CSR and EU directives

A question of transparency

Diploma Thesis

to obtain the academic degree of

Magistra der Sozial- und Wirtschaftswissenschaften

in the Diploma Program

Wirtschaftswissenschaften
SWORN DECLARATION

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1. Introduction

As a result of the historical and ongoing exploitation of resources (Ludwig, Hilborn, Walters, 1993, p. 17; Kraus, Britzelmaier, 2012, p. 248), the discussion about sustainability covers likewise increased wealth and social equity. Finding Balance between these two parameters is also a challenge to scholars, researching on questions about this topic (Dyllick, Hockerts, 2002, p. 130). The scarcity of essential resources as well as other environmental challenges raises (Bazillier, Vauday, 2009, p. 3). Leading to an increased awareness of society concerning saving the environment and doing something good. This might be the cause for a raised expectation on the part of society to business find a way to preserve our resources to future generations. Companies nowadays strive for growth even beyond national boundaries (Levitt, 1983, p. 307). It is a well known fact, that globalization is a cause for exploiting people especially in developing countries by e.g. child labor and also paying wages under the local costs of living (Strutzenberger, Wessely, 2013; Kirchhoff, 2006). The importance of sustainability issues to scientists (Dyllick, Hockerts, 2002, p. 130), the increased consciousness of society and companies themselves striving for resource equity might also have led to a raised number of companies, incorporating sustainable activities into their operations (Bazillier, Vauday, 2009, p. 3) – also called corporate social responsibility (CSR).

However, an increased awareness about these issues and implementing CSR activities is not always a result of self-abandonment and might not say enough about the motives of a companies to develop a sustainability strategy. By introducing CSR to public, companies are less likely mentioning motives that are only serving themselves (Kim, 2014, p. 838). Companies are expected to act adjusted to social and ethical norms (Fombrun, 2005, p. 7). This expectation of society and therefore potential customers of a company leads to a competitive environment in which companies need to adapt their behavior in order to serve these prospects. Knowing about the customer expectations on companies resulting in a major motive for companies to conduct CSR, reporting these issues is as important as the initiatives themselves (Kim, 2014, p. 838; Kleine, Von Hauff, 2009, p. 528; Du, Bhattacharyya, Sen, 2010, p. 8), since communicating and aligning a company’s strategy to stakeholder needs enhances trust and improves the relationship between the interconnected parties.

Comparing the CSR and its reporting in different geographical areas shows that there are major differences on the one hand in the reporting itself, but also in the philosophy CSR is imbedded into a company’s strategy. There exist organizations which use CSR and the
reports for the sake of improving the image and therefore to increase sales – which is also called green washing (Bazzillier, Vauday, 2009, p. 1). Stakeholder additionally also show some skepticism when it comes to a company, which is promoting their own activities outstandingly (Kilian, Hennings, 2011, p. 249). Some companies therefore lack in authenticity when it comes to the CSR they are providing information about.

One reason for this by stakeholder perceived lack in authenticity could be less transparency and therefore less credibility in some companies’ reports. As mentioned above, communicating CSR to stakeholder is as important as the initiative itself (Kim, 2014, p. 838). Due to this, the information provided in these reports need to be reproducible and the process of developing initiatives as well as the report should be transparent in order to increase the trust reciprocity (Du, Bhattacharya, Sen, 2010, p. 8). One way to increase the transparency could be using common guidelines for creation of a CSR report. Among the already undertaken research concerning communicating CSR different guidelines have established throughout years (Alonso-Almeida, Llach, Marimon, 2012). Examples for such guidelines are the Global Reporting Initiative (GRI) and the principles established by the UN also called UN Global Compact (UNGC). Besides these already existing frameworks, the European Parliament also established a directive, which focuses on reporting non financial issues, with its primer goal to increase the above claimed transparency and to enhance CSR activities within a company (European Parliament & Council, 2014).

Resulting of the above stated, the main questions for this thesis are the following:

- **Can transparency of CSR reports be increased by this directive?**
- **Does this directive change the quality and authenticity of a CSR strategy?**

To be able to answer these questions, investigation objects need to be determined, which allow analyzing the reports on sustainability matters and the development over recent years. The reports, and therefore the companies that will be investigated in this thesis need to be affected by this directive, which means that they have to be of a certain size according to the requirements of the European Parliament and Council (2014). On the other hand, the companies that will be part of this research need to be companies that are predominantly known for implementing CSR for the sake of increasing the company’s reputation and a lack in credibility concerning CSR.
Companies which are part of a stock index are the representatives for the trend of prices within a company (Wiener Börse AG, 2016). They therefore must have a certain influence on these price changes which might be due to their size as well. The DAX 30 consists of the 30 largest companies listed in the “Frankfurter Börse” (finanzen.net GmbH, 2016) and might therefore meet the requirements which are expected by the European Parliament and Council concerning the non financial reports. Additionally are German companies also known for using CSR prevailingly as a marketing strategy, to improve the image (Rieth, 2003). Due to the above mentioned information, German companies listed in the DAX are chosen for the empirical part of this thesis. More precisely two out of them will be investigated in detail. Henkel AG & Co KGaA on the one hand and Fresenius Medical Care AG & Co KGaA in order to have different branches involved in this research and to get closer to the general direction of CSR reporting of the DAX 30 companies and not only the development of a certain branch. For the sake of better legibility the two companies will be mentioned as Henkel and FMC in short.

The first step is a literature review see where research have been undertaken recently. This will be followed by case studies building the foundation for this research. This allows face companies with each other generally and in detail concerning CSR reports. Having these two companies confronted, their reporting on sustainability from 2013-2015 will be analyzed to find out major developments which would assist the assumption of an increased authenticity in CSR concerns. Moreover finding out the recent development might also lead to future research recommendations concerning CSR reporting like for example the development of binding guidelines which can commonly be used by affected companies. This could further help to increase transparency and therefore credibility of companies.
2. Corporate Social Responsibility (CSR)

Finding an exact definition for what CSR consists of and how it can be explained is a challenge that scholars are faced with since the early beginnings of research on this topic (Bazillier, Vauday, 2009, p. 3). This chapter is dedicated for general information. It will specify CSR as a topic by finding a definition, provided by academic literature. This review should indicate theories and models like the four domains of which CSR consists (Carroll, 1979), but also the pyramid provided by Carroll for explaining responsibilities companies have (Carroll, 1991). And as already mentioned before, an explanation which can be used to explain all the parameters influencing CSR are not easy to find. For this reason an overview about the historical development on research in this field will be provided in this chapter. Throughout this development over time, different but also related concepts have appeared over years. In order to understand similarities and connections between the different notions, these concepts will be introduced as well. This section about complementing theories will help distinguishing parameters, outcomes and general information. Responsiveness of companies on social issues or measuring methods will be delineated. Describing these points are important to understand the concept on responsibility issues, which has grown to a complex field of research (Carroll, 1999).

2.1. Historical development of CSR

Even though CSR might seem to be very modern since many companies already publish reports on their sustainability, research already started some decades ago. In Carroll’s publication about the development of different definitions of CSR (1999), he states that practical implementation of nowadays’ understanding of an CSR activity, already took place. Conversely, what he calls a modern research on the topic started in the 1950s and moved on to be more precisely in the following decades by developing several related notions and models which should help visualizing and comprehending the main attributes that are connected to CSR.
“Modern discussion in the 1950s

Even if there has already been practical implementation of social responsible activities in former decades by e.g. doing something good for employees, contributors like Bowen (1953) started to have a more academic view on this topic (Carroll, 1999, p. 269). The questions during that stage of research mainly were about responsibilities business has to community (Bowen 1953, p. xi). What can be retrieved out of this state of knowledge is that the awareness concerning social matters established during that decade, which was also of interests to scholars. Moreover Carroll (1999) recognizes that research focused during this time on identifying the impact of business operations on the environment and that it becomes important for companies to also give something back to society by doing good, not only thinking about profit maximization. The 1950s also indicate the importance of research in this field as well as of practical implementation of CSR operations for the future (Carroll, 1999, p. 270).

Precise definitions in the 1960s

After identifying the importance of caring about what a company can do to beneficial for their environment, during the 1960s definitions became more precise (Carroll, 1999, p. 270). One example is the definition developed by Davis (1969) where not only environmental effects on the environment and the developed awareness was described, Davis (1969) put emphasis in his CSR explanation on overcoming economic motives, looking for additive goals. This development could be seen as the movement from the increased awareness to more descriptive definitions, which suggest how to react on this increased awareness (Davis, 1969; Carroll, 1999). Despite looking on economic issues to social issues another important finding is about legal obligations (Mcguire, 1963, p. 144). Defining CSR also described the matter to go above legal requirements (Mcquire, 1963).

Furthermore the positive impacts of CSR to the company itself in the long run was identified as a motive for pursuing and implementing such activities into business operations (Carroll, 1999, p. 271). Therefore, even if the focus should be less on profit maximization, a result of beneficial activities could be success in business. One reason for this might be the better image of the company due to, as mentioned before, the raised awareness of society concerning environmental and social issues. This marks the beginning of research
concerning the relationship of CSR and raised profits. Interest on this relationship increased but intense research on raised profitability due to CSR came up later on.

The more critical 1970s

In the 1950s scholars mainly started to focus on potential negative impacts on society (Bowen, 1953, p. xi). During the 1960s research on CSR was more interested in what should be done to overcome these negative impacts (Carroll, 1999, p. 270). The 1970s could be defined as the epoch in which the already established definitions were criticized and in addition to this literature began to focus on how CSR initiatives could be implemented into a company (Carroll, 1999, p. 274). This could be an outcome of the new motive and orientation on long term gains putting responsibility initiatives into the background. Moreover what was a marking point in the 1970s is the swift of being shareholder oriented to caring for other affected persons (Johnson, 1971, p. 50). Besides this increased interest on finding an explanation for motives to conduct CSR and the move from shareholder orientation to stakeholder orientation, another important contributor to CSR research of this decade (Carroll, 1999, p. 275) emphasizes the issue of being business oriented as well as caring for society (Steiner, 1991). In Steiner’s opinion a company needs to first fulfill its major designation which is to make profits.

General explanations were contributions in that decade made by scientists. Despite this, the whole concepts and the already established definitions got criticized (Carroll, 1999). According to Manne and Wallich (1972) an initiative set by a company can only be a CSR activity if it was pursued on a complete voluntary basis (pp. 4). According to this understanding of CSR, interventions by law might lessen the value of responsibilities.

Generally research in the 1970s focused besides definitions on extending the view (Carroll, 1999, p. 278). Therefore the term CSR included also measurements and related fields which are also forming the term. According to Carroll (1999, p. 279.) authors began to also find ways to measure outcomes of CSR. Hence, the discussion about corporate social performance (CSP) started.1 After recognizing already in former decades that CSR could have future benefits, serious explanations and models began to occur.

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1 CSP will be explained in chapter 3.
Alternative concepts during the 1980s

Measuring the outcome of being social responsible got important during the last decade. Past definitions and assumptions about CSR got criticized and previewed. Now what was new in the 1980s? First, what differs this century from the past ones is about that research concentrated less on finding an adequate definition, and more to split the fields of research by finding different but related concepts (Carroll, 1999, p. 284). There have been established studies concerning the positive as well as negative outcomes by implementing CSR (Jones, 1980, p. 61) as well as connecting the concept to frameworks which allows structuring the motives for CSR (Tuzzolino, Armandi, 1981, p. 21). Emphasis on responsiveness concerning sustainability problems, the relationship between stakeholders and CSR and theories about business ethics have extensively been analyzed (Carroll, 1999).

Indeed less definitions aroused and what can be observed now looking back is an ongoing interest on finding out how CSR can be used to increase profitability (Carroll, 1999). This could encourage the impression that CSR itself got into the background. Maximizing profits by dedicating sustainability problems appears to be an important motive to implement CSR (Carroll, 1999).

1990s

According to a survey, conducted by Carroll (1994, p.14), which was about what is important in the management field, business ethics were seen in the 1990s to be most important in terms of management practices. This result foregrounds the ongoing and increasing awareness of ethical issues connected to business and that even if historically seen, there has already been done a lot of research on this topic, the scientific interest on CSR extended further in terms of finding new areas which are related and complementing CSR.

