

Corporate social responsibility (CSR): An analysis of the top 10 ranked companies from  
*Corporate Knights*' 2012 list of "Best Corporate Citizens in Canada"

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A Signature Project Thesis Submitted to  
the University of Prince Edward Island, Charlottetown, P.E.I.  
in Partial Fulfillment of the Requirements for  
the Master in Business Administration

April 12, 2013 Charlottetown, P.E.I.

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## Abstract

Corporate social responsibility (CSR): An analysis of the top 10 ranked companies from *Corporate Knights*' 2012 list of "Best Corporate Citizens in Canada"

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This paper discusses the growing level of interest both businesses and the public have in corporate social responsibility (CSR) and the ways in which businesses operate from a CSR perspective. Good CSR is becoming an integral component to company image and success. The problem, however, is in understanding what good CSR truly looks like. Through a content analysis using secondary data and Carroll's Pyramid of CSR as a framework, the top 10 ranked companies are analyzed from *Corporate Knights*' 2012 list of "Best Corporate Citizens in Canada". The study presents findings on where these companies fall under Carroll's Pyramid and whether the companies being celebrated are deserving of the accolades they have received. The findings contribute to the complex topic of corporate social responsibility by discussing reasons why certain companies are successful or less successful in approaching CSR in a complete, well-rounded manner. The study can help practitioners in their understanding of CSR and serve as a resource to guide their decision-making processes. From an academic perspective, the findings reinforce the importance of strong research methodologies and scoring measures in order to achieve accurate findings. The study also contributes to the ongoing discussion around the loosely measured topic of corporate social responsibility.

## Acknowledgements

This project is the culmination of a tremendous learning experience. I thank my family, classmates, and professors for their invaluable guidance, encouragement, and friendship.

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## CHAPTER 1: INTRODUCTION

Every day, in Canada and around the world, for-profit organizations in all industries attempt to achieve a plethora of financial goals. Minimizing costs, maximizing sales, profits, cash flows, market share, and return on investments are often primary concerns for business trying to create shareholder value. While there are no doubts that these are intelligent and legitimate business pursuits, companies with solely financial goals are likely not thinking about the long-term value creation and sustainability of their organizations.

In a changing and maturing capitalist world where consumers expect corporations to take responsibility for the effects their businesses have on society and the environment, companies must do more than merely operate legally and ethically with these items in the backs of their minds. Companies must entertain considerations beyond the strict creation of shareholder value and begin to speak about concerns for society and the environment in the same breath as profits. Corporate Social Responsibility (CSR) eases or pleases some of these expectations, but there is growing concern that current common CSR practices which companies implement will not be enough for firms if they are to remain competitive moving forward. As CSR continues to become an integral part of doing good business, it is going to become increasingly important to know what constitutes good CSR.

Increased expectations on organizations to act more socially responsible have resulted in companies from all industries being more open about social and environmental sustainability practices. Because of this, outside organizations are now ranking and celebrating companies based on their comportment as socially responsible

corporate citizens. As companies continue to adopt or adapt their sustainable action plans it is important to be aware of the companies that truly model responsible corporate citizenship. It is also important to know the types of companies that struggle in this area and why they are struggling. Such knowledge will benefit practitioners who plan to implement their own CSR initiatives, and it will also contribute to academic researchers looking to gain more insight into the loosely measured realm of corporate social responsibility.

### **Problem statement**

Academics and practitioners alike have discussed corporate social responsibility dating back to the 1960s. Over time, firms' responsibilities to society have increasingly become an integral part of doing good business. CSR enables companies to promote and positively impact social or environmental change, but some academics suggest firms are not implementing CSR in the most effective way. Porter & Kramer (2011) noted that CSR "typically puts social reality at the periphery of the business and not at the core", and Daniel Franklin (2008) stated in *The Economist* that, "Corporate social responsibility, once a do-gooding sideshow, is now seen as mainstream. But yet too few companies are doing it well." These two points of view represent a problem surrounding a topic that is becoming more and more critical to company success.

Firms often look at CSR as a cost they are socially pressured to absorb or respond to as a result of operations, and/or associate it with a way to improve public relations and reputation through either strategic or random philanthropic contributions to charities, some of which may have little to do with their business, core values, or long-term sustainability. As expectations of society and consumers continuously augment when it

comes to corporate behavior and social responsibility, companies should be reassessing their CSR practices. Evaluating the authenticity and completeness of their current practices could help companies remain competitive or even improve competitive position in their respective industries and markets.

Today, looking at companies' CSR practices is a bit like looking at the different business models that exist in the hotel industry. Some companies are comparable to an EconoLodge, providing only enough amenities to keep customers from raising a fuss, while other companies are more similar to a Four Seasons; such companies try and go above and beyond what is expected of them in an attempt to positively impact stakeholders.

Having separate business models works in the hotel industry as consumer expectations vary, but this is not the case when it comes to CSR. Consumers are expecting all companies to take a Four Seasons' approach. The EconoLodge model of meeting only economic, legal, and ethical responsibilities is incomplete, and society has begun expecting more from corporations. The Four Seasons model of CSR rather, where companies provide all functions of the EconoLodge but also voluntarily roll out initiatives that are not required of them, constitutes a more complete approach to CSR.

Just like the hotel industry, many companies claim to offer an experience similar to The Four Seasons, but few companies are actually able to reach their level of genuine care for guest and employees. It is easy for companies to offer the EconoLodge model of CSR, and harder for them to offer the Four Seasons' model. It is also easy for companies to claim to offer the Four Seasons' model to CSR. Many companies tout themselves as leaders in CSR, but do they truly care for all stakeholders in a way that constitutes a

complete approach to corporate social responsibility? Companies must first understand what a complete approach to CSR looks like.

Carroll's (1991) Pyramid of Corporate Social Responsibility suggested that there are four levels of CSR: economic responsibilities, legal responsibilities, ethical responsibilities, and philanthropic responsibilities. These levels of the pyramid encompass the entire range of business responsibilities. Economic responsibility is the central idea that businesses must be profitable; Legal responsibility is that businesses must obey and operate under the various laws that exist; Ethical responsibility refers to a business's duty to operate above the written law by doing what is right, fair and just; and Philanthropic responsibility is society's expectation that a business be a good corporate citizen. Companies taking the highest-level approach to CSR operate simultaneously in all four categories.

Carroll's pyramid has been adapted as a continuum of obstructionist, defensive, accommodative, and proactive approaches that explains the various levels of CSR. These approaches are not mutually exclusive; they range from a pure profit-maximization mentality at the obstructionist end to one that transforms management ideology and business purpose at the proactive end. These different categories will be explained in further detail in the methodology section of the paper.

