood. Assuming an average of 25 answers per respondent (excluding "N/A" answers), and an estimated sample of 75 individuals, we obtain N=25*75=1875 observations, which is considered sufficient for the proposed analysis.

If the data quality is shown to be critically weak on the pilot-survey, a physical token can be used as an incentive, or a prize could be randomly given away. Respondents could then increase their chances of winning for each question answered. However, this might provide other problems, as it will require obtaining personal information such as e-mails for those who wish to participate, and participants might start answering randomly or on multiple devices to increase chances of winning. Therefore, such incentives are not included in the original version, but might be used as a last resort if response rate is much below that which is desired.

For data on financial performance, variables like return on assets, return on equity and return on investments will, as stated above, be obtained through reliable secondary sources including annual reports, official company websites and databases such as Orbis. To improve the strength of our findings, all three financial measures will be collected and tested for correlation with the independent variable in three separate analyses.

To avoid the influence of company size, which previous research has shown to affect one's perception of a company (Turban and Greening, 1997) companies will be controlled for amount of employees, as well as total assets (using the LOG scale). Additionally, firms are controlled for industry, as this might otherwise pose a lurking variable to the data collected.

Note that since this is an observational study, and not an experimental study, control variables are merely variables included in the regression to insure against potential misinterpretations stemming from endogeneity.

	Definition	Measures
Main independent variable	Perceived CSR	CSR Score (calculated from questionnaire results)
Main dependent variable	Financial Performance	Return on Assets or Return on Investments or Return on Equity
Control variables	Size	Total Assets (LOG Scale) Total Employees
	Industry	Examples are: Heavy Industry, Light Industry, Manufacturing Industry, Service Industry

Figure 3. Variables for proposed regression

5.5 Methods for Data Analysis

Firstly, a simple least-squares linear regression using the independent variable (CSR reputation) against the dependent variables (financial measures) is set up, including control variables measuring size. Then, the reader is provided with the regression and a table of descriptive statistics, including variable definitions and sources. Potential outliers and unexpected data-deformities (such as data representing a non-linear relationship), can hereby be observed and discussed.

Afterwards, a correlation matrix is set up, checking for significant interdependence of variables. Confidence in interdependence measured on three levels; $p < 0.10$, $p < 0.05$, $p < 0.01$. Finally, the distribution of all variables will be investigated, potential skew and reasons thereof will be briefly commented on. Note that some interdependence, such as industry correlating with measures of financial performance, is to be expected.

Once again, it is important to note that since this is an observational study, the proposed research can only test for correlation, not causality. Thus, one must be careful when concluding on the findings and the implications thereof.

Figure 4 shows a simplified visual representation of what potential results might look like (here shown with no control variables). Note that specifics, such as the slope of the regression, is mere speculations.
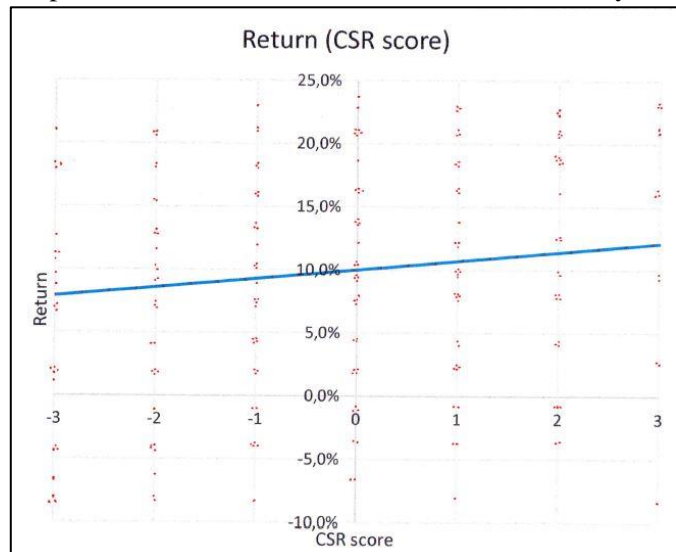

Figure 4. A rough outline of the potential data (here showing a positive correlation).