Another important point in this decade was the way research was executed. Scientists were interested more in study related and also compatible issues and concepts like in the previous decade. To those concepts belonged CSP, the stakeholder theory, the business ethics but also the theme of corporate citizenship (Carroll, 1999, p. 288). Primarily, further research concentrated on CSP which was more explicitly conducted by Donna J. Wood (1991). In this study she connected already established models to create a new understanding of CSP. According to Carroll (1999, p. 289) refining all existing definitions concerning CSR and
concepts during that phase led to a more substantial comprehension of the whole topic as well as to a more concerned view. To these concerns also belongs the authenticity of such activities implemented in a company. This means that society started to be critical about the motives CSR is implemented by the company.

The new millennium

After exploring the importance of business ethics and other related issues of CSR, the 2000s emerged. Is there now any difference on how studies have been executed? Have research to consider further explanations and surrounding conditions including related ideas? For answering this questions a look at another paper published by Carroll (2000) will be discussed. This paper focused on expectations about the new millennium concerning CSR. The outcomes were new parameters which should be taken into account: the conditions business is working in are constantly changing like e.g. technology (Carroll, 2000). He further claims that this changing environment is a criterion that might have an influence on how CSR is implemented. One of these changing conditions is technology (Carroll, 2000, p. 34). Technology might have an influence on how issues are detected but also on how reporting CSR could proceed. Discussions concerning genetic engineering or even human cloning could be seen as signs that expectations on what is ethically correct might change. Changing surrounding constraints also might be an explanation for the over decades ongoing research in this topic. Changing surroundings might cause changings in the general understanding.

Existing new fields where knowledge needs to be gathered becomes priority in research like analyzing the impact of different industries (Carroll, 2000). Companies with different pre-conditions could also have different strategy approaches on sustainability. The relevance of these given conditions increases with the aim to explain the relationship between of different parameters and the outcomes of CSR (Carroll, 2000). In this undertaken study Carroll (2000) confronted different models which demonstrate which different management morals we can find in practice. In view of this he also mentioned that there will be still immoral management practices since this is what human nature is about. There exists an impact of personal values on the comprehension of ethical issues. But what still will be important according to Carroll (2000) is the constantly raising interest on how a company can meet the ethical demands of society.
Justification attempts since the 2010s

In the beginning of this new century, research went into the direction of finding justification for using CSR activities. This explained growth concerning incorporating CSR, which also serves in an improved appearance perceived by public (Bazzillier, Vauday, 2009, p. 1), one assumption could be that companies might realize such a strategy to increase sales (Van Marrewijk, 2003). Hence, one of these justifications on the part of entrepreneurs, mentioned by Carroll & Shabana (2010), is that companies will benefit in terms of financial returns. This intensifies the before mentioned guess that CSR activities could only be implemented to stay competitive. This also leads to the attempt to find out whether CSR is effective and therefore successful or not. Analyzing current sustainability reports of global acting companies, it seems to be a custom of greater organizations to obey CSR. It seems to be part of a competition which company can offer the most extensive sustainability report (compare e.g. P&G 2015; Voest Alpine 2013; 3M 2015). Additionally, companies as well as scientists put efforts on finding out where social responsibility could be necessary and how to solve the detected issues. So as to know as executive whether the beforehand selected issues have been solved effectively a helping model was developed which describes the dependencies between CSR starting from the initial situation to implementation and measuring the results (Carroll, Shabana, 2010, p. 101).

Chapter Summary

Summarizing this chapter shows that in the beginning, research mostly struggled to find a common definition what CSR generally means. There came up ideas which primarily made it difficult to understand the whole notion. Digging deeper into the topic helps distinguishing between details which differ from one definition into another, but it is also possible to find similarities making it easier to find a basic understanding.

With time research started to be interested less in definitions and more in criticizing already conducted research on this topic. Another important fact is that later on it became important to look for positive outcomes CSR imply as well as on finding another issues supplementing CSR. These differ from the general interim identity of being socially responsible to the question of an existing interconnection between CSR and other fields related to it.
After this step by step view on how research evolved it is possible to see how the view and the importance on this concept changed over time. Additionally it is helpful to beforehand think about the surrounding conditions that have formed this topic and that there came up different understandings. Due to these different comprehensions, it is important to look for the main message that has evolved since the 1950s. After bringing some clarity into the development the next part of this thesis is dedicated to define CSR, what it consists of and how it could be implemented.

2.2. Definition

Quite often, CSR is seen by practitioner and researcher, as a concept which should prevent regulations concerning social responsibility, to improve reputation of a company but also to motivate and keep employees as part of the organization (Davis, 1960; Whetten et al., 2002; Wren, 1979; as cited in Salzmann et. al, 2005, p. 27). However, finding an adequate and clear definition of CSR seems to be a challenge since there have been established different explanations during the last decades and there is still some confusion about how to define CSR (Dahlsrud, 2008). This confusion is based on different approaches and different views on what is important explaining CSR. Basically discussing definitions provided by Carroll (1979, 1991), by the European Commission (2001) and one provided by the WBCSD (1999) this chapter obtains explanations where differing but also similar understandings will be shown. A very supporting work, in terms of distinguishing between existing and most commonly used definitions is provided by Dahlsrud (2008). In this study, 37 different definitions were found, released by 27 authors during the period of 1980 – 2003. Most of them being made since 1998. Hence, this chapter is about the different definitions that already exist but also different models that have been established on CSR over years. For the sake of being unambiguous with former research on this topic, the next definitions of CSR will be used throughout this thesis.

This thesis deals in the historical development chapter with the evolution on CSR research in order to get an overall image of what was important to what period of time. Further it is got comprehensible that there have been established different definitions which have somehow the same meaning but also assume different behavior of companies. Where are differences and where are similarities? One way to distinguish CSR definitions is by dividing them into different clusters like in the study done by Alexander Dahlsrud (2008). The method of his study was divided into three steps. First he had to collect different CSR definitions available
in literature. Second, he identified five dimensions to which these definitions refer. With this foundation he developed a coding scheme to divide the available definitions into the identified dimension. And third, he used the frequency counts from Google which should show how often these dimension where used (Dahlsrud, 2008, p. 2).

One discovery of this analysis are following five dimensions. These five dimensions are parts of definitions where not every dimension was addressed by every notion. Basically the dimensions consists of an environmental one, the social role of a company, economic aspects which also need to be considered, stakeholder orientation but also of the voluntarily implementation of CSR, shown in Table 1 (Dahlsrud, 2008, p. 4):

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Referred dimension</th>
<th>Examples</th>
</tr>
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<tbody>
<tr>
<td>Environment</td>
<td>Natural environment</td>
<td>“a cleaner environment”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“environmental stewardship”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“environmental concerns in business operations“</td>
</tr>
<tr>
<td>Social</td>
<td>Relationship between society and business</td>
<td>“contribute to a better society”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“integrate social concerns in their business operations”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“consider the full scope of their impact on communities”</td>
</tr>
<tr>
<td>Economic</td>
<td>Financial issues and business operations</td>
<td>“contribute to economic development”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“preserving the profitability”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“business operations”</td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Affected people</td>
<td>“interaction with their stakeholders”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“how organizations interact with their employees, suppliers, customers and communities”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“treating the stakeholders of the firm”</td>
</tr>
<tr>
<td>Voluntariness</td>
<td>Behaving beyond law</td>
<td>“based on ethical values”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“beyond legal obligations”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“voluntary”</td>
</tr>
</tbody>
</table>

Table 1: Five dimensions concerning sustainability (based on Dahlsrud, 2008, p. 4).

And even if it does not seem alike at first sight, the result of his study was that most of the definitions he used throughout his study are mostly consistent concerning the general
meaning (Dahlsrud, 2008, p. 6). This result helps to distinguish different ideas and to categories them. It helps to understand major describing points of CSR and to bring some clarity into the jungle of definitions. Then again, it is not important to find one definition applicable but to more find a path to manage challenges and to apply a strategy even if the preconditions differ throughout the business world (Dahlsrud, 2008).

However, it is very interesting that all of the definitions can be separated into different patterns, which also shows that all of these definitions are related to each other and it does not seem to be too difficult to assume a common understanding of this topic. Summing up these ideas it could be defined that CSR consists of an environmental dimension, which is about the contributions a company makes to save the environment they are active in, the social dimension concerning what a company does in order to improve the relationship between society and business, the economic dimension that focuses on the main aim a company has to fulfill which is being profitable, the stakeholder dimension respective acting in favor of people affected by company’s success and how to treat them, and the last dimension which is called the voluntariness dimension concerning activities to be done beyond legal requirements (Dahlsrud, 2008; European Commission, 2001).

Being now able to distinguish between different points CSR can be divided, brings clarity into the jungle of different explanations. Retrieved of the above stated, research has been conducted throughout the decades and finding a definition was mostly part of research in earlier decades. That is why the following paragraphs deals with findings not ordered by the time they have been published, but most of them interconnected to Dahlsrud’s Study of 2008.

Various definitions that have been published in academic research during the last decades (Hermansson, 2008, p. 22) giving an overview about the general meaning of CSR. One example for this is the definition provided by Post et al. (1992) tries to advise companies to pursue CSR. They should be responsible for negative outcomes their actions cause the environment as well as society. On this level of definitions there is no exact wording for what CSR consists of and how a company could apply such a strategy. It is more or less the idea that a company needs to think further, besides growing their profitability and their success. Sustaining their environment they are competing in should be considered as well. Keeping in mind that acting in a responsible way could preserve success promoting circumstances for the future and might therefore result in long-term benefits.
Generally speaking CSR could be seen as “a commitment to improve community well-being through discretionary business practices and contribution of corporate resources” (Kotler, Lee, 2004, p. 3). With this definition the question comes up about how well-being could be defined. First it is important to generally know what ethics means. This will be explained later, in the chapter concerning related aspects. Ethics, generally implies increasing well-being is based on individual norms and also values that have established and also are retrieved by individuals by parents and other personality influencing persons (Joyner, Payne, 2002).

The explanations are about the content of what belongs to CSR. The Commission of the European Communities published one explanation which says that CSR (2001, p. 7) combines several dimensions (Dahlsrud, 2008). CSR is seen as something implemented and used voluntarily by looking at social and ecological issues similarly, including the opinion of stakeholders (European Commission, 2001, p. 7). In this definition, the European Commission underlines the requirement of doing beneficial activities without any law to claim it. Above this the concerns of this view on CSR is about improving the relationship between a company and its stakeholders (European Commission, 2001). Hence, to look for what stakeholders could expect of companies to realize concerning CSR. Comparing this understanding with the provided cluster by Dahlsrud (2008), the stress is on the voluntarily undertaken actions with a focus on stakeholders. This definitions therefore combines all the dimensions Dahlsrud found out in his study (Dahlsrud, 2008). Having emphasis on doing CSR voluntarily means not being forced to do so by law, this seems to be important for society (Dahlsrud, 2008). Moreover there should be implemented CSR to improve negative social circumstances, stakeholders must be listened to, the environment should be saved including to still operate profitably (Dahlsrud, 2008; European Commission, 2001).

With focus on social issues the definition published by the WBCSD (WBCSD, 1999) suggests following: CSR should bring improvements in terms of life-quality of certain stakeholder groups (WBCSD, 1999). They therefore claim the importance of people besides environmental struggles businesses are faced with (WBCSD, 1999). Additively what society expects of a company to do – but still the WBCSD thinks that there is no definition which could be used in general (1999, p. 7). All activities connected to CSR are about doing pleasing actions for society and for the environment. What have to be fore grounded with this understanding of CSR, are expectations people have and that these expectations need to be considered primarily. Companies need to implement CSR since they earn and increase profits with their operations. Through this daily business they might affect their environment
in a negative way. Carroll summed up in 1979 (p. 498) that social responsibility is based on voluntarily pursued activities beyond economic and legal motives. These motives also seemed to be on the focus of most definitions as we are able to see now.