It is important to understand how Canadian companies that have been recognized for being socially responsible approach CSR. Looking at current CSR practices within Canada's award-winning sustainable companies will provide insight in this area. With various companies receiving accolades and praise for their social responsibility, it is important to know what exactly these accolades represent. With CSR

being so loosely defined, society must be critical and ensure that it is not celebrating mediocrity. If society is looking to a future built around sustainable organizations, sustainable communities, and sustainable environments, then it is vital that we ensure the right companies are being celebrated as leaders in CSR. It is these companies that will continue to set the tone for CSR in Canada.

This study will aim to provide insight around the topic of CSR by addressing the following questions:

**Research questions:**

1. Where do Canadian companies that are celebrated as being socially responsible fall under Carroll's pyramid of social responsibility?
2. Does society recognize and celebrate companies for being socially responsible when such accolades are perhaps undeserved?
3. Do Canadian companies appear to be practicing CSR as a means to simply support some general cause or improve company image?

**Purpose and aims of research**

The purpose of this research is to gain insight into current corporate social responsibility practices in Canada by investigating the CSR approaches of companies that are regarded as top corporate citizens. The aim of this research is to learn more about the differences between genuine leaders in corporate social responsibility and companies that take lesser approaches to CSR. Furthermore, the study will shed light on whether these recognized companies are truly as good as an awards list portrays them.

Knowledge of this information is important since change is imminent in all industries in some way. Leaders are often associated with effecting change (the intention, generally speaking, being positive change). Companies that take on leadership roles in CSR may play a decisive part in establishing new industry standards in a variety of categories from supply chain management, to HR practices, to how an industry addresses key social challenges that might be connected to an industry. CSR practices by Canadian companies may influence, change, or improve current policies at all levels relating to social issues.

### **Research overview**

This study will analyze the top 10 ranked companies from Corporate Knights' 2012 list of "Canada's 50 Best Corporate Citizens". This research consists of a content analysis of secondary data retrieved from the analyzed companies' websites and sustainability reports, websites from general Internet Google searches, news releases, and the Quicklaw database.

This research method will analyze these companies using different measures than Corporate Knights, thus enabling a discussion around the types of companies that should or should not be celebrated as leaders in corporate social responsibility. Such discussion will help practitioners who are looking to adopt or adapt their own CSR practices and will contribute to the ongoing discussion around corporate social responsibility.

If companies on *Corporate Knights'* list also appear as leaders in this research, then this study might further help identify or confirm Canada's best corporate citizens, and also give both practitioners and researchers increased belief in the companies and

practices they choose to hold in high regard in terms of CSR. If companies on Corporate *Knights'* list appear as taking low-level approaches to CSR, then this study might help identify areas where Corporate Knights can improve its methodology and scoring measures.

### **Organization of this thesis**

The remainder of this thesis develops in chapters that provide the background and findings from this study. In Chapter 2, a review of the relevant literature on corporate social responsibility is discussed. Chapter 3 provides the approach to the study, the data collection process, and data analysis procedures. Chapter 4 sets out the findings from the study, revealing themes and patterns of companies that operate using proactive, accommodative, or defensive/obstructionist approaches to CSR. The final chapter summarizes the study findings and is followed by a discussion about the findings, limitations of the study, and future research.

## CHAPTER 2: LITERATURE REVIEW

### **Corporate Social Responsibility (CSR): A brief overview**

The discussion around corporate social responsibility (CSR) has been far from static over the past 50 years. An evolving society with movements such as civil rights, women's rights, consumer rights and environmental concerns all contributed to the increased significance to CSR. Over time, CSR has evolved from an emerging, heavily debated practice to an everyday topic that sits at the forefront of organizational expectations and decisions. Today, CSR is frequently discussed in newspapers, magazines, radio, and television, to the point where everyday consumers have an opinion on the matter. Although the topic has become increasingly popular there are still varying opinions on how CSR should be defined, measured, and implemented. The literature has looked at the topic from various angles.

CSR has been loosely defined in the literature. Different definitions have been used and altered in an attempt to narrow down what CSR truly means. Over decades of discussion around the topic of CSR, its definition has evolved. Although there is not one single working definition of CSR, there are some common aspects that continuously emerge in the term's various definitions.

Dahlsrud's (2006) study used a content analysis to identify five dimensions of CSR that emerged in CSR definitions most frequently. Using Google search to calculate the relative usage of each dimension via frequency counts, it was found that the most frequent dimensions to CSR were: Stakeholder dimension, social dimension, economic dimension, voluntariness dimension, and environmental dimension. Although no research

has validated this study, Dahlsrud's findings provide a picture of the breadth of corporate social responsibility. CSR, when unpacked in its entirety, is more than a social or environmental concern.

### **CSR, business and profits**

Because corporate social responsibility has to do with business, and business has to do with profits, it is not surprising that a lot of discussion has taken place around the effect CSR can have on profits. There is no debate that companies must be profitable; it is the number one responsibility that must be fulfilled in order for companies' to operate long-term. What has been heavily debated, however, is whether CSR is indeed a true responsibility of business in the first place, and if it is, what does it look like and how is it implemented? This conversation has come a long way in the last half-century.

When the idea of CSR was gaining steam in the late 1960s, famous economist and Nobel Prize winner Milton Friedman expressed his ideas of Friedman Economics by strongly opposing social responsibility of businesses. Friedman (1970) argued that businesses had only one social responsibility: to increase profits while obeying laws, regulations and societal norms. Friedman's arguments completely separated the notion that business success and societal success are interdependent. Friedman's profit maximization viewpoint posited that ethically and morally based business decisions that may negatively impact companies' bottom lines were irresponsible. He recognized that business had social responsibility, but he stated that its responsibility was to succeed by maximizing as much profit as possible for shareholders. Making business decisions that improved society in some way but hindered a business's bottom line was irresponsible

management of shareholders' money according to Friedman. Decisions about social policy of different stakeholders, he argued, should be left to government (Schwartz and Saiia, 2012).

### **CSR and corporate social performance (CSP)**

Carroll (1979) took this notion of businesses' responsibility to society further by creating a conceptual model of corporate performance. This framework recognizes the importance of profits that Friedman was so adamant about, but profit maximization was not central to the concept. This model, comprised of four categories, ensured that CSR embodied the entire range of business obligations to society: economic, legal, ethical, and discretionary. Within this conceptual model, Carroll suggested that each responsibility was interconnected, but as the framework moved up in categories (from economic to legal to ethical to discretionary), the relative magnitude of each responsibility decreased. This is depicted in the size of each category in figure 1:

Figure 1: Carroll's (1979) categories of CSR

Discretionary Responsibility
Ethical Responsibility
Legal Responsibility
Economic Responsibility

According to Carroll, the concept can be explained as follows: Economic responsibilities recognized that, first and foremost, businesses have a responsibility to produce goods and services that society wanted and to sell them at a profit. Legal responsibilities encompassed the laws and regulations businesses must follow when meeting their economic responsibilities. Ethical responsibilities are any activities or behaviors that society might expect but are not laws or regulations. Lastly, Discretionary responsibilities recognize voluntary decisions businesses make that are above what society might expect as a duty of the business. Overall, this four-part framework helps identify different levels of CSR and helps clearly define different approaches businesses can take.