The regression formula would be:

$$E(Financial\ Performance)$$
$$= \alpha + \beta * (CSR\ Score) + \gamma_1 * (LOG\ Assets) + \gamma_2 * (Employee) + \gamma_3 * I(Heavy)$$
$$+ \gamma_4 * I(Light) + \gamma_5 * I(Manufacturing) + I(Service)$$

To avoid overparameterization we have set γ_6, which corresponds to $I(Service)$, equal to 1.

Note that we are testing for no effect of CSR Score on Financial Performance; $H_0: \beta = 0$.

5.7 Proposed Time Schedule

The proposed research is undertaken in 6 months beginning in January and ending in June at the hand-in of the thesis. The rationale behind the time schedule is the acknowledgements of the importance of starting early to avoid initial writing blockades which might be related to the fear of producing an imperfect first draft, and to register problems early rather than late in the process. Especially two aspects are noteworthy. Firstly, the importance of scheduling unplanned time to address "the planning fallacy", which was introduced by D. Kahneman and A. Tversky (1979), and which predicts that time-estimations are systematically underestimated. Secondly, the importance of an initial test-survey and refinement after results thereof, as unnoticed errors can otherwise make the data practically worthless.

MONTH	PLANNED ACTIVITY
January	Revalidation of research question and time schedule with help of supervisor. Further literature investigation and initial writing begins
February	Investigation and choosing of sample-firms (multinational) Construction and sending of pilot-survey and review of data quality Contact Scandinavian business schools
March	Improvement and sending of final survey Initial writing finishes Data collection begins
April	Non-respondents re-informed about survey Data collection finishes Statistical data analysis undertaken Results, discussion and conclusion written
May	Unforeseen problems addressed Read-through with respect to internal consistency
June	Hand-in and defense of thesis

(Meetings with supervisor will be arranged continuously throughout the 6-month period.)

Figure 5. Proposed time schedule spanning over 6 months.

REFERENCE LIST

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, *17*(1), 99–120.

Boehe, D. M., and Cruz, L. B. (2010). Corporate Social Responsibility, Product Differentiation Strategy and Export Performance. *Journal of Business Ethics*, *91*(S2), 325–346.

Burbano, V. C. (2016). Social Responsibility Messages and Worker Wage Requirements: Field Experimental Evidence from Online Labor Marketplaces. *Organization Science*, *27*(4), 1010–1028.

Carson, S. G., Hagen, Ø., and Sethi, S. P. (2013). From Implicit to Explicit CSR in a Scandinavian Context: The Cases of HÅG and Hydro. *Journal of Business Ethics*, *127*(1), 17–31.

Chen, C.-M., and Delmas, M. (2010). Measuring Corporate Social Performance: An Efficiency Perspective. *Production and Operations Management*, *20*(6), 789–804.

Cheng, B., Ioannou, I., and Serafeim, G. (2011). Corporate Social Responsibility and Access to Finance. *SSRN Electronic Journal*.

Dillman, D. A., Smyth, J. D., and Christian, L. M. (2007). *Internet, Mail, and Mixed-Mode Surveys: The Tailored Design Method* (2nd ed.). Hoboken, NJ: Wiley & Sons.

Easterby-Smith, M. J., Thorpe, R. J., Jackson, P. J., and Jaspersen, L. J. (2018). *Management and Business Research* (6th ed.). London: SAGE Publications Ltd.

European Commission 1: Press Corner [Web Page]. URL https://ec.europa.eu/commission/presscorner/detail/en/ip_20_17 [first accessed 14 January 2020].

European Commission 2: Eurostat [Web Page]. URL https://ec.europa.eu/eurostat/web/structural-business-statistics/structural-business-statistics/sme [first accessed 12 January 2020].

Freeman, R. E. E., and Mcvea, J. (2001). A Stakeholder Approach to Strategic Management. *SSRN Electronic Journal*.