These various existing definitions, like the history on research on this topic which goes far back to the 1950s shows, indicate that the topic is still a field of research to academics and to business. But further this variety of notions shows that many of the contributors tried to find own words for describing CSR. Many different interpretations makes it sometimes hard to find out if these definition basically have the same meaning (Schneider, 2012). With time there came up studies, like the one undertaken by Dahlsrud (2008) that tried to find a cluster to organize and to find similarities and a basic understanding of what academics tried to say. Moreover this thesis deals with definitions focusing more on the environmental part and definitions which concentrate more on the social perspective. What most of all the definitions have in common is that social responsibility needs to be done voluntarily, beyond laws and has to be pursued in order to contribute to more ethical business practices. Another way to define CSR is to list areas in which a company has to take responsibility in (Carroll, 1979, p. 498). But still, all in all we can say that all of those ideas are related to each other and we can find similarities in their meanings.

2.3. Related Concepts and Models

After clarifying how the whole concept evolved over time and what the main contributions to science were, Defining important parameters is less a challenge than it was before. The next chapter is dedicated to topics which are different but also related to CSR. As mentioned already in the historical development chapter, there evolved besides CSR related terms. In order to bring clarity in this jungle of different notions, this chapter is for comparison and clarifying purposes. Starting first with what form our Values and therefore the expectations humans have on society, namely business ethics.

Business Ethics

According to Raiborn and Payne (1990, as cited in Joyner, Payne, 2002, p. 299) ethics consists of patterns of behavior which describe what is valued by people as right or wrong. As easy as this definition seems to be, for every person doing right or wrong means something different. In most of the statements made about ethics in the past, values play a
big part (Joyner, Payne, 2002, p. 299). Hence giving values to actions determine what is assumed to be a right behavior or even a wrong behavior. Another way of viewing this is the challenge to identify values. Learned from surrounding conditions and from influencing people is how values could be described (Joyner, Payne, 2002, p. 298). In other words our environment shapes our values from the very beginning. Knowing now what ethics generally means, it could be assume that business ethics is about the values we have concerning what business should do in order to act accordingly to the expectations formed by values. It could further be concluded that society shapes the ethical thinking of businessmen. This is where the connection to CSR takes place. CSR, as it was already mentioned in the definition section, also depends on the expectations of society and to voluntarily give something back to the environment as well as to human being.

**Pyramid of CSR**

The next step of this section is to help visualizing the prior definitions and to summarize them by using the CSR pyramid established by Carroll in 1979, revised in 1991. Carroll (1991) claims that there are four areas that express the responsibilities of a company in general. This pyramid moreover shows how these responsibilities can be distinguished and that there is interdependency between the shown layers. The following figure shows what the model consists of:
What the main assumption of Carroll’s (1979, pp.500) definition is that CSR can be separated into four layers. These four parts are about the expectations the society has concerning business. Figure 1 shows that on the fundament are economic responsibilities. This means that first the needs of being a profitable company needs to be fulfilled before any CSR related activity can be implemented (Carroll, 1979; Kirchhoff 2006). The second stage of this model is about obeying law. A company certainly has to act according to legal regulations. The first two stages together build the base. Without this foundation it is not possible to build the last two stages upon. This is somehow the basic prospect human beings have which regulates cohabitation, not only in a business environment.

Going beyond these basic assumptions on how a company has to operate in order to be social responsible, there is the expectation which Carroll (1991) called the ethical responsibility a company has. Acting beyond the already set economic and legal regulations and to follow ethical norms is how these layers could be described. This means, as it was already mentioned in the business ethics section before, to do what is right and to operate fair. On the top of the pyramid, the philanthropic responsibilities are located. Being on the top means, that if all the below mentioned stages are fulfilled, a company can look for activities which focus on improving the quality of life. In other words the top stage includes increase wellbeing of humanity by implementing besides economic and regulatory based decisions CSR focusing on people (Carroll, 1991). All the beforehand mentioned levels are about passive engagement of CSR (Carroll, 1991).

**Corporate Governance (CG)**

The basic assumption, to describe corporate governance, is to see it as a framework or even preconditions which should affect the positive collaboration of the company with its pressure group (Guserl, Pernsteiner, 2011, p.50). It consists of guidelines which are recorded in a corporate governance code. This code suggests the ideal behavior of a company’s management in order to ensure responsible monitoring as well as supervising (Guserl, Pernsteiner, 2011, p. 50). A further contribution to understand CG offered by Guserl and Pernsteiner (2011, p. 50) is that these guidelines can be implemented to reduce agency problems - but this is not its duty to do so. This indicates a small connection to CSR since definitions presume these social responsible activities to be voluntarily made. On the other hand the above mentioned definition shows the difference between CG and CSR since the
actions written down in the corporate governance code form a framework for how to lead a company whereas CSR consists of concrete actions concerning social responsibility.

**Corporate Citizenship (CC)**

When looking at the term per se, we might approximately be able to assume what corporate citizenship means. The first assumption could be that it is about a good citizenship of a company. This assumption goes in accordance to the meaning described by Matten and Crane in 2005 (p.13): “corporate citizenship describes the role of the corporation in administering citizenship rights for individuals.” Showing that a company should, according to this definition, not be seen as a citizen itself – it should form conditions which supports improvements in social issues as Table 2 suggests:

<table>
<thead>
<tr>
<th>Corporate Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social role of a company in administering citizenship rights</td>
</tr>
<tr>
<td>Social rights: Corporation as provider</td>
</tr>
<tr>
<td>Civil rights: Corporation as enabler</td>
</tr>
<tr>
<td>Political rights: Corporation as channel</td>
</tr>
</tbody>
</table>

Table 2: Extended theoretical conceptualization of CC (based on Matten, Crane, 2005, p. 13)

Comparing this notion to CSR, it might be clear that there is a link to CC. In detail it is visible that CC is about the role a company has in society - CSR about the undertakings to increase social and environmental wellbeing.
Corporate Sustainability (CS)

Yet another concept which could be seen as most related to CSR is corporate sustainability. According to the definitions mentioned in this thesis, we can assume that CSR activities are made to satisfy directly affected stakeholders. What distinguishes CS from CSR is that direct and current affected stakeholders are extended by indirect stakeholders which are described by Dyllick & Hockerts (2002, p. 131) to be future affected persons. Now it is clear that corporate sustainability is the long term view of a company to act in a sustainable way. CSR could be more seen as current activities undertaken to meet expectations of society.

Triple Bottom Line

This thesis already provided different but still coherent definitions about CSR. What was not provided deeply enough is what CSR can consists of in terms of areas it touches. For the implementation process knowing about how to divide CSR generally might facilitate the decision making process. It is a model dividing CSR into three areas helping executives distinguishing but also integrating social and environmental oriented activities by keeping the success of a company in mind (Elkington, 1998). In order to have success in terms of sustainability in the long run, it is necessary to take them into account (Dyllik, Hockerts, 2002, p. 132). In this framework a company should include economic relevant strategies and also solving social and environmental problems - also called triple bottom line (Hall, 2011, p.4). Moreover these three dimensions result in a framework which is used to analyze and to measure sustainability. Hence it is a useful reporting framework that includes profits as well as social and environmental resources (Hall, 2011, p. 4). It should make it easier for accountants to include all those three spheres into their reporting. However, Hall (2011) clarifies that the real challenge of this concept lies in finding common units in order to make the three parts comparable and measurable. The triple bottom line, compared to CSR, therefore builds a guideline for what fields to include when discussing CSR and which fields to address while developing a strategy.
Corporate Social Performance (CSP)

In the definitions section we already heard about the relationship between CSR and performance. How could this be described? Is there a positive or negative correlation? A new term for this relationship has evolved which is called corporate social performance. According to Friedman (1970) the only responsibility a company has is to increase performance. This indicates that CSR could be seen as a profit orientated business activity and it might be assumed by society that there is less the beneficial thinking behind this.

Often used as a synonym of CSR, it is not very easy to find an adequate definition for CSP (Wartick, Cochran, 1985; Wood, 1991). According to Post (1975; as cited in: Warwick, Cochran, 1985, p. 758) CSP is about how much effort a company produces in order to meet the conditions of a constantly changing social environment. Moreover, CSP combines three major stages for understanding CSR influencing variables but also results of the implementation (Carroll, 1979). The first point is to understand what CSR means, what it consists of and how it could be defined; second, it is important to find issues which an organization needs to consider related to CSR and third, answering the question on how the company reacts in order to improve these issues [see Table 3] – all of this in conformity with Carroll’s three dimensional model of CSP (Carroll, 1979, p. 503). As a result, CSP can be seen as the integration of the three dimensions which were mentioned above.

<table>
<thead>
<tr>
<th>Philosophy of Social Responsiveness</th>
<th>Social Responsibility Categories</th>
<th>Social Issues involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reaction</td>
<td>Discretionary Responsibilities</td>
<td>Shareholders</td>
</tr>
<tr>
<td>Defense</td>
<td>Ethical Responsibilities</td>
<td>Occupational Safety</td>
</tr>
<tr>
<td>Accommodation</td>
<td>Legal Responsibilities</td>
<td>Product Safety</td>
</tr>
<tr>
<td>Proaction</td>
<td>Economic Responsibilities</td>
<td>Discrimination</td>
</tr>
</tbody>
</table>

Table 3: CSP dimensions (based on Carroll, 1979, p. 503)
Corporate Social Responsiveness

In accordance to the CSP Model which was discussed above, the term corporate social responsiveness will be described in order to have a basic understanding when reading about CSP and other related topics as well. Mostly we can find the term corporate social responsiveness$^2$ in relation to CSP. As we discussed earlier, it is part of the three dimensional CSP model developed by Carroll (1979). Looking at Table 3 again, will help us to understand that corporate social responsiveness consists of four levels a company can respond to social issues (Carroll, 1979, p.503). As such, social responsiveness is about the strategy a company is implementing CSR which helps managers to find a clear path to operate in social issues (Wartick, Cochran, 1985, p. 763).

Corporate Social Irresponsibility (CSI)

After already clarifying many different terms related to CSR, the last paragraph of this section will concentrate on finding out what corporate social irresponsibility (CSI) means. At first sight, it would be possible to interpret CSI as the complete opposite of CSR. And so it is. In fact, CSI focuses on the results of not being responsible and the possible outcomes of not pursuing CSR (Lange, Washburn, 2012). Furthermore studies show that the interest on the complete opposite of CSR increased over time especially in terms of the possible negative perceptions consumers might have about a company which is not active in terms of social responsibility (Wagner, Bicen, Hall, 2008, p. 125).

3. Theories of CSR

After the chapter about definitions, related terms and concepts of CSR this section deals with for this thesis important theories, to explaining different views on this topic. This is important to find an answer to the main question of this thesis and to explain our results later on. After the first chapters it is clear that this field was of particular interest of science. Moreover, besides finding definitions, a notably amount of theories have established as well (Garriga, Melé, 2004, p. 51). The findings of Garriga and Melé (2004) suggest to separate existing theories into four different domains which are: instrumental theories, political theories, integrative theories and ethical theories. What are the differences they found out in their

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$^2$ An abbreviation of the term would result in CSR and to confusion – therefore no abbreviation is used for corporate social responsiveness.
study? The next few paragraphs will give an overview using these four aspects theories can belong to (Garriga, Melé, 2004).

### 3.1. An overview

First the **instrumental theories** see CSR as a tool used to reach economic goals (Garriga, Melé, 2004, p. 53). To this domain belongs for example the shareholder theory, where implementing CSR activities should improve the shareholder value and therefore satisfy shareholder interests. Maximizing the shareholder value is described as being short term oriented (Garriga, Melé, 2004). Another theory which is part of this domain is the aim for achieving a competitive advantage through CSR. In contrast to the first one, the authors of this study claim that with this theory, companies are long term oriented. Based on improving the appearance a company also a theory established describing this problem. This idea is called cause related marketing theory (Garriga, Melé, 2004).

Now that we know what is seen as instrumental theories, now discussed will be the political theories. As such, **political theories** strive for finding out where the power position of a company is (Garriga, Melé, 2004, p. 55). The power position of a company is mentioned and addressed in the theory about corporate constitutionalism where the company is in the position to influence the wellbeing of the society by its actions and there exists the integrative social contract theory. The foundation here is a social contract for the company’s power position (Garriga, Melé, 2004 p. 56).