Carroll (1979) took this conceptual model and connected it to the ways in which companies responded to social pressures. These actions, or lack thereof, of companies were known as social responsiveness, and it varied among companies that did very little to companies that did a lot. Different academics had their own terms to explain companies' actions among the social responsiveness continuum:

**Ian Wilson:**            Reaction            Defense            Accommodation    Proaction

**Terry McAdam:**    Fight all the            Do only what            Be progressive            Lead the  
                                 way                            is required    industry

Do nothing ←-----→ Do Much

The continuum illustrated the different options organizations had in terms of social responsiveness. It helped organizations understand which approaches they were taking to deal with social pressures. In order for corporate performance to occur at a high

level, Carroll stated that companies could not take varying approaches to corporate responsiveness. For example, a company could not take a proactive approach for certain initiatives, but then take a defensive approach for others.

### **Carroll's pyramid**

Based on discussions around CSR, Carroll (1991) developed a Pyramid of Corporate Social Responsibility in an attempt to highlight the importance of moral management of businesses' various stakeholders. This framework used essentially the same four categories as the earlier conceptual model, but the last responsibility was changed from discretionary to philanthropic:

Figure 2: Carroll's (1991) Pyramid of Corporate Social Responsibility



The purpose of the pyramid was to represent that CSR, which is comprised of different components, must be taken together in order to constitute a complete approach to the topic. Although the pyramid aesthetically suggested that the different responsibilities were mutually exclusive, Carroll stated that they were not. Rather, the

separation of categories illustrated the complexities of CSR by highlighting the constant tensions that exist among the various categories. For instance, certain ethical or philanthropic responsibilities might often juxtapose economic responsibilities. Carroll argued that a company taking a true CSR perspective would not see this as juxtaposition but would recognize the tensions as a reality of doing business. Focusing on the pyramid as a whole would guide decision making processes and result in companies that strove to simultaneously make a profit, obey the law, be ethical, and be good corporate citizens.

### **CSR and moral management**

Carroll (1991) looked further into the decision-making processes of managers in regards to CSR and broke the ethical/moral component of that process into three types of management: immoral, amoral and moral. Immoral managers are those who take an opposite stance to what would be considered morally or ethically acceptable. These managers care solely about company profits and will do whatever it takes to improve “company success”, no matter how it might negatively affect various stakeholders. Profit maximization is the only concern for such managers.

Amoral managers are not quite immoral, but they often lack the ethical perception to realize how their decisions might negatively impact others. These managers might have good intentions but they typically use the letter of the law as their guidelines instead of being cognizant of the ethical dimensions involved in decision-making. Amoral managers could intentionally or unintentionally make decisions that negatively affect others.

Finally, moral managers are leaders from an ethical/moral standpoint when it comes to decision-making. These managers follow the law but view it as the minimum ethical behavior; they attempt to operate well above what the law mandates. Moral managers employ high ethical standards at all times and often become leaders in their industries in establishing new ethical norms. Profits are obviously still a concern for moral managers, but they are just one of many factors in the decision-making process.

### **Shared value**

Once a company decides on its CSR approach, it then must break down the details of what the approach looks like. Porter and Kramer (2006) and (2009) discussed the concept of shared value as a way to look at corporate social responsibility going forward. They defined shared value as "Policies and practices that enhance the competitiveness of a company while simultaneously advancing economic and social conditions in the communities in which it operates", and he alluded to the idea that many companies perform corporate social responsibility (CSR) because of pressure, public relations purposes, or to simply make random philanthropic contributions to charities that have little to do with their business, core values or long-term sustainability. Companies such as Coca-Cola, Royal Bank of Canada, Nestle, General Electric have begun using the idea of creating 'shared value' as their basis for CSR initiatives.

Porter and Kramer talked about the importance of understanding what social issues are truly important to a company's strategy. In doing so, they differentiated approaches to CSR in the following ways: Generic CSR, Responsive CSR and Strategic CSR. Generic and Responsive CSR practices have companies acting as good corporate citizens, but Porter and Kramer argued that companies performing Strategic CSR gain a

competitive advantage. Strategic CSR fosters economic and social development and has the potential to change the way companies and society views each other's roles. In doing so, Porter and Kramer claimed that strategic CSR improves the long-term competitiveness of a business.

While the notion of shared value is relatively new, there is varying evidence around the importance of CSR and its relation to firm performance.

### **Evidence of the importance of CSR**

Having high ethical norms is becoming increasingly important for today's consumers. In researching whether having an ethical brand matters to consumers, Singh, Iglesias, and Batista-Foguet's (2012) conducted a study where 4,027 Spanish consumers (85% of whom were women, which is proportionate to Spanish consumer-goods purchasing patterns) filled out questionnaires, and data was collected in 45 product categories in the consumer goods section. Results indicated that a positive relationship existed between perceived ethicality of a brand and brand trust and brand loyalty. Also, a European survey of consumer attitudes towards CSR indicates that 70% of consumers felt CSR was important when purchasing a product or service (CSR; Valuing the Consumer, 2001).

A recent Canadian study also illustrated a strong relationship between CSR and employee engagement. Consultants Hewitt and Canadian Business for Social Responsibility (2010) collected opinions from over 100,000 employees and 2,000 leaders at 230 workplaces to gain insight about the relationships among CSR perceptions, engagement, and other work environment factors. The findings concluded that a strong correlation existed between employee engagement and employees' views of their

employers' CSR records. Eighty-six percent of employees at organizations agreed that their employer was socially responsible, while those figures were 71% and 60% respectively for employers with moderate or low levels of employee engagement. This data suggested that declining perceptions in a company's CSR could negatively impact employee engagement, which in turn could negatively impact firm performance.

Joo and Niranjana (2012) looked at the operational links between corporate sustainability and firm performance in service industries. Specifically, the study examined the impact of corporate sustainability performance on a firm's economic performance in service industries. The results indicated that a firm's social and environmental performances were strong determinants in improving the overall performance of a firm. Similar results were found by Mishra and Suar (2010) when studying the influence CSR has on Indian companies. A questionnaire assessing CSR was developed for six stakeholder groups – employees, customers, investors, community, natural environment, and suppliers, while data on firm performance was collected from secondary sources. Findings suggested that companies demonstrating socially responsible practices towards various stakeholders could positively impact firm performance.