Friedman, M. (1970, September 13). The Social Responsibility of Business is to Increase Its Profits. *The New York Times Magazine*, 122–126.

Greening, D. W., and Turban, D. B. (2000). Corporate Social Performance as a Competitive Advantage in Attracting a Quality Workforce. *Business & Society*, *39*(3), 254–280.

Harris, J. D., and Freeman, R. E. (2008). The Impossibility of the Separation Thesis: A Response to Joakim Sandberg. *Business Ethics Quarterly*, *18*(4), 541–548.

Huselid, M. A. (1995). The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance. *Academy of Management Journal*, *38*(3), 635–672.

Kahneman, D., Tversky, A., (1979). Prospect Theory: An Analysis of Decision under Risk. *Econometrica, 47*(2), 263-292.

Margolis, J. D., Elfenbein, H. A., and Walsh, J. P. (2007). Does it Pay to Be Good...And Does it Matter? A Meta-Analysis of the Relationship between Corporate Social and Financial Performance. *SSRN Electronic Journal*.

McWilliams, A., and Siegel, D. (2000). Corporate Social Responsibility and Financial Performance: Correlation or Misspecification? *Strategic Management Journal*, *21*(5), 603–609.

McWilliams, A., and Siegel, D. (2001). Corporate Social Responsibility: A Theory of the Firm Perspective. *The Academy of Management Review*, *26*(1), 117-127.

Moir, L. (2001). What Do We Mean by Corporate Social Responsibility? *Corporate Governance: The International Journal of Business in Society*, *1*(2), 16–22.

Nyborg, K., and Zhang, T. (2012). Is Corporate Social Responsibility Associated with Lower Wages? *Environmental and Resource Economics*, *55*(1), 107–117.

Orlitzky, M., Schmidt, F. L., and Rynes, S. L. (2003). Corporate Social and Financial Performance: A Meta-Analysis. *Organization Studies*, *24*(3), 403–441.

Porter, M. E and Kramer, M. R. (2006). Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review. 84*(1), 78-92.

Porter, M. E. and Kramer, M. R. (2011). The Big Idea: Creating Shared Value. How to Reinvent Capitalism—and Unleash a Wave of Innovation and Growth. *Harvard Business Review. 89*(1), 62-77.

Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York, NY: Free Press.

Qualtrics [Web Page]. URL https://www.qualtrics.com/ [first accessed 13 January 2020].

Rousseau, J. J. (1969). *The Social Contract*. London: Penguin Books Ltd. (Original work published 1762)

Schwarz, N. (1999). Self-reports: How the Questions Shape the Answers. *American Psychologist*, *54*(2), 93–105.

Smith, W. R. (1956). Product Differentiation and Market Segmentation as Alternative Marketing Strategies. *Journal of Marketing*, *21*(1), 3-8.

Strand, R., Freeman, R. E., and Hockerts, K. (2014). Corporate Social Responsibility and Sustainability in Scandinavia: An Overview. *Journal of Business Ethics*, *127*(1), 1–15.

Sun, L., and Yu, T. R. (2015). The Impact of Corporate Social Responsibility on Employee Performance and Cost. *Review of Accounting and Finance*, *14*(3), 262–284.

Turban, D. B., and Greening, D. W. (1997). Corporate Social Performance and Organizational Attractiveness to Prospective Employees. *Academy of Management Journal*, *40*(3), 658–672.

UNPRI: About the PRI [Web Page]. URL https://www.unpri.org/pri [first accessed 15 January 2020].

Vasi, I. B., and King, B. G. (2012). Social Movements, Risk Perceptions, and Economic Outcomes: The Effect of Primary and Secondary Stakeholder Activism on Firms' Perceived Environmental Risk and Financial Performance. *American Sociological Review*, *77*(4), 573–596.

Winter, D. (2019) *Top 100 Global Brands 2019: The Full Ranking* [Web Page]. URL https://www.ft.com/content/3a3419f4-78b1-11e9-be7d-6d846537acab [first accessed 14 January 2020].