After the political theories, the study comes up with **integrative theories**. As the wording might suggest, these are about integrating social demands into business operations (p.57). Another important point that defines integrative theories is the consideration of values created by society and the goal in this case is to achieve legitimacy in society (p. 58). First mentioned theory that belongs to this domain is about issues management. The focus here is on searching for issues that needs to be solved and to then find a solution. Important for this thesis is the next one that will be mentioned where the emphasis is on the formulation of governmental regulations as well as the implementation of them. It is called the principle of public responsibility and is mainly formed by a publication of Preston & Post (1975). This will be important when the consequences of the EU-directive will be discussed and to find out which role parliamentary institutions have by deciding upon new directives concerning CSR. Furthermore there exists another theory which is part of the integrative domain - namely the
stakeholder theory. According to this theory the needs and demands of stakeholders need to be considered but also integrated into the decision making process (Garriga, Melé, 2004, p. 59). Since the government as well as related institutions like the European Parliament could also be seen as stakeholders, this theory also will help to understand and to reach the main goal of this thesis which is to understand the impact on CSR activities and the implementation process due to pressure of the government.

The integrative theories are followed by **ethical theories**. As in the business ethics theory section already discussed, decisions made in business are also based on values and norms (Joyner, Payne, 2002). Pursuing CSR because of ethical motives means that increasing wellbeing of society is in the foreground (Garriga, Melé, 2004, p. 60). They further claim in their findings that the stakeholder theory, as already listed in with the integrative theories, belongs to the ethical theories. Caring for others besides growth and improving profits, is part of society’s expectations and could be an explanation for the existence of these theories (Freeman, Reed, 1983). In another case the motive could be to look for human rights, which would belong to a theory which look for universal rights (Garriga, Mele, 2004, p. 61). Resulting out of the construct triple-bottom-line, there exists the motive of operating sustainable (Hall, 2011). Business ethics, or even ethics generally are based on values (Joyner, Payne, 2002). This is why present and future generations are considered in this section of theories by meeting the needs of society in terms of environmental and social issues (World Commission on Environment and Development, 1987; as cited in Garriga, Melé, 2004, p. 61). Furthermore Garriga and Melé suggest a fourth theory which is based on values and norms – the so called common good approach. These theories therefore subsume that every individual and organization to behave with the goal to improve well-being of every individual (Garriga, Melé, 2004).
3.2. Principle of public responsibility

After this overview of different motives and theories which help to understand why companies might follow a CSR strategy, the next step is to explain the theories in detail which are important concerning the topic of this Thesis where the impact of parliamentary institutions on CSR activities have to be considered. The need for the guidance of such institutions is disrupted by the findings of Dahlsrud (2008) where he found out in his paper that many definitions claim for voluntarily pursued activities. This might lead to the assumption that after having directives and laws which forces a company to implement CSR into their operations, that these activities themselves lose their weight in terms of value to society. Contrarily, a diversity of scholars has foregrounded the importance for guidance provided by law (Milton, 1970, p. 45; Kirchhoff, 2006, p. 15).

Now the first one is about public frameworks, which might also be formed by social values. CSR is important to and already part of parliamentary institutions' agendas forming therefore drivers in terms of CSR (Albareda, Lozano, Ysa, 2007, p. 391). The impact of decisions made by such institutions must be well considered when analyzing CSR activities. According to the findings of Garriga and Melé (2004, p. 58) the public process has a huge impact on the scope of what a corporation needs to be responsible for. What is stressed out here is the fact that even if social responsible actions are based on a voluntary basis, it is the public sector which serves to some extent with a framework which could also help to make it easier for companies to confine their responsibilities. As a result of this there exists the need for parliamentary institutions to intervene partially in order to react to societal expectations. It is to some extent the duty of such an institution to provide a direction based on the expectations, norms and values of society (Garriga, Melé, 2004, p. 58).

The scope to which a corporation needs to adapt in terms of CSR is analyzed in the study of Preston and Post (1981). The main goal of their study was to find out to which extent a company needs to take responsibility and where political systems come into discussion (p. 56). They are dividing the scope of managerial responsibility into two parts: first the primary involvement which is about the core operations of a company and second, the secondary involvement considering also their impact on society.

The importance of guidelines and frameworks provided by public policy is claimed in order to give direction - this also includes the reflection of social norms by continuous thoughtfulness.
on concerns of society (Preston, Post, 1981, p. 57). However, it might not be easy to recognize the scope of guidelines themselves have on practice since guidance is dependent on the situation as well (Preston, Post, 1981). Moreover, it might also be interesting for future studies to find out if the process on getting to a goal or reaching the goal itself is valued higher by society. By contrast, Preston and Post (1981) claimed that the pure focus on the decision making process could lead the company to look for every issue that could be solved and to therefore lose focus on important goals which could be reached through CSR - and to focus on by society demanded activities (Preston, Post, 1981, p. 61).

What could be outcomes of a law forcing companies to implement and report CSR? There might also exist concerns respective the regulatory function of public institutions (Preston, Post, 1981) - moreover the cost that is connected to regulative interventions might also lead to doubts. The need for directives and laws could be diminished by the companies themselves by, e.g., setting themselves the goal of being social and environmental responsible (Albareda et al., 2007). But still, having regulations must not necessarily mean that the voluntariness parameter of CSR is not met. On contrary, being a partner guiding companies into a more sustainable and responsible future is something that might promote CSR generally (Preston, Post, 1981). Furthermore, what was previously mentioned is that many scholars point out the voluntariness which seems to be focused and accepted by society (Dahlsrud, 2008, p. 4). What they are required to do in order to achieve legitimacy concerning CSR is to search for the dialogue with stakeholders and their needs (Preston, Post, p. 61). Furthermore there are different approaches referring the public policy that have aroused (Albareda et al., 2007). One of these approaches found out by Albareda et al. (2007) is of avail since it focuses on being collaborative and to therefore work together with the private sector. This cooperation between public and private sector could be the answer in terms of the scope.

Providing guidelines, facilitating implementation as well as a guidance in monitoring and reporting CSR is therefore the main objective when it comes to parliamentary institutional regulations. Summing up these basic assumptions above, even if society expects companies to voluntarily search for social or environmental issues and to solve them, directives are necessary for providing CSR promoting frame conditions and to support ongoing growth concerning in this field. It is not about being restrictive to companies, especially not to SMEs. Guidelines like the EU directive seem to serve as a help for finding the right way to implement CSR and to report it transparent for potential investors or consumers.
### 3.3. Stakeholder theory

Formerly, companies strived for growth especially concerning profits in order to serve shareholders and to satisfy them (Freeman, Reed, 1983). This also includes respect for the needs of shareholders in the decision making process (Freeman, Reed, 1983, p. 88). This also results, corresponding to Freeman’s and Reed’s (1983) findings in the focus of constantly increasing the share value for the sake of satisfying the shareholders. Freeman and Reed (1983) mentioned looking to the future and the upcoming generation becomes important and needs to be considered in business as well. During that period of time, when Freeman and Reed executed their research on stock and shareholders, the idea of the stakeholder theory soared (Freeman, Reed, 1983).

The development of this different view on stakeholder orientation was therefore important to analyze developments in business generally but also CSR (Dahlsrud, 2008). The basic assumption of the stakeholder theory is to meet the needs and the expectations of stakeholder, therefore of people who are affected by the company’s success (Freeman, 2010, p. 25). This affection can have both, positive and negative impacts. This theoretical assumption is in contrast to the notion of Milton Friedman (1962), who claimed that the only duty of a company is to increase the shareholder value. It is important to look for a broader circle of affected people and that this also leads to long term benefits. Hence, CSR according to the stakeholder theory must be undertaken in favor of people that have a stake of the business – moreover it is important to include their needs into the decision making process (Garriga, Melé, 2004, p. 59).

But why is this theory important in when conducting a study on CSR? According to Carroll (1991, p. 43), there is a naturally existing bond between CSR and stakeholders. Above this, CSR is seen as a binding Element between the company and the stakeholders (Kleine, Von Hauff, 2009, p. 519), where stakeholders can be part of important changes in business operations. This natural connection might become even more noticeable, if society is affected by a company - especially in a negative way. The raised awareness about negative impacts of business leads to more concerns and therefore to the need on the part of business to react and to take concerns seriously into account in the decision making process of companies increases as well (Freeman, 2010). This could also be interpreted in a way where the concerns of stakeholders and the CSR activities result in a constantly moving
cycle, where, due to increased knowledge about environmental and social issues, managerial decisions are based on the expectations of stakeholders.

Now that we know that there exists an interconnection between CSR and stakeholders, Emshoff and Freeman (1978; as cited in Garriga, Melé, 2004, p. 59) established in their working paper two basic principles which need to be taken into account in business activities and especially into the decision making process: first, it is important to reach all stakeholders and to establish a cooperation between all of them; and second, in relation to the first principle, activities must address all stakeholders. This implies incorporating stakeholders into the decision making process and an ongoing dialogue with them (Garriga, Melé, 2004, p. 59). According to this statements efficiency of business activities could only be reached by coordinating and constantly be in contact with stakeholders. And therefore might also result in activities with the goal to increase social and environmental responsibility.

How can the effects of CSR on stakeholders’ perception be explained? Bhattacharya, Korschun and Sen (2009) provided a model which describes and answers this question. With this model they tried to find a link between CSR activities and stakeholder responses and it is based on psychological factors by which stakeholders react and interpret CSR activities (Bhattacharya et al, 2009, p. 258). Therefore their main goal was to develop a model which helps to understand why pursuing CSR leads to company favoring results on the part of stakeholders but also if and how these conditions produce a positive attitude for companies. This model exhibits the following: the perception of CSR activities by stakeholders, the advantages for stakeholders, the quality of the stakeholder-company relationship and the therefore driven behavioral outcomes towards a company (p. 260). This could also be interpreted in a way that not every CSR activity must lead to a favored position of the company towards the stakeholders. As a result of this, the company needs to identify the preferred actions and also include, as already mentioned before, all the stakeholders to get out the maximum of positive returns out of CSR activities. Moreover, it is important to stay connected to the stakeholders and to listen to their worries concerning CSR. What their study results in is the awareness that not every CSR initiative leads to a beneficial stakeholder-company relationship (Bhattacharya et al., 2009, p. 269). This also indicates the importance of the ongoing dialogue with the needs of affected people in order to act according to the stakeholder theory.
After this description of the stakeholder theory it might be interesting to understand how this can be connected to the main topic of this thesis, which is about transparency of CSR reporting and laws which should enforce this situation. Meeting the needs of stakeholders also implies serving them with much information about what and how a company is competing. Moreover it is important for every stakeholder to understand and to be able to compare certain environmental and social issues with those of other companies and to know if their expectations are met or not. This is why transparency and comparability is that important while considering the stakeholder theory.

**Interim summary**

In order to find out how to explain the importance of directives and why it is necessary to provide transparency and comparability of sustainability reports, it is important to have grounded theory to analyze the situation. First, when thinking about the impact of laws on CSR what comes to mind is the fact which was mentioned in the definitions section – namely the fact that CSR consists of solving social and ecological issues on a voluntary basis (European Commission, 2001, p. 7). Interventions by governmental institutions might lead to the assumption of society that these activities are only conducted due to pressure of an existing law. Now the principle of public responsibility emphasizes the role of directives which provides framing conditions (Preston, Post, 1981). It is necessary to guide companies into the same direction and to therefore make it easier for them to implement CSR and to report these issues (Preston, Post, 1981). Contrarily it can be recognized that comparability serves particularly stakeholders (European Commission & Council, 2014; Garriga, Melé, 2004). CSR is about meeting the needs of all by business activities affected persons (Freeman, 2010, p. 25). Therefore such a directive also helps the companies to further fulfill their duty to serve their stakeholders with needed information about expected actions undertaken by business.
4. CSR Strategy – development and implementation

The beforehand provided theories section was for increasing the awareness, why transparency to stakeholders and guidance by law might be important. This section focuses on the implementation process of CSR and the beforehand happening development of a Strategy. The implementation process starts with a very simple question which demands a generally speaking answer: how can CSR be developed? According to Milton (1970, p. 45) a company needs to identify social problems and find ways to solve them. Furthermore he claimed that these operations should also lead to increased profits (Milton, 1979). For the sake of transparency it might be important to follow a straight path when implementing CSR and developing a strategy. Defining and developing a strategy, is therefore significant when thinking about the stakeholder relationship but is also needed to position the company in terms of developing a certain image of the company (Hanke, Stark, 2009, p. 514).