Krumwiede, Hackert, Tokle, and Vokurka (2012) studied CSR practices of manufacturing companies from in Canada, Hungary, Italy, Lebanon, Taiwan, and the United States. Survey responses were used to analyze the levels of investment in environmental initiatives, workplace health and safety, and total quality management. It was found that workplace health and safety were the major focus for companies surveyed, based on the amount of resources the companies invested in this area. Waste reduction was second, followed by the recycling of materials. This study indicated that

workplace health and safety have been a priority in CSR regardless of the company where manufacturing occurred.

### **Negative effects of CSR**

There is also evidence suggesting that CSR has a negative or neutral impact on firm performance. McWilliams and Siegel (2000) found that CSR had a neutral impact on firm financial performance once control variables for R&D were considered in studies that looked at the relationship between social and financial performance. Makni, Francoeur, and Bellavance (2009) analyzed 179 publically held Canadian firms to assess the causal relationship between corporate social performance (CSP) and firm performance (FP). Except for market returns, the study, which used the Granger Causality Approach, revealed no significant relationship between firms' CSP and FP. Furthermore, there was a negative impact revealed between the environmental aspect of CSP and return on assets, return on equity, and market returns. The fact that there are studies that state opposing viewpoints in terms of CSR's effect on firm performance speaks to the complexities around the topic and the need for further research in the area.

### **Summary**

This study does measure CSR with firm performance, but the academic literature on the topic is significant to note, for it speaks to the perceived importance that companies, consumers, and academics are placing in CSR. This study uses reputable CSR concepts and frameworks from the academic literature to analyze the different approaches companies from various industries take toward CSR. The notion of being perceived as a good corporate citizen is becoming increasingly important. This research

will contribute to a better understanding of what truly constitutes good corporate social responsibility.

## CHAPTER 3: METHODOLOGY

### **Methodology**

This research will be descriptive and exploratory in design. It will analyze the top 10 ranked companies from *Corporate Knights*' 2012 list of "Canada's 50 Best Corporate Citizens". A content analysis of secondary data will be retrieved from the following areas: companies' websites and sustainability reports, websites from general Internet Google searches, news releases, and the Quicklaw database. From this data collection process, information will be gathered around the companies' current approaches to corporate social responsibility.

This research is qualitative in nature, using a descriptive content analysis. Through this process, the emergence of trends and themes will provide insight into the different approaches companies are adopting as current CSR practices. Further discussion will take place around whether these approaches are worthy of such accolades as those awarded by Corporate Knights.

A common and reputable framework surrounding CSR will guide this study. Carroll's (1991) Pyramid of Corporate Social Responsibility is framed in a way that encompasses all ranges of business responsibility. Within the pyramid there are four social responsibilities that compose total CSR: Economic Responsibilities, Legal Responsibilities, Ethical Responsibilities, and Philanthropic Responsibilities. Although each section of the pyramid is not mutually exclusive, this metaphor has been accepted in academia as a means of realizing and understanding the depths of CSR practices in and among companies. Its adapted version exclusively differentiates companies' approaches

to CSR using a continuum comprised of the following categories that will be used in this study:

Table 1: Different approaches to CSR

<b>Obstructionist approach</b> – companies do as little as possible to help social or environmental problems. These firms may actually try and impede social or environmental progress.
<b>Defensive approach</b> – companies only react by making changes that are required of them by law. These companies usually do as little as possible in terms of CSR.
<b>Accommodative approach</b> – Besides simply meeting all legal and ethical requirements, these firms will go above and beyond what is expected of them.
<b>Proactive approach</b> – These companies are often responsible for setting new industry standards in terms of CSR. They go above and beyond institutional and stakeholder expectations.

These varying stances demonstrate the variety of corporate decisions to different external pressures in their handlings of social demands. Data will be collected using the following criteria for each of the four different approaches to CSR based on Carroll's Pyramid:

Table 2: Analytical framework based on Carroll's pyramid

<b>Obstructionist approach to CSR:</b>
Criterion 1 – Company challenges changes in governmental regulation, law or policy that affect current practice of the company.
Criterion 2 – Company has ongoing or longstanding lawsuits with stakeholders.
<b>Defensive approach to CSR:</b>
Criterion 1 – Company does the bare minimum in complying with regulations.
Criterion 2 – Company faces monetary fines/penalties for not complying with regulations.

<b>Accommodative approach to CSR:</b>
Criterion 1 - Company makes changes or implements practices that appease stakeholder pressure.
<b>Proactive approach to CSR:</b>
Criterion 1 – Company has gone above and beyond what is required of them.
Criterion 2 – Company has been featured in news releases for leading CSR related efforts.

Companies used in this study will be taken from *Corporate Knights'* list, "The 2012 Best 50 Corporate Citizens in Canada". This study will focus on the list's top 10 firms. These companies are listed in the table below:

Table 3: *Corporate Knights'* 2012 Top 10 rankings

<b>Company</b>	<b>Rank</b>
Desjardins Group	1
Vancouver City Saving Credit Union	2
Co-operators Group	3
Canadian National Railway	4
Royal Bank of Canada	5
Mountain Equipment Co-op	6
Hydro One	7
Enbridge Inc	8
First Quantum Minerals ltd	9
HSBC Bank Canada	10

These companies represent a variety of industries. *Corporate Knights'* scoring methodology, which was modeled after Global 100 Most Sustainable Corporations in the World methodology, is based on environmental, social, governance, and transparency indicators found within the public domain. The following specific measures were used to score and rank companies:

1. Sales in \$USD, 2010 fiscal year. (Source: Annual Reports)
2. Total CO2e emissions in tonnes (scope 1 and 2), 2010 fiscal year Total indirect and direct energy use in gigajoules, 2010 fiscal year Total water use in cubic metres, 2010 fiscal year (Source: Sustainability Reports)
3. Number of no-lost-time and lost-time accidents and fatalities per 1,000,000 hours worked, 2010 fiscal year (Source: Sustainability Reports)
4. Existence of a link between sustainability criteria and a senior executive's compensation, 2011 fiscal year (Sources: Sustainability Reports, MD&As, Management Circulars)
5. Highest-paid Executive remuneration in \$CAD, 2011 fiscal year (Sources: MD&As, Management Circulars)
6. Percent of women, Aboriginal, and visible minorities on Boards of Directors (Source: Management Circulars)
7. Existence of sustainable development-themed committee (environment, health, safety, corporate responsibility) on Board of Directors (Source: Management Circulars)
8. Average per cent of statutory taxes paid over the last four fiscal years (Source: Annual Reports)
9. Funded status of defined-benefit plan benefit obligations (Source: Annual Reports)
10. GRI status (Source: Global Reporting Initiative database)

(2012, Corporate Knights website)

The outcome of this research will inform practitioners of the various levels of CSR and how they are currently being implemented among Canadian firms known for strong approaches to CSR. This information can be used to help decision-makers better understand the differences that exist within varying levels of CSR and help practitioners evaluate and determine how their companies are performing from a CSR perspective.