One way could be to use already existing frameworks like for example the triple bottom line (Kleine, Von Hauff, 2009, p. 517). As already explained above, the triple-bottom-line helps to separate CSR fields and to structure these activities in a transparent way. In this framework economical, social as well as ecological issues are addressed (Hall, 2011, p.4), also often called the dimensions of sustainability (Kleine, Von Hauff, 2009, p. 520). This explains why all three dimensions have to be addressed (Kleine, Von Hauff, 2009; Hall, 2011). Meeting all three dimensions providing a transparent structure also serves stakeholder interest (Garriga, Melé, 2004). The three dimensions are needed to have a fully integrated concept and not another stand alone area (Kleine, Von Hauff, 2009). This also coincides with the beforehand discussed stakeholder theory, where stakeholders needs to be listened to in order to stay competitive in the long run.

But still, the triple-bottom-line might only be useful when thinking in the first steps about which areas to address, which issues to solve and to report them in a comparable way. But the implementation process of CSR activities is an area of research, which has not been in focus for years (Pedrini, Ferri, 2011, p. 175). Their findings suggest that implementing CSR means restructuring the whole strategy of a company (Pedrini, Ferri, p. 176), the strategy needs to fit to the new goal therefore. This includes a new structure but also a person who is responsible for this maintenance which was called in their study the CSR officer. Investigations on the implementation process brought them to different frameworks which should show a path which those executives could follow.
One of these frameworks was established by Khoo and Tan in 2002. Even if this model was developed with the focus on sustainability, it could generally be used to explain the CSR implementation process. What they developed in their work, is a circle which consists of four phases. The first stage of this cycle consists of a preparation phase, which is about creating a vision, a mission as well as goals which must be communicated clearly by leadership (Khoo, Tan, 2002, p. 203). To this preparatory part also belongs the development of a strategy and a plan which should guide the whole company to a successful realization of CSR in the company. After this initial stage it is important to master the transformation phase where the focus moves from leadership initiatives into training people by providing knowledge and learning opportunities before then starting the real implementation. This stage mostly cares about the processes of the company itself (Khoo, Tan, 2002, p. 202). There it is important to undertake proper process management by increasing security and decreasing waste and pollution. Hence, implementing a whole strategy of sustainable and responsible business operations is focused during that phase. The last stage is about continuous improvements concerning being a sustainable and socially responsible organization (Khoo, Tan, 2002). To this part, we could address the importance of reporting, which this thesis will focus on later on. Here might be the part, where monitoring, controlling as well as further development of the already existing strategy takes place. Consequently this stresses out further, the importance of sustainability reports, which is not only for stakeholders but also for the companies themselves. As a result of this cycle we can see that the goal is to not only implement several sustainable and responsible activities but to achieve an organizational structure which enhances further development of CSR. Even though it is suggested in this study to concentrate on processes, still this cycle could be transferred to CSR activities as well.

To give a résumé this means that implementing CSR means a change in the overall structure of a company and the adaption of the strategic direction as well (Pedrini, Ferri, p. 176). The model provided by Panapanaan, Linnanen, Karvonen and Phan (2004), distinguishes between five different stages which helps to describe this process. As visible in Figure 2, before the process itself starts, there has to be made the decision within the company whether to pursue CSR, to implement only the minimum of law compliance or even to decide upon these issues later on. As visible in this model, the implementation process occurs after the management decides to implement CSR. This is the point where the company starts with the organization and the structure itself, followed by the planning stage in which the issues
must be detected that the company wants to solve (Panapanaa, Linnanen, Karvonen, Phan, 2004). After creating a plan which is for the company necessary to not go astray, incorporating the activities into daily business takes place. In order to know whether these activities are efficient the implemented actions need to be monitored and evaluated. The last step is to inform stakeholders and to therefore create a report on the implemented activities. Nonetheless, even if reporting seems to be focused on informing stakeholders, it is also necessary for the companies themselves to have a well structured report in order to further analyze the need for onward improvements (Kleine, Von Hauff, 2009, p. 517).

Figure 2: An excerpt of the framework for CSR (based on Panapanaan, et. al., 2004, p. 18).
4.1. Organization and Structure

Deciding upon implementing CSR into the organization the first step is to evaluate the current position of the company (Kirchhoff, 2006, p. 24). This includes identifying the structure, the opportunities, the risks, and whether CSR generally fits into the company. Further, executives need to find out whether there are resources free which could be used for such new initiatives since staying profitable and still preserving liquidity is the bottom line of the CSR pyramid (Carroll, 1991, p. 42). Without the crucial base the company might not be ready for such a strategy. After identifying the current state and the readiness of the company, the management has to find out a vision including the mission and the goals to fulfill in terms of social and environmental issues (Kirchhoff, 2006). In which direction is the company headed in the long run? To answer this question, stakeholders need to be considered (Garriga, Melé, 2004, p. 59). There are different expectations and a company needs to decide which ones to meet and which ones fit into the organization itself. For this reason the current social position of the company needs to be found out, which also results of exchange with stakeholders (Kirchhoff, 2006).

After the initial phase of creating a vision, the whole organization including the workforce has to be informed, trained and their awareness concerning sustainability and social responsibility needs to be increased (Khoo, Tan, 2002, p. 203). For this sake, training needs to be provided continuously. The company needs to fit to the new strategy in order to gain long term benefits out of this implementation (Kirchhoff, 2006, p. 23).

Summing up the basic assumptions of this stage, the whole organization including the structure needs to fit to the beforehand established vision. Incorporating CSR into general company policies is according to Kirchhoff (2006, p. 24) crucial in order to implement a long term successful sustainable strategy. During this stage it is the duty of executives to communicate the goals in a way that energizes others. For this reason influential personality as an executive is required (Khoo, Tan, 2002, p. 203). Accordingly, planning such activities depends, besides the current state of the company, much on the abilities of the management.
4.2. Planning and programs

Being aware of the current state of a firm and the stakeholder needs helps creating a plan and formalizing a vision (Slavova, 2013, p. 102). Clarity as well as consistency throughout the implementation process is important and therefore a plan must be developed. By communication with stakeholders, an overall view about issues can be gathered, but it is impossible to solve all issues. Therefore, a company needs to select those issues which can be solved. These initiatives might depend on the organization itself, but also on the resources that can be spent. Therefore it is useful to use guidance in terms of already established frameworks which help to distinguish between different issues. One example for such a framework could be the triple-bottom-line, where CSR activities can be distinguished into social, economic, and ecologic issues (Hall, 2011, p.4). Using such a framework avoids leaving out important points and having already areas which can be addressed by the organization. Now it is easier to develop a plan by establishing a catalogue in which clarity and consistency can be achieved, which is, according to Kirchhoff (2006, p. 25) important to ensure a successful CSR implementation. The goals and actions needs to be defined in detail referring economic, social and environmental issues as well as the probable results in terms of performance, out of these initiatives (Dunphy et al., 2003 as cited in: Pedrini, Ferri, 2011, p. 177). Moreover focusing first on a few CSR initiatives might lead to an increased quality of the chosen activities and are therefore more likely to raise the value of the company (Heslin, Ochoa, 2008, p. 139).

4.3. Implementation

A distinct department which focuses on CSR and the development and implementation of such initiatives might be the first and most important step during this process (Pedrini, Ferri, 2011, p. 177). But still the coherence throughout the company’s overall strategy should not be offended. It has already been said that the soft skills of the management and the workforce needs to be established or trained during the transformation stage. However, the implementation process also regards technology and the manufacturing process because these existing hard facts might also have an impact on sustainability concerns and need to be integrated in the reorganization of a company’s strategy (Khoo, Tan, 2002, p. 202). A company’s process needs to fit to the before established vision. Now, the integration of CSR needs to be consistent into the overall organizational processes. This means that the
implementation of CSR is an ongoing learning occasion which is dependent on stakeholder expectations (Maon, Lindgreen, Swaen, 2009, p. 5).

4.4. Monitoring and Evaluating

The findings of Weber (2008) describe the benefits of CSR. They can be distinguished between monetary and non-monetary ones. Whereas the monetary benefits are referring values concerning the company [Figure 4], non-monetary benefits are besides others formed by an increased access to capital as well as to a better reputation. All of those benefits lead to an overall improved competitiveness and therefore to a growth in economic success.

Figure 3: CSR impact model (based on Weber, 2008, p. 250)

Successful implementation of CSR into an organization is the goal of the in the beginning developed vision. This is why it is crucial for executives to evaluate the incorporation of problem solving activities concerning ecologic, social and economic issues, and to adapt or develop the strategy further (Pedrini, Ferri, 2011, p. 177). For this sake confronting the resources that have been spent with the outcomes, could be an evaluating method. The important question here is to define which outcomes are important. As in Figure 3 visible, there are benefits with difference in their nature. Hence the company must first be aware of these different outcomes of a CSR initiative before the executives are able to measure them.

For a company, knowledge about the current CSP is required and can be measured by the beforehand defined performance figures (Slavova, 2013, p. 102). For this reason the management has to deal with finding out suitable indicators to measure CSR outcomes. Since the initiatives differ from each to another, the chosen metrics must be formulated independently and for each activity suitable (Slavova, 2013). Setting goals that can be measured like emissions, consumed energy, water usage grants the company to steadily
improve their operations. Also a delineation of the above mentioned benefits and a target performance comparison is helpful in such a case.

4.5. Communicating and reporting CSR

Since there exists a natural relationship between CSR and the stakeholders (Carroll, 1991, p. 43) Informing all people having a stake on a company through a report, including share- and stakeholder, customers as well as suppliers, is part of the CSR implementation and essential for development referring the CSR strategy (Kleine, Von Hauff, 2009). This developed reports on CSR first helps reflecting on the initiatives and further are forming the foundation for improvements (Kleine, Von Hauff, 2009). A report therefore exist for presenting results and a prior condition for stakeholder-company dialogue (Garriga, Melé, 2004). It also serves companies themselves to record and analyze success and nonsuccess factors (Kleine, Von Hauff, 2009, p. 517). Society mostly expects from bigger, multinational companies due to their visibility and influence on the environment, to report activities for the sake of improving social and environmental issues (Kolk, 2003, p. 280). Accordingly, society expects to see such reports and wants to know whether a company is able to make contributions to a better world. But for the purpose of being beneficial for stakeholders, transparency and comparability must be given. That is why governmental and nongovernmental organizations are constantly working on improving this situation (Kolk, 2003, p. 280). In the past, companies were able to decide voluntarily whether to publish non financial issues into their reporting, but by the end of 2016 particular organizations will be forced to report them (European Parliament & Council, 2014).

Generally said, the main claim for CSR reports are according to Kirchhoff (2006, p. 28) the following:

- credibility
- transparency and
- being oriented on dialogue

Whereas Kirchhoff fails to describe concrete issues how to increase credibility of such reports, one way could be to tightening legislation which has already happen with the new EU directive of 2014. The second point about transparency is already given if non financial information are published in the annual reports, presupposed that they are reporting all issues including negative information like potential risks of environmental dangers. The third
point Kirchhoff (2006) states, underlines the very often repeated importance of constantly seek communication with stakeholders, in order to find out if satisfaction amongst them is achieved and to search for new fields in which the organization can be active in.

Since the topic of this thesis concentrates on reporting non financial information it might be interesting to know how the number of companies, which are publishing such information, has developed. According to Kolk (2003, p. 289) the number of CSR reports in large multinational companies has generally increased during the 90s until 2001 – but only in the industrial sector to the time he conducted this study.

In accordance to the goal of this thesis, it is important to state how CSR reporting in general contributes to answering the main question about the need for legislative regulation in this area. Studies recently, like the paper of Kolk in 2003, analyzed the role of regulations concerning CSR reports. He mentioned that regulations supports the development process, which might also be a cause for the increasing number of companies which have established a CSR strategy (Kolk, 2003). Discussions on this have already been conducted during the early 2000s (Kolk, 2003). The increasing number of companies incorporating CSR into business as well as the need for guidance to implement a clear structure might lead to the assumption that laws concerning CSR might be more helpful than harming to sustainability awareness and implementation in general.