From an academic standpoint, this study aims contribute to the ongoing discussion surrounding CSR meaning, and it focuses on an area where further study is needed in developing a better understanding of business practices that constitute effective corporate social responsibility. Moreover, the study will provide insight into the validity of *Corporate Knights'* evaluation criteria and potentially raise questions about how CSR is currently being perceived and celebrated in society.

## CHAPTER 4: FINDINGS

Data collection presented interesting findings about *Corporate Knights*' 2012 Top 10 "Best Corporate Citizens". Because this list was intended to represent Canada's most socially responsible companies, one might have assumed (this researcher included) that when analyzing these companies using Carroll's Pyramid of Corporate Social Responsibility (CSR) as a framework, results would indicate that many or all of these companies would fall into the proactive category of the pyramid, meaning they often set new industry standards in terms of CSR and/or go beyond institutional and stakeholder expectations.

Data collection of the top 10 companies, however, indicated that this was not the case. The 10 analyzed companies dispersed into what will be discussed as three different categories of Carroll's Pyramid of CSR: Proactive, Accommodative, and Obstructionist/Defensive. For this study the Obstructionist and Defensive categories from Carroll's Pyramid have been grouped – Because *Corporate Knights*' list was intended to represent Canada's top corporate citizens, any companies in these lower level categories were grouped together.

Data presented in this chapter highlights key findings from the 10 analyzed companies and does not reveal every initiative each company has implemented. It must be noted that when, for example, a company is labelled as taking an accommodative approach to CSR, it does not mean that this company has not implemented any proactive initiatives as well. In fact, data collection revealed that all of the companies studied were undertaking certain strong initiatives in terms of CSR; it is likely for that reason that they ended up on *Corporate Knights*' list of Canada's "Best Corporate Citizens". The purpose

of the findings in this study is to more so highlight any unique initiatives or findings that put a certain company into the category of Proactive, Accommodative, or Obstructionist/Defensive in terms of approaches to CSR.

### **Proactive approaches to CSR:**

The following companies took proactive approaches to CSR, meaning that they went above and beyond societal and stakeholder expectations and have been recognized for leading CSR related efforts:

Table 4: Companies taking proactive approaches to CSR

<b>Company</b>	<b>Industry</b>	<b>Corporate Knights' 2012 ranking</b>
Desjardins Group	Diversified Financials	1 <sup>st</sup>
Vancity Savings Credit Union	Banks	2 <sup>nd</sup>
Co-operators Group	Insurance	3 <sup>rd</sup>
Mountain Equipment Co-op	Consumer Durables and Apparel	6 <sup>th</sup>

Based on the content analysis of secondary data, an interesting theme emerged within the companies that adopted the most proactive approaches to corporate social responsibility - three of the four companies operate using a cooperative business model: Co-operators Group, Vancouver City Savings Credit Union (Vancity), and Mountain Equipment Co-op (MEC). Given the nature of a cooperative business model compared to other investor-owned corporations, this finding was interesting but not surprising. Cooperatives or credit unions focus primarily on meeting the needs of their members and communities instead of maximizing profits or shareholder value. This fundamental

difference allowed such companies to take a more proactive approach to CSR since profit was not at the core of business decisions.

All three of these cooperatives have been recognized as leaders for environmental sustainability. In 2012, Aon Hewitt, a human-capital consulting provider, released a list of Canada's 30 Top Green Organizations According to Employee Engagement. Over 112,000 employees at more than 261 organizations were surveyed regarding their employers' commitment to environmental stewardship. Results reflected organizations whose employees felt positive about their employers' record on environmental stewardship. While no other companies listed in *Corporate Knights'* top 10 were mentioned, Desjardins Group, Vancouver City Savings Credit Union, and Mountain Equipment Co-op all made the list. These companies actively attempted to reduce their environmental impact whether it was through reducing waste or carbon emissions, altering current practices, and/or financially supporting environmental initiatives. Other companies analyzed in this study also had strong environmental initiatives, but it was interesting to discover that only the cooperatives were mentioned in that list.

Actions speak louder than words. Findings from this the study revealed examples where all three of these companies went beyond what would be expected of them. All three companies voluntarily increased costs for the betterment of stakeholders. Below is an example from each of the companies:

Vancouver City Savings Credit Union (Vancity): In May 2011, the company adopted a voluntary living wage policy and became the largest organization in Canada to become a living wage employer. A living wage differs from minimum wage in that it reflects what a family provider must take home in order to meet the family's basic living

needs. British Columbia's current minimum wage was \$8.75 per hour while the current living wage in metro Vancouver was \$18.81 per hour. When president and CEO Tamara Vrooman said, "we want to be part of a community that invests in the long-term prosperity of individuals and the economy", she was not merely offering lip service (vancity.com). This living wage policy demonstrated that employees and community were at the forefront of Vancity's organizational decisions.

**The Co-operators Group:** In order to be recognized as a "Caring Company" by Imagine Canada (a non-profit organization that recognizes companies for leadership in community investment), qualifying companies must donate a minimum 1% of pre-tax profits. In 2011, the Co-operators Group contributed \$6.1 million to various community initiatives. These contributions amounted to 3.9% of pre-tax profits using the Imagine Canada formula. Instead of doing the minimum in order to receive acknowledgement, the co-operators went above and beyond what was required and showed genuine care for community.

**Mountain Equipment Co-op (MEC):** Instead of merely encouraging staff to commute to work in an environmentally friendly manner, the company has taken operational steps to support such initiatives. In order to facilitate this process for staff, MEC ensured the company had a casual dress code, bike racks, showers, locker rooms, and first aid rooms in their stores. The company was awarded the City of Toronto Bicycle Commute Award in 2006 – 97% of the staff either cycled, walked, ran, or took public transit to work. In 2012, 82% of staff nationwide used alternate forms of transportation (walk, bike, transit) year round. Also, MEC's hourly rate was in the top 25% of comparable retailers, and the company implemented a volunteer program that paid

employees to volunteer in support of outdoor activity and conservation issues. As a niche consumer durables and apparel supplier for outdoor enthusiasts, MEC tailored all business decisions around active people, the environment, and sustainability instead of profit maximization.