A conclusion out of what was discussed just before could be that the reports generally and especially CSR reports aim to benefit stakeholders and companies likewise - in accordance to the stakeholder theory which is about meeting the needs of all possibly affected persons (Freeman, 2010, p. 25). They have certain expectations on a company how to act in specific environmental and social areas. In order to know if these expectations are met by a company, information must be accessible. Moreover it is necessary to make them understandable and comparable for the stakeholders to gain knowledge about how to read and to find the requested information. On the other hand, reporting CSR initiatives helps the companies to improve their strategy and to find new areas in which they could be active in. It is also in favor of organizations themselves if there exist guidelines which they could follow, also in terms of an implementation path. This would help companies saving resources and to stay competitive.
Summing up the whole strategy development and implementation process, there exist different attributes which make a CSR strategy a successful one (Kirchhoff, 2006, p. 26). The first thing that needs to be stressed out according to his findings is the fact that such initiatives need to have conceptual clarity and a company needs to consequently pursue the developed strategy. This transparent acting is also beneficial in terms of the stakeholder relationship (Garriga, Melé, 2004) which also stresses out the ongoing verbal exchange with all stakeholders. Other factors, which lead to a successful CSR strategy are: having a precise quantitative as well as a qualitative approach, certification for proving that the company operates in a sustainable way, reference to the different existing branches whilst local priorities, permanent and long term oriented implementation of CSR, clear organizational structures, evaluating these activities through indicators and last, consistent monitoring and controlling by executives (Kirchhoff, 2006, p. 26).

5. Reporting Guidelines

After the section of implementing CSR, it is clear that reporting does play a big part in terms of measuring, developing initiatives further as well as serving stakeholders with information. Hence, understanding how corporations manage to prepare such a report and which paths they follow is crucial. In section 8.2 it will be visible that the DAX 30 companies rely on standardized frameworks like the Global Reporting Initiative by also following the ten principles by the UN Global Compact. Thus this chapter deals with clarifying the most important factors the two above mentioned frameworks and guideline consist of. Companies generally strive for efficiency and using already existent frameworks facilitates the whole implementation process. This might also legitimize the existence of such frameworks like the GRI or the UNGC.

5.1. Global Reporting Initiative (GRI)

As it was claimed in the introduction of this thesis, it is important to be able to register CSR initiatives for satisfying stakeholder expectations. Furthermore it benefits a company by providing a base for future improvements in this field. As the Global Reporting Initiative is one framework which is most commonly used among the DAX 30 companies [see section 8.2], this subchapter is dedicated to explain the content, as well as the positive and, if available, negative outcomes while using this guideline. After clarifying these crucial points
about this initiative, it will be easier to understand the ongoing investigations. The previous section dealt with the importance of communication and reports on sustainability issues in general, it is now in focus to find out what using standardized guidelines means.

As a guideline, the GRI strives for providing a base which a company could use in order to increase the number of sustainability issues integrated into the process of decision making within a company (GRI, 2016a). As the goal of this thesis is to show the current implementation of the EU directive concerning CSR reporting and to challenge the present comparability of the existing sustainability reports, this section tries to shortly explain what this initiative consists of. What needs to be mentioned beforehand is about the scope of the G4 Guidelines. This section tries to give a short overview of crucial points since a detailed delineation would exceed the scope of a comprehensible analysis.

Mainly the GRI G4 guidelines consist of three documents, which can be downloaded from the globalreporting.org website and are as follows:

- “Reporting Principles and Standard Disclosures
- Implementation Manual
- GRI FAQ” (GRI, 2016a)

The main document which includes content specific aspects is about the reporting principles and the standard disclosures (GRI, 2015). It is structured in that way that starts with criteria that should be fulfilled by a company in order to then choose one option out of two possible (GRI, 2015 p.11). The GRI provides two different options which can be chosen by the implementing company. The organizations can choose between a core- and a comprehensive option. The difference between these possibilities is the scope concerning the standard disclosures which should be integrated in the sustainability report (GRI, 2015). A company choosing the comprehensive option decided to include additional disclosures which are built upon the core option (GRI, 2015, p. 11).

The second part of this document is about the reporting principles which also can be divided further into two parts. The first principles are referring the content of the report whereas the second principles are about the quality (GRI, 2015, p. 17f.). When talking about the content, the G4 guidelines enumerate points like stakeholder inclusiveness, which is mainly about the identification of stakeholders, their needs and expectations. A further point which belongs to
this section is about the company’s contribution to sustainability, where the focus should not only be on the current situation but also on future generations. Additionally, the content principles include points about materiality, which means reflecting the organization’s impacts on economic-, social- and environmental issues, and a principle concerning the completeness of the information concerning the before mentioned issues (GRI, 2015, p. 17). Thinking back to the stakeholder theory, these principles address primarily stakeholder needs by providing access to the desired information concerning sustainability and the development of a company in this field.

The second principles should now administer the quality of the provided information. There the GRI talks about the balance in the reports, meaning that there have to be positive, as well as negative information concerning sustainability issues, published (GRI, 2015, p. 17). Besides the balance of favorable and non favorable conditions, the GRI forces companies to develop a report which enhances comparability, which is accurate and timeless (GRI, 2015, p. 17). This should result in a collection of information where stakeholders are able to compare reports from the past and to be able to follow the development in this field. Accuracy and reducing uncertainties within an interconnection is important to increase trust and to therefore improve the stakeholder-company-relationship (Sharpe, Green, 2012, p.3). Finally which is also part of the quality principles is the clarity and the reliability of the information provided implying that stakeholder should be able to understand the content and be informed about how the report has been prepared (GRI, 2015, p. 17f.).

After introducing the companies with the principles every sustainability report should be based on, the next thing provided by the G4 guideline are the standard disclosures. For the sake of having a structure in the huge variety of disclosures which should be considered by the companies, the document provided by the GRI separates them into two sections. The first section is about general standard disclosures which concern, beside others, the organization’s strategy referring sustainability and a general profile of the company. Other points included in these general disclosures are material aspects as well as stakeholder engagement (GRI, 2015, p. 21). In other words, general information should be provided to introduce the reader into the topic of sustainability and how the company contributes to this topic.

What follows next, are the specific standard disclosures. As the naming might suggest, this is the part where the report gets into detail. Furthermore, what needs to be said is that to this
part, a lot of points are included and not all will be listed now in this section. For a detailed view on them, it is easier to relegate to the document itself [Figure 4]. Generally, what happens now is the listing of CSR issues and. The G4 framework suggests structure sustainability issues into three categories, which are economic-, environmental, and social issues – alike the triple-bottom-line approach (Hall, 2011, p.4).

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<td>Product and Service Labeling</td>
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<td>Grievance Mechanisms for Impacts on Society</td>
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Figure 4: Categories that should be included in a Sustainability Report (based on GRI, 2015, p. 9).
5.2. UN Global Compact (UNGC)

Alike the above explained GRI, the United Nation’s Global Compact is about giving guidance to companies and serving as a promoter in questions concerning sustainability (UN Global Compact, 2016a). Therefore, the UNGC should motivate firms to implement a strategy which improves social or environmental grievances. The guiding principles are already implemented in nearly 9000 companies located in about 166 countries (UN Global Compact, 2016). This makes this framework a widespread and globally used one. As a result out of this fact, it might be true that the comparability and transparency of reports about sustainability have, due to this initiative, already been increased.

The first pages of the “Guide to Corporate Sustainability” (UN Global Compact, 2014), tries first to turn the focus on the importance of sustainability by introducing the topic through general explanations concerning hard facts of what a corporation needs to consider when trying to be sustainable. As already in the literature review pointed out sustainability is connected to the long-term goals and therefore also to long-term success. For this reason a well structured strategy as well as implementation process needs to be established (Hanke, Stark, 2009). This gives CEOs who are searching for guidance in the establishment of sustainability activities, the confirmation that following the provided principles will help reaching their goals of success in the long run.

After the introduction into the whole topic, the online provided document starts presenting the principles it consists of. The framework is about ten principles which can belong to four different key areas: the first principles are about human rights with one principle which says that a company should respect human rights and the second principle supports the first one by pointing out that a company should not be complicit with harming human rights (UN Global Compact, 2014, p. 11). This forms also a point which is claimed by the EU directive where it says that human rights have to be protected throughout the company and its processes, including arrangements which should prevent the violation of human rights should also be part of CSR report (European Parliament & Council, 2014, p. L 330/2 (7)).

The next area which consists of four further principles is about labor issues (UN Global Compact, 2014, p. 11). The third principle is about the freedom of association. This means that companies should promote the right of collecting bargaining and the existence of employee representatives. Furthermore the fourth principle of the UNGC forces companies
to eliminate compulsory labor. This indicates that there still might be some employers who are acting this way. Also connected to this kind of principle is the duty to avoid child labor. This means that globally, many companies are already committing to fight against child labor worldwide (UN Global Compact, 2014). The sixth principle out of the UNGC is about removing discrimination is it before or during the employment. This means that also the gender aspect must be included here, as also claimed in the EU directive (European Parliament & Council, 2014). They should treat every, also potential, employee the same way independently from age, gender, origin upon others.

Now, after the above mentioned principles concerning social issues, the principles of the UNGC also promotes the environment. To this field belongs reacting to environmental problems as well as supporting initiatives which should increase the awareness for the environment. Therefore, the company also has the character of being a role model for society (UN Global Compact, 2014). Furthermore what a company needs to do when participating to the UNGC is promoting the development of sustainable technologies. This shows that a company needs to be very active in searching environmental issues, solving them by developing strategies and technologies and to be in the end an ideal example for an increased awareness of the society concerning environmental problems.

The fourth area of the principles touches the corruption debate in which a company should participate in by fighting all forms of corruption especially bribery and extortion (UN Global Compact, 2014). This is also aligning the prerequisites and regulations delineated in the EU directive concerning postulated information which should be included into the annual reports (European Parliament & Council, 2014). It is now visible that compared to the GRI, these principles are also referring to social- and environmental issues and are also in accordance to the prerequisites of the new directive concerning publishing CSR issues.

For every area the UNGC provides a description in which they are explaining why this certain area helps fulfilling the goal of being a sustainable company (UN Global Compact, 2014). Furthermore what they are offering besides the ten principles is a checklist for every area in order to facilitate the implementation process in companies. Through this, the CEOs are able to understand what needs to be considered in order to fulfill the requirements for joining the UNGC. Furthermore they are constantly delivering facts and figures about the current situation around the globe concerning ever issue they indicate, like improved working standards in the companies (UN Global Compact, 2014, p. 16).
After identifying the ten principles which helps detecting issues to solve and which are therefore forming the content of the through this resulting CSR report, the UNGC claims companies to publish a Communication on Progress report (UN Global Compact, 2016b). Since the participating companies are all on different stages in their sustainability development the UNGC which allows companies who are at a very early stage of CSR implementation to have less information included (UN Global Compact, 2016b). This is also
why it is called the Communication on Progress since this report should show the implementation level of the ten above described principles and how far each company has already included them into their business.

Even if the depth of the published information is based on the implementation level of CSR, there exist three minimum requirements which companies need to consider (UN Global Compact, 2016b). First, there needs to be a statement of the CEO in which he or she should demonstrate the ongoing participation in the UNGC. Second, there needs to be at least a description of the plans or the activities concerning the above mentioned areas and the included ten principles. And third, measurements like meeting target indicators must be reported (UN Global Compact, 2013).

5.3. UN Guiding Principles on Business and Human Rights

Reading through these guiding principles with the major focus on business and its respect for the rights of human beings, what first comes in mind it differs widely from the above explained GRI and UNGC. Based on the first impression, one might think that these principles are only concerning social aspects. Therefore, it might also be clear that using a framework which does not include all the CSR aspects like according to the GRI which contains environmental-, social and economic categories (GRI, 2015, p. 9), might not facilitate comparability between companies using the GRI or the UNGC or these guiding principles. But before this assumption can be reinforced, the next paragraphs will show what the content of these principles is about.

After the first impression the content will now be analyzed in more detail. The principles which are explained in this section are also called the “Protect, Respect and Remedy” framework (United Nations, 2011). Looking at this document the best thing to get a general overview about these principles is to look at the content table. The first key aspect is about the state’s duty in terms of human rights (United Nations, 2011). This means that the nation is responsible to make the conditions in order to promote human rights by regulations as well as legislative adjustments. The second point refers to a company's obligation to save the human rights (United Nations, 2011). The order in the content table visualizes how the state provides the foundation for all individuals and communities to promote and respect human rights. Furthermore what is included in these principles is access to remedy if human rights got abused (United Nations, 2011, p. 37ff.). This also belongs to the state’s obligation since
they have to provide the administrative, judicial as well as executive power for punishment. Nonetheless, also companies have to establish mechanisms which should give affected individuals remedy in such cases. Therefore, the principles do give advice on how to treat individuals and how to react on abuse of human rights.

Comparing these principles to the GRI or the UNGC, they cannot be compared easily. The GRI and the Communication on Progress (CoP) of the UNGC are in most of the later on investigated companies, used together and moreover seem to be complementing each other. The principles about human rights for business concentrate more on the social aspects, as preliminary already mentioned (United Nations, 2011). Therefore only using these principles as reference for a sustainability report, would be insufficient referring to the asked information by the new directive (European Commission & Council, 2014). In order to have a comparable base it would be inevitable to implement further information on besides social and humanity issues.

Generally all the principles and guidelines are very well structured and are in some areas overlapping each other. By contrast without having knowledge about the content of the above analyzed frameworks, it is not easy for stakeholders to follow the sustainability reports and if they have all the needed information in it. People searching for correctness in the reports would need to read through all principles and guidelines before being able to make an opinion. Understanding if there is a difference and if companies are behaving in accordance to legal determination might therefore only be possible if knowledge about the requirements has been acquired. Therefore the transparency lacks with respect to the extent a stakeholder is informed about the requirements. Moreover, stakeholder need to keep this information in mind.

The absence of aspects that build the parameters of the CSR directive implies that firms would anyway have to search for a guideline besides these principles applicable for the regulation and the postulated information. Stakeholders might only search for issues they interested most. If, e.g., there is a person who thinks that a company needs to avoid child labor then the person will look for this certainly. Stakeholder satisfactory might not be addressed that much when it comes to satisfying the needs of them. Guiding principles as well as frameworks should increase transparency as well as comparability which might then result in a higher credibility. This would be a condition that is also for the sake of an increased stakeholder satisfaction. There might be stakeholder, who are interested in the
way a company is reacting on changing in legislation and if basic conditions therefore are met. This is also important in terms of trust building and therefore an improved relationship between stakeholder and a company (Sharpe, Green, 2012, p. 3).

One solution out of this dilemma might already been mentioned in this new directive by the European Union. The European Commission is working on an aid to orientation by publishing guidelines which is about the reporting technique of non financial information (European Parliament & Council 2014). Having one common framework for all the companies who are affected by the EU directive would make it easier for stakeholders to understand the content and to compare them with other companies but also with former reports of one company to see the progress. It would moreover make it easier for companies to implement CSR. And with the help of a well structure CSR report, the organization will be able to react on potential risks earlier and to develop the strategy on sustainability issues further. Globally seen the above described initiatives are working for a sustainable future. This somehow should be the main objective of committing in CSR. Increasing the transparency and comparability is benefiting stakeholders.

6. EU directive 2014/95/EU concerning non financial reporting

Discussions on CSR and also as shown in the definitional section of this topic, the voluntary approach of realizing sustainable and socially responsible activities is often claimed. For this sake, it might be absurd to talk about the importance of directives. But as we already found out in the theories section, the guidance provided by governmental institutions in terms of increased transparency and the duty to use given frameworks facilitates the implementation of CSR. This fits the described conditions in the stakeholder theory, satisfying their expectations should be one motive upon others (Freeman, Reed, 1983). And if there is no comparability, how should stakeholders know which companies takes care about their needs? For this reason this chapter will focus first on the main goals of the EU directive, the ways companies can realize the expected requirements and which important parameters this directive concerning non financial reporting provides – also for the future. The following information is based on the law file of the EU directive 2014/95/EU.

After discussing the need for this explanatory section, what counts first is the content this directive consists of. First, this directive was published in 2014 with the goal of realization by the end of 2016 (European Parliament & Council, 2014). As already mentioned beforehand,
it is about non financial reporting. Particularly concerning the integration social, ecologic and economic issues in a report. Thus, the focus is on the arrangement of the annual reports particularly on non financial reporting and information concerning diversities published by companies which are of a certain size (p. L330/1). Furthermore, this official register should enhance the comparability and transparency of such information in the annual reports.

Affected by this regulation are bigger companies which are of public interest and have more than 500 employees by the date of balance (p. L330/4). Like above discussed, the first duty of a company is to stay profitable and to fulfill the economic responsibilities as the pyramid of Carroll (1991, p. 42) suggests. Only after fulfilling the basic need of a company CSR activities are more likely and more easily to be detected developed and implemented. For this reason the European Parliament and Council decided upon this regulation to be for bigger companies. Smaller companies should not be affected in a negative way by losing competitiveness since the basic need, according to Carrols pyramid (1991), must be served first and smaller companies do more likely have less financial means to implement additional activities.

Enhancing transparency of such information as well as to reach a comparable level throughout branches should be primarily achieved. But even if there is such a regulation which forces companies to realize CSR activities, companies are expected to improve on their own, above these requirements, their sustainability and social responsibility issues. As such, this should determine a natural ongoing process in terms of annual reports as suggested by this directive. Another aim this directive wants to achieve is to create a sustainable global economy where companies focus on long term profitability, social justice as well as ecology. Besides this goal of achieving a global sustainable economy and reporting CSR activities, also threats concerning social and environmental issues must be published in order to improve the relationship between a company, investors and consumers. Making the reports comprehensible is in accordance to the stakeholder theory but also to the need for guidance according to the principle of public responsibility as explained in the theories chapter.

Another way of viewing this is that also companies benefit from this directive. Due to the need to use international acknowledged frameworks it is easier for companies to follow a given path, not only in terms of a well structured sustainability report, but also in a way that companies have these given frameworks in order to also establish a well structured strategy.
which includes all essential issues in terms of corporate social responsibility. Furthermore, after this thesis already showed above the implementation process, it is important to have these annual reports which help the executives to monitor all these issues and to improve their strategy. Finding gaps, searching a strategy, implementing activities and monitoring for improvement therefore is easier to achieve. Besides this facilitation provided by institutions like the European Government, the comparability is not only beneficial for stakeholders. It is also easier for companies to compare their own strategy to others, to know where competitors operate but also to see a company’s own development in that field.

Summing up it could be assumed that directives have an interruptive characteristic in terms of the voluntariness dimension according to the findings of Dahlsrud (2008), where he claimed that most definitions include that CSR must be implemented voluntarily. But still, in accordance to the principle of public responsibility (Garriga, Melé, 2004) the facilitating nature of such instructions might force the growth of socially and environmentally responsible actions undertaken by business. On the other side this circumstances go in line with the stakeholder theory where all stakeholders are served with essential information (Garriga, Melé, 2004) and to therefore having a chance to know, as an affected person, if the company addresses the expectations of stakeholders concerning sustainability and social responsibility.

What is also claimed in this directive is that companies must respect human rights and has to fight corruption (European Parliament & Council, 2014, L 330/2). Therefore it is a whole package which should be provided by companies, finding ways to improve the overall situation of society. Besides addressing these mentioned issues, companies need to as well include a description of the concepts, the results but also the risks which could appear while solving such issues. All potential negative impacts must be recognized beforehand and prevented as such. Besides these negative impacts, these reports have to include the impacts of the business activities itself, like carbon dioxide emissions, the usage of water, as well as the produced air pollution.
Parameters for reporting non-financial information

After clarifying the general content of this directive, it is important to know which parameters are provided for companies. Generally what these reports should include are environmental, social as well as employee issues. Therefore companies are expected to do something good for the environment, to find ways which solves social issues and to also take care for employees by improving their situation. The above mentioned issues are addressing the general aim of this directive. To give a better overview about the possible content of the CSR reports Table 5 helps visualize the given parameters. Concerning the content it is requested that companies have to indicate at least environmental and social issues, respecting human rights and initiatives which should fight against corruption (L 330/2). The following table shows in more detail important parameters which are provided by the directive. This should help developing a strategy within a company, since it shows what is expected of firms, and which field could be improved in terms of CSR.

The overall goal of the prerequisites is to recognize negative outcomes early enough and to beforehand prevent or to at least lessen them. What can be retrieved out of this directive is in comparison to given and most commonly used frameworks like the Global Reporting Initiative, does not address concerns about the current impact of a company to its environment (Milne, Gray, 2013). This directive expects companies to publish besides their CSR activities, the risks which could occur through their business activities concerning non-financial concerns.
<table>
<thead>
<tr>
<th>Environmental issues</th>
<th>Social issues</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Actual and potential impacts of the business activity on the environment</td>
<td>● Implementation of international agreements by work organizations.</td>
<td>● Indications concerning due-diligence-processes</td>
</tr>
<tr>
<td>● Usage of renewable energies</td>
<td>● Equalization of gender</td>
<td></td>
</tr>
<tr>
<td>● CO2 emissions</td>
<td>● Social dialogue</td>
<td></td>
</tr>
<tr>
<td>● Usage of water</td>
<td>● Working conditions</td>
<td></td>
</tr>
<tr>
<td>● Air pollution</td>
<td>● Respect for employee rights</td>
<td></td>
</tr>
<tr>
<td>● Risks resulting from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Business activities</td>
<td>● Respect for labor unions rights</td>
<td></td>
</tr>
<tr>
<td>□ Goods and services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Business relationships</td>
<td>● Health protection</td>
<td></td>
</tr>
<tr>
<td>□ Supply chain of sub companies</td>
<td>● Safety in the workplace</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Dialogue with the local community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Indemnification of protection and development of the local community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Prevention of violation of human rights</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Instruments for fighting against corruption</td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Parameters provided by the EU directive concerning non-financial reporting (European Parliament & Council, 2014).

Besides the prerequisites concerning the content of such reports, the directive also gives recommendations regarding the guidelines and frameworks which could be used. This is important to analyze, since the goal of this legislative guideline is to increase transparency as well as the comparability of sustainability reports. The question now is, how can transparency achieved? When looking at the different knowledge levels concerning CSR on the part of
stakeholders, it might be helpful if all companies use the same framework for publishing CSR initiatives. What the EU directive (2014) suggests is using guidelines developed by the EU or international or national standardized frameworks as the following:

<table>
<thead>
<tr>
<th>Suggested Frameworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ “Eco Management and Audit Scheme (EMAS)”</td>
</tr>
<tr>
<td>■ “UN Global Compact”</td>
</tr>
<tr>
<td>■ “UN Guiding Principles on Business and Human Rights: Protect, Respect and Remedy”</td>
</tr>
<tr>
<td>■ “OECD Guidelines for Multinational Enterprises”</td>
</tr>
<tr>
<td>■ “International Organization for Standardization's ISO 26000”</td>
</tr>
<tr>
<td>■ “Tripartite Declaration of principles concerning multinational enterprises and social policy of the International Labor Organization”</td>
</tr>
<tr>
<td>■ “Global Reporting Initiative”</td>
</tr>
<tr>
<td>■ “Other acknowledged frameworks”</td>
</tr>
</tbody>
</table>

Table 5: Frameworks suggested by the EU directive concerning non financial information (European Parliament & Council, 2014, L 330/2 (9)).

Having these suggestions in mind, companies are free to choose one. If they are doing so, they have to admit which one they have used (European Parliament & Council 2014). For pointing it out again, companies are at the moment not constrained to use such a framework. They are allowed to. This might also be in favor of many companies, which have already published such information. They would therefore not have to change their reporting system. On the other side, the European Parliament and Commission have a certain view on what needs to be reported. In order to meet the required content, it would be helpful, for stakeholders as well as for companies to have a framework which includes all asked parameters included in this directive which was also a finding by Garriga and Melé in 2004.

For the future they are currently conducting a survey on what such a framework could include (European Parliament & Council 2014). The goal of this could be prepare a framework which all the affected companies could use. Providing such a framework would help increase the in this directive claimed transparency as well as it would facilitate the implementation of CSR and the strategy development. What could additionally be improved
by following this path would be following: an enhanced communication processes between stakeholders and companies benefiting from an established checklist with issues they could solve. Through this register CSR activities can be used for communication with stakeholders to find out which issues they must address to satisfy them, but also for the own process of developing new areas and improving already implemented initiatives.