The other company that emerged as taking a proactive approach to CSR was Desjardins Group. Although this company deals with money every day in the diversified financials industry, it appears Desjardins Group has realized that, in addition to turning a profit, there are other important aspects of being a good company.

This company actively demonstrated that it cares about people. Desjardins Group partnered with the Psychology Association of Canada to conduct research and provide information to help people deal with stress. Of the 10 companies analyzed, Desjardins Group was the only company to voluntarily adopt the national standard of Canada for Psychological Health and Safety in the Workplace. This new standard helps create workplaces that promote mental health, reduce stress, and support employees dealing with mental illness. This is an issue that affects 1 in 5 Canadians everyday. Genuine care for employees' well-being is likely why Desjardins Group has received awards such as Canada's Top 100 Employers, Canada's Top Family-Friendly Employers, Canada's Best Companies to Work For, and Canada's 10 Most Admired Corporate Cultures.

All four of these companies (Desjardins Group, Co-operators Group, Mountain Equipment Co-op, and Vancity Savings Credit Union) have not only gone above and beyond what is expected of them, but they have operated in a way that is not ruled by law and legislation. The table on the following page summarizes findings from Quicklaw's database regarding court cases from the following companies:

Table 5: Breakdown of court cases for proactive companies

<b>Company</b>	<b>Cases: Inception or 1975-2008</b>	<b>Avg. cases per year 1975-2008</b>	<b>Cases since 2008</b>	<b>Avg. cases per year since 2008</b>	<b>Human Rights' cases Since 2008</b>
Desjardins Group (1975)	0	0	2	0.4	2
Vancity (1987)	99	3.8	26	5.2	4
Co-operators Group (1975)	37	1.1	3	0.6	1
Mountain Equipment Co-op (1975)	2	0.1	0	0	0

Desjardins Group, Co-operators Group, and MEC have all had virtually no court cases in the past five years. Although it may appear that Vancity had a lot of court cases, the company still did well relatively speaking. When compared to another bank in this study, Royal Bank of Canada (RBC) had over 3000 cases since 1975, with 355 of those cases happening since April 1, 2008. Even though Vancity's average cases per year increased from 3.8 to 5.2 during the past five years, it was still significantly smaller than RBC's average of 71 cases per year since 2008.

With such low numbers of court cases in the Quicklaw database, it appears that all of these companies have realized that they can strive to do better than the law and not resort to lawyers to deal with all disputes, major or minor.

It must be noted that many socially responsible practices can also benefit companies' bottom-lines. For example, Reducing carbon emissions and paper use are smart decisions from both an environmental sustainability and business standpoint, for

doing so can help the environment and represent significant cost savings. This cost-savings benefit might be reason enough for companies to adopt such practices. In these cases, companies could be accused of conveniently dressing profit-minded business decisions up as CSR in an attempt to improve company image. This is likely the case for many companies but it did not appear to be the case for Desjardins Group, Vancity, Co-operators Group, or MEC. Data collection revealed that these companies did have socially responsible initiatives that were cost saving, but through certain initiatives they all demonstrated that their dedication CSR was not for the sole purpose of increasing profits. Below is an example from each company:

Co-operators Group achieved nine of 12 key social, environmental, and performance indicators from the company's 2010 sustainability report. Of the three indicators Co-operators Group failed to meet, one was return on shareholders' equity (goal: 6.2% actual: 5.3%). This suggests that the company did not put shareholders first.

Desjardins Group showed genuine care for the environment by implementing and funding a company shuttle service to help decrease the number of employees who commute individually to work.

Vancity and Mountain Equipment Co-op demonstrated their care for people over profits by implementing the living wage policy and above average wages respectively.

Finally, the data collected on all four of these companies indicated no obstructionist/defensive tendencies, making them admirable corporate leaders in the field of CSR. The companies discussed in the subsequent sections, even though the data showed they have implemented initiatives that are noteworthy forms of CSR, have

demonstrated either accommodative or obstructionist/defensive tendencies, making them less admirable as corporate citizens.

### **Accommodative Approaches to CSR:**

Accommodative companies make changes or implement practices that appease stakeholders' expectations. Data collection revealed that the following companies took an accommodative approach to CSR:

Table 6: Companies taking accommodative approaches to CSR

<b>Company</b>	<b>Industry</b>	<b>Corporate Knights' 2012 ranking</b>
Royal Bank of Canada	Banks	5 <sup>th</sup>
Hydro One	Utilities	7 <sup>th</sup>
First Quantum Minerals, Ltd.	Materials	9 <sup>th</sup>
HSBC Canada	Banks	10 <sup>th</sup>

To be accommodative is to fit into the wishes or needs of others. After analyzing the four companies listed above, data showed that they did enough from a CSR standpoint that might impress the public and other stakeholders, but they were not necessarily standing out by going above and beyond. Many of these companies had strong initiatives in place, but it did not appear they were making a concerted effort to be leaders in CSR.

For example, in 2012, the Royal Bank of Canada (RBC) reduced green house gases by 11%, reduced paper use, and committed \$20 million to help foster positive, wide-ranging environmental change - \$10 million of which will be used for small for-

profit businesses that generate a social/environmental return. Also, the company donated close to \$95 million through community investments and sponsorships, and RBC employees appeared satisfied with the company's values as an employer. These acts and facts are commendable, but they are not spectacular. The company was taking steps towards becoming a more sustainable company did not appear to be going above and beyond for stakeholders or setting any new standards for its industry.

The same could be said for Hydro One, Ontario's main electricity provider. In 2011, the company began hosting monthly training meetings with external contractors, it pursued registration of Occupational Health and Safety Assessment standards to improve workplace risk management, and it improved environmental sustainability by adding environmentally friendly vehicles to the fleet, reducing paper, and having employee transportation services. It is important to recognize these efforts to improve, but these approaches to CSR were not as significant to those of the proactive companies mentioned earlier.

Overall, the companies in this accommodative grouping took acceptable approaches to CSR. From the data, it appeared as though these companies strove to be good corporate citizens, but it did not appear that they attempted to be great by going above and beyond stakeholder/societal expectations. These accommodative companies safely and effectively towed the moderate line.

### **Defensive/Obstructionist approach to CSR:**

Defensive and obstructionist practices are the lowest forms of CSR according to Carroll's framework. Companies that adopt these approaches do things like challenge governmental regulations, laws, or policies; they react by only making changes that are

required by law; or they simply do as little as possible in terms of CSR. The data showed that the following two companies took defensive/obstructionist approaches to CSR:

Table 7: Companies taking defensive/obstructionist approaches to CSR

<b>Company</b>	<b>Industry</b>	<b>Corporate Knights' 2012 ranking</b>
Canadian National Railway Co.	Transportation	4 <sup>th</sup>
Enbridge Inc.	Energy	8 <sup>th</sup>

From the companies analyzed, Canadian National Railway Co. and Enbridge Inc. stood out in a way that would make a person wonder how they ever made their way onto *Corporate Knights'* 2012 list of Canada's "Best Corporate Citizens".

#### Questionable core values

CN was ranked number four on Corporate Knights' list, but the data collected in this study portrayed the company in a much more negative fashion. First of all, the company's website set a tone of where its primary focus lays - one of the company's five core beliefs was "Creating Value for our Shareholders", and the company's "Five Guiding Principles" were service, cost control, asset utilization, safety and people. The company claimed this list drove decision-making processes and business operations every day. It was interesting that CN made sure to mention shareholders, but there was no mention of stakeholders such as the community or the environment.

Many of CN's positive CSR practices were environmental initiatives that should also positively impact profits. As mentioned earlier, one might question whether this was simply a way for CN to appear as though it cared for the environment when, in fact, these

decisions were profit-based. These profit-based decisions would seem to fit CN's guiding principles of shareholder value, cost control and asset utilization first and foremost, while conveniently making the company seem concerned for the environment at the same time.

Data revealed that Enbridge's core values should also be questioned. The company stressed on its website the importance of being an employer that creates a culture of environmental awareness. This sounds wonderful, but the sincerity of Enbridge's claim might be up for debate after looking at the data. Many people, groups and organizations were opposed to Enbridge's Northern Gateway Project (a twin pipeline that, if approved, would run 1,200 km from Bruderheim, Alberta, to Kitimat, British Columbia, and carry roughly half a million barrels of bitumen per day). Organizations such as Greenpeace, Nature Canada, and Forest Ethics, as well as celebrity/experts David Suzuki and Michael Moore all publically opposed the project.

Furthermore, it became apparent during the Northern Gateway review hearings in March 2013 that Enbridge would not have a spill response plan finalized until six months before pipeline operations begin. Also, the company would not have a marine emergency response plan until after the project was approved. Although Enbridge did espouse environmental sustainability and have some worthwhile initiatives in place, these findings suggested that the company might not have been authentic in their concern for environmental sustainability.

Questionable morals:

It was found that both CN and Enbridge were involved in activities that question company morals. Leaked company documents indicated that CN was involved in a mysterious case where it hauled biodiesel across the border numerous times for

companies that requested CN never actually unload the product. CN had the potential of earning \$2.6 million from the numerous mysterious transports. The company never questioned the suppliers' motives but cashed in during the process. CN's manager of transportation was quoted saying, "If we can get in more flips back and forth we will attempt to do so. Each move per car across the border is revenue generated for Sarnia/Port Huron" (cbc.ca). This type of action and operation questions the moral integrity of a company and paints a picture of pure profit maximization.

Enbridge has also been involved in predicaments that question the company's morals. In July 2012, the United States National Safety Transportation Board approved investigators' findings that the company was aware of pipeline cracks that led to an oil spill of over three million litres in Michigan's Kalamazoo River. This spill resulted in the most costly on-shore clean up in US History, exceeding \$800 million USD. The fact that Enbridge knew about the leaks yet continued to pump the oil raises concerns about the moral integrity of the company.

Enbridge has also been criticized online for releasing a misleading video that omitted 1,000 km of islands in the Douglas Channel, BC, where tankers will have to manoeuvre around to get to port for the proposed Northern Gateway project. This video was viewed as an attempt to make the proposed project seem less environmentally risky to the general public. Enbridge stated that the video was subject to landscape variations, yet many still questioned the company's motives behind the omissions.

Challenging government:

In December 2012, CN took a strong obstructionist approach in an attempt to prevent new industry regulations aimed at improving service and giving shippers greater

recourse in their disputes with CN. Company CEO, Claude Mongeau, openly opposed the government's tabled regulations and even reached out to his largest customers through a letter to gain their support. Shippers criticized the company for its actions.

Other defensive/obstructionist approaches:

Research revealed numerous cases where CN took a defensive approach to CSR with respect to community stakeholders. There were various reports from different communities across Canada stating that CN refused to listen to community complaints that company locomotives idling and/or operating through the night were rendering inhabitants sleepless. CN viewed this community inconvenience as a necessary procedure in order to effectively and efficiently service customers, and the company has gone to court over the matter in an attempt to maintain its practices.

In 2009, CN agreed to pay \$1.8 million in damages after pleading guilty to violating federal laws protecting fish and migratory birds and failing to properly remediate a spill. These actions showed blatant disregard for the environment; CN took responsibility for its mistakes only after the courts required the company to do so.

Enbridge has also taken a defensive approach when dealing with aboriginal groups who were greatly concerned about the proposed Northern Gateway Pipeline. Coastal First Nations, an alliance of First Nations on British Columbia's north and central coasts, was forced to pull out of hearings because it ran out of funds throughout the process. Enbridge did provide several First Nations groups with funding to partake in initial conversations regarding the pipeline, but once the money was dispersed among different First Nations groups, the funds were insufficient in allowing Coastal First Nations to continue the process.

Results from the Quicklaw database search revealed interesting information regarding defensive/obstructionist approaches of CN and Enbridge:

Table 8: Breakdown of court cases for defensive/obstructionist companies

<b>Company</b>	<b>Cases 1975-2008</b>	<b>Avg. cases per year 1975-2008</b>	<b>Cases since 2008</b>	<b>Avg. cases per year since 2008</b>	<b>Human Rights' cases Since 2008</b>
Canadian National Railway Co.	700	18.4	115	23	16
Enbridge, Inc.	312	8.2	58	11.6	1

CN took more defensive/obstructionist approaches than Enbridge in terms of handling situations through the court systems. Both companies, however, have increased their average cases per year over the past five years. Enbridge saw an increase in average cases per year from 8.2 during 1975-2008 to 11.6 over the past five years. CN increased average cases per year from 18.4 during 1975-2008 to 23 over the past 5 years. CN has been found guilty in cases of wrongful dismissals and has been ordered to review its accommodation policy for employees. This data suggests that both CN and Enbridge have either elected to take more defensive/obstructionist stance in recent times, or they have been facing increased dissatisfaction and pressure from various stakeholders.

Overall, the data revealed that CN and Enbridge left much to be desired in terms of being leaders in corporate social responsibility. Ultimately, although these companies had some worthwhile initiatives in terms of CSR, the bad outweighed the good. It appeared these companies struggled to understand that a complete approach to CSR

encompasses all stakeholders at all times. As a result, CN and Enbridge represented poor models of corporate social responsibility.

## CHAPTER 5: DISCUSSION AND CONCLUSION

The purpose of this research was to analyze some of Canada's "best corporate citizens" using Carroll's pyramid of Corporate Social Responsibility. Doing so revealed that even supposed leaders in this area take a wide range of approaches to CSR (from obstructionist to proactive), yet they can still appear on a list that applauds their practices. Moreover, the findings raise important questions and considerations about how practitioners, researchers, organizations, and the public should measure, perceive, and celebrate CSR in the future.

### **Summary of Study Findings**

CSR is complex

Because corporate social responsibility encompasses a variety of stakeholders, it was difficult for companies to excel in all areas. This was not surprising; rarely in life do people excel at everything. Because of this, companies that may have taken a proactive approach to corporate social responsibility in one area may also have been taking an obstructionist, defensive, or accommodative approach in another area.

In many cases, it was not what companies did that made them leaders in CSR, it was what companies failed to do that exposed them as organizations that take lesser approaches to CSR. It is not good enough for companies to focus only on one stakeholder when their business and operations affect many others. For instance, companies that have incredible environmental initiatives but treat employees poorly might be environmentally minded companies, or even leaders in environmental sustainability, but it does not make them leaders in social corporate responsibility; CSR is more complex than a single issue.

In this study, companies that were determined as proactive companies were proficient in taking a complete approach to CSR – they went above and beyond what various stakeholders’ might expect of them. Accommodative companies were sufficient in taking a complete approach to CSR – they did not show many signs of being bad companies, but they did not show many signs of being spectacular either. Defensive/Obstructionist companies struggled to understand the complexities around CSR – their disregard for certain shareholders at different times inhibited their ability to adopt a high level of CSR in a complete fashion.

#### Cooperatives and Proactive CSR

The cooperative business model appeared conducive to high levels of CSR. Cooperatives appeared more willing to take a proactive approach to CSR more so than other investor-owned corporations. Being driven and guided by stakeholders instead of profits perhaps made it easier for cooperatives to see more value in stakeholder-based initiatives. Having the fundamental concept of stakeholders’ importance at the core of the business allowed cooperatives to have a more complete understanding of CSR.

#### Measure once, think twice

The findings revealed that although *Corporate Knights*’ was spot-on with some of their selections for Canada’s best corporate citizens, it dropped the ball with others. Using Carroll’s Pyramid framework, which categorizes companies’ approaches to CSR, 40% of companies analyzed were deemed Proactive, 40% were deemed Accommodative, and 20% were deemed Defensive and/or Obstructionist.

These results validated *Corporate Knights*’ list in some regards (the top three companies on *Corporate Knights*’ list were all deemed to be taking proactive approaches

to CSR). Other findings, however, raised concerns regarding *Corporate Knights'* methodology and scoring measures. Considering the list was intended to celebrate the "Best Corporate Citizens", it might have been assumed that low levels approaches to CSR would not be found among listed companies. The Defensive/Obstructionist findings in this study revealed this was not the case.

### **Research Implications**

This research is important from both an academic and practitioner perspective. Academically, this research highlights and reinforces how important strong methodologies and scoring measurements are when conducting research, specifically research that publically celebrates organizations that greatly impact our economy, society, and environment. This content analysis revealed how certain lists that celebrate companies might say more about the strength of the research criteria than the strength of the company. Furthermore, this study contributes to the important discussion around corporate social responsibility and how it might be measured going forward.

From a practitioner perspective, this research uses a qualitative framework to look at practical demonstrations of the different levels of corporate social responsibility. With CSR becoming increasingly important in a changing capitalist world, consumers are going to continue to expect higher levels of CSR. This research can aid practitioners by helping them better understand the complexities of corporate social responsibility. As business leaders continue to adopt, adapt, or analyze their own approaches to CSR, this research can serve as a tool to guide their decision-making processes.

## **Limitations and Future Research**

While this study produced interesting findings, there are limitations that should be taken into consideration when interpreting the results. Because this was a content analysis performed online using secondary data, the findings were limited by the availability of material. Although a concerted effort was made to use reputable websites, observed trends in media may not be a true indication of reality. It was more likely that negative or catastrophic news received more press than good news. Also, the amount of information available on each company could vary depending on different variables such as a company's notoriety, industry, image, size, current events, etc.

### **Future Research**

The results from this study open the door to interesting future research possibilities. Research on whether companies implementing their own CSR strategies look to award-winning companies as models would be valuable. The findings of this research would provide further insight to the significance of awards lists and the potential risk of companies being led down a path of mediocrity. Perhaps CSR is not at a point where it is ready to be celebrated to its current degree.

Also, continued research on the relation between the cooperative business model and corporate responsibility might reveal trends that could be implemented in other for-profit business models. This information could help such companies better understand the importance of stakeholders as means to becoming a sustainable, profitable company.

## **Conclusions**

Based on this study, Corporate Knights might want to revisit its methodology and scoring criteria to ensure that companies exercising the lowest forms of CSR do not end up on future “Best Corporate Citizens” lists. This study, although it has limitations, shows how celebrated companies might not be exactly as they appear. Because of this, society, practitioners, and researchers must be careful of holding companies in high regard simply because they have received recognition from some organization at some point in time.

This study reveals important information around the types of companies that are being celebrated as Canada’s best corporate citizens. It appears as though companies are implementing noteworthy initiatives in terms of CSR; however, where companies struggle is in understanding CSR in its totality - it encompasses the full range of business and stakeholder responsibility. Even if companies excel in certain social or environmental initiatives, they cannot truly be socially responsible if they act irresponsibly toward other stakeholders. This is in line with Carroll’s view of corporate social performance; specific stances must be taken on a company’s approach to social responsiveness. A company cannot be a model corporate citizen if it chooses defensive approaches in one area and proactive approaches in others.

Furthermore, companies cannot be leaders in CSR if they simply do what stakeholders view as acceptable. These companies who tow the moderate line should be respected, but perhaps not celebrated. These accommodative companies do well to keep up with trends, standards, and maintaining current expectations, but they are not contributing to the advancement of good CSR.

Good CSR is and will continue to be a moving target. We need not flip far into the history books to recognize that certain practices that are considered acceptable today will not be viewed as such in the future. Companies that recognize this reality and drive change from a CSR perspective, instead of reacting to it, will be our best corporate leaders. In order to do this, companies must be thinking not only about profits of today but also about stakeholders of tomorrow. Doing so will allow these proactive companies to influence the direction and mentality of what constitutes good business practice, and it will enable companies to remain competitive moving forward.

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