Primarily this directive serves as guidance. The duty of satisfying stakeholder needs can easier be achieved by having a law with certain requirements. The stakeholder theory already claimed in the past that besides increasing profits, all possibly affected persons must be listened to (Freeman, 2010). To guarantee success, stakeholder must be considered and their expectations involved in strategic decisions. Besides looking for persons who have a stake on the company, well structured sustainability processes within the company, and reporting them helps to monitor the results and to find new ways for solving constantly upcoming issues (Kleine, Von Hauff, 2009, p. 517).

This EU directive (2014) describes sustainability concerns, implemented in an organization reported to public, making the information available. Having this in mind companies could find issues and ways to solve them easier. The process of making a plan could be facilitated and would therefore lead to increased efficiency in the whole CSR implementation process. What needs to be said and stressed out is the fact that smaller companies should not be affected in a negative way. This was especially foregrounded in this directive since only bigger companies, employing more than 500 people should be concerned. Even more should the frame conditions for SMEs be improved and their way into international operations, be facilitated (p. L330/3).

Summing up the goal of meeting the expectations of investors as well as other stakeholders, is focused by this directive. In addition to that the possibility to read information concerning CSR should be possible to stakeholders generally. They should be able to decide whether to support a company based on their own values. It differs from person to person what a company should be responsible of. It is not the intention of the European Union to make it harder for smaller companies competing in the business environment. Only bigger companies are required to offer this information. Additionally member states themselves are responsible to provide conditions which are favorable for the companies to meet the requirements.
7. Future directions of CSR and CSR reporting

After recognizing and defining the complexity of the implementation process including reporting the outcomes, as well as the content of the EU directive, this section deals with future investigation potentials for understanding the current status of research on this topic. What is now a well known fact is that there has been done a lot of research on CSR in general as well as on particular fields like sustainability reports. Is there still something missing which should be investigated further or is there even a certain gap which scholars need to fill?

The current state of knowledge about CSR is providing practical guidance for leadership as well as frameworks which help developing and implementing CSR into an organization (Wang, Tong, Takeuchi, George, 2016, p. 535). Furthermore it is recognizable that the focus of papers are delaying from more generally asked questions like whether to include CSR into a company’s strategy or not, into addressing more specific investigation fields like educational or even poverty fighting issues (Wang, et al., 2016, p. 539). What could be derived out of these findings is the fact that generally, research on CSR is moving to a more practical oriented investigation field in which it is important to find out where to be active in and how to improve a company’s value through the successful implementation.

Except the search for fields in which a firm should realize initiatives, they need to be aware of the link between share- and stakeholders and to further find ways how to overcome diverging expectations between these groups (Wang, et al., 2016, p. 540). Besides a conflicting situation between different interest groups, the motives for conducting environmental- as well as social responsible actions should be further examined (Wang et al., 2016, p. 540). This includes answering questions whether to make such activities accessible to public, and to gain as a result improvements in reputation, or not.

There is relationship between reporting CSR and the for this reason increased reputation of a company (Pérez, 2015). Increased trustworthiness might be a reason for this. Research might then be able to further describe the importance of transparent and comparable CSR statements. In the discussion about motives included as already mentioned before is the question where the direction of research goes in terms of CSR reporting. As Wang et al. (2016) already are touching the relationship between reputation and sustainability reports, henceforward this interconnection must be investigated further (Pérez, 2015). Different
research papers had already its focus on CSR reporting itself. According to the findings of Pérez (2015). This highlights the fact that social responsible activities including their publication in sustainability reports follows besides others, the goal to increase reputation (Perez, 2015).

The focus recently was on positive outcomes of CSR reporting on a company's reputation. Therefore different dimensions which form a CSR report as well as possible negative outcomes must be investigated to get a comprehensive view on the influence of a well structured reporting on an increased esteem (Pérez, 2015, p. 25). There additionally exists the idea of the reciprocal relationship between an organizations reputation and its reporting. This means that the reporting does not only influence reputation but also the achieved reputation impacts future CSR activities and therefore on the reporting as such might be affected (Pérez, 2015). The necessity of increasing the quality of the reporting standard could also influence a stakeholder’s perception on an organization.

Beside further studies on reputation as a result of well structured sustainability reports, Adams (2008) describes the focus on theoretically based studies on CSR reporting. Hence, the need for more scholars to execute papers based on empirical data exists (Pérez, 2015, p. 25). Besides the necessity for empirical studies, the ongoing change on viewing CSR might also affect future research (Wang et al., 2016, p. 541). This could be due to increased knowledge in the field but also a result of growth into another environment a company is moving.

Another gap in literature refers to findings in which mostly take the global characteristic of CSR into account whereas the micro level should also be taken into consideration (Pérez, 2015, p. 25). This also means, amongst others to investigate individuals and their awareness, their ideas, and their way to develop CSR in an organization and to take customers, employees and other stakeholders more into consideration whilst conducting a study (Pérez, 2015, p. 25; Wang et al., 2016, p. 541f.; Aguinis, Glavas, 2012, p. 952f.). For this reason instrumental theories like the stakeholder theory should be connected to psychological theories which include individual behavior and factors which lead to a specific decision concerning developing a CSR strategy (Aguinis, Glavas, 2012, p. 952). This means understanding the influence of personal values, how they are formed and how they form the CSR strategy of a company.
Scholars and society already might already know a lot about corporate social responsibility and related topics. One reason for this increased knowledge and awareness could be the great amount on papers available but also the overall movement of society to sustain the current state of our environment for future generations. Even though there are a lot of papers concerning CSR and its reporting, it might be clear that this high variety of possible literature could also cause confusion. One suggestion for future research could therefore be summing up basic assumptions of already existing studies and to find a structure all the already touched topics. Research on the impact on brand recognition have already been done whereas it is important for future investigation to look on how the information described in CSR reports can help to improve the image further (Perez, 2015). This implies the need for further research in the field of stakeholder needs and their perception on a company.

8. Methodology

The first part of this thesis started with an overview of existing literature on past and current research. Starting from over viewing the topic to defining areas which contributes further to research, this section deals with data and comparison methods, which help to answer the questions asked preliminary. Answers for the asked questions will be reached by conducting case studies. First, an overview about the DAX 30 companies gives an impression about how far frameworks are already applied in reports. Afterwards two companies will be chosen for a further case study, where the companies itself, and their reports on sustainability concerns will be compared to each other. All of this to understand the current state of transparency. Data will be collected and the findings will be compared to literature provided above. The next step will be summarizing the findings and finding gaps for future research.

8.1. DAX 30 Companies (stockmarketsreview, 2016)

As a starting point, a table was created which shows first all of the DAX 30 companies. There are shown three columns which are about the company's name, the indication of non financial information and the used guidelines. For filling in the gaps, the websites of the companies were analyzed first. By doing so, bullet points concerning sustainability were searched primarily for finding out if a sustainability report has already been published or not. If such a report was reachable, the reports were investigated on whether the company used a national or international guideline and furthermore which one the investigated company
follows. The table is therefore helpful in visualizing the current state of the implementation of the new legal requirements.

<table>
<thead>
<tr>
<th>Company</th>
<th>CSR Report</th>
<th>Used Guideline(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASF SE</td>
<td>Y</td>
<td>- GRI G4;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Communication on Progress (COP) UN Global Compact (UNGc) (BASF SE, 2016)</td>
</tr>
<tr>
<td>Bayer AG</td>
<td>Y</td>
<td>- GRI G4,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- ISO 26000 (Bayern AG, 2016)</td>
</tr>
<tr>
<td>Bayerische Motoren Werke AG</td>
<td>Y</td>
<td>- GRI G4 (BMW Group, 2016)</td>
</tr>
<tr>
<td>Beiersdorf AG</td>
<td>Y</td>
<td>- GRI G4 (Beiersdorf AG, 2016, p. 38)</td>
</tr>
<tr>
<td>Commerzbank AG</td>
<td>Y</td>
<td>- GRI G4,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC (Commerzbank AG, 2015)</td>
</tr>
<tr>
<td>Continental AG</td>
<td>Y</td>
<td>- GRI G4,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC (Continental Corporation, 2015)</td>
</tr>
<tr>
<td>Daimler AG</td>
<td>Y</td>
<td>- GRI G4 (Daimler AG, 2016, p. 111)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC (Daimler AG, 2016, p. 116ff.)</td>
</tr>
<tr>
<td>Deutsche Bank AG</td>
<td>Y</td>
<td>- GRI G4,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC (Deutsche Bank AG, 2016, p. 97)</td>
</tr>
<tr>
<td>Deutsche Boerse AG</td>
<td>Y</td>
<td>- GRI G4 (Deutsche Boerse AG, 2016)</td>
</tr>
<tr>
<td>Deutsche Lufthansa AG</td>
<td>Y</td>
<td>- GRI G4,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC (Lufthansa Group, 2016)</td>
</tr>
<tr>
<td>Deutsche Post AG</td>
<td>Y</td>
<td>- GRI G4,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- COP UNGC (Deutsche Post DHL Group 2016, p. 130)</td>
</tr>
<tr>
<td>Company</td>
<td>Year</td>
<td>Standards</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Deutsche Telekom AG</td>
<td>Y</td>
<td>GRI G4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>German Sustainability Code (Deutsche Telekom AG, 2016)</td>
</tr>
<tr>
<td>adidas AG</td>
<td>Y</td>
<td>GRI G3.1 (Adidas AG, 2015)</td>
</tr>
<tr>
<td>E.ON SE</td>
<td>Y</td>
<td>GRI G4 (E.ON SE, 2016, p. 4)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC (E.ON SE, 2016, p. 8)</td>
</tr>
<tr>
<td>Fresenius Medical Care AG &amp; Co KGaA</td>
<td>Y</td>
<td>UN Guiding Principles on Business and Human Rights (Fresenius Medical Care &amp; Co. KGaA, 2016)</td>
</tr>
<tr>
<td>Fresenius SE &amp; Co KGaA</td>
<td>Y</td>
<td>Environmental management issues (Fresenius SE &amp; Co KGaA, 2016)</td>
</tr>
<tr>
<td>HeidelbergCement AG</td>
<td>Y</td>
<td>GRI G4 (HeidelbergCement AG, 2016, p. 56)</td>
</tr>
<tr>
<td>Henkel AG &amp; Co KGaA</td>
<td>Y</td>
<td>GRI G4 (Henkel AG und Co KGaA, 2016a)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC (Henkel AG &amp; Co KGaA, 2016b, p. 60)</td>
</tr>
<tr>
<td>Infineon Technologies AG</td>
<td>Y</td>
<td>GRI G4 (Infineon Technologies AG, 2016a)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC</td>
</tr>
<tr>
<td>K&amp;S AG</td>
<td>Y</td>
<td>GRI G4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC (K&amp;S AG, 2016)</td>
</tr>
<tr>
<td>Lanxess AG</td>
<td>Y</td>
<td>GRI G4 (Lanxess AG, 2016, p. 39)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC (Lanxess AG, 2016, p. 34)</td>
</tr>
<tr>
<td>Linde AG</td>
<td>Y</td>
<td>GRI G4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC (Linde AG, 2016)</td>
</tr>
<tr>
<td>Merck KGaA</td>
<td>Y</td>
<td>GRI G4 (Merck KGaA, 2016, p. 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>COP UNGC (Merck KGaA, 2016, p. 72)</td>
</tr>
</tbody>
</table>
| Muenchener Rueckversicherungs-Ges. AG | Y | □ GRI G4  
 □ COP UNGC  
 □ Principles for Sustainable Insurance (PSI)  
 □ Principles for Responsible Investments (PRI) (Muenchener Rueckversicherungs Ges. AG, 2016) |
| RWE AG | Y | □ GRI G4 (RWE AG, 2016, p. 91)  
 □ COP UNGC (p. 97). |
| SAP SE | Y | □ GRI G4 (SAP SE, 2016, p. 3)  
 □ COP UNGC (p. 18) |
| Siemens AG | Y | □ GRI G4 (Siemens AG, 2016, p. 34)  
 □ COP UNGC (p. 36) |
| ThyssenKrupp AG | Y | □ GRI G4  
 □ COP UNGC (ThyssenKrupp AG, 2016) |
| Volkswagen AG | Y | □ GRI G4  
 □ COP UNGC (Volkswagen AG, 2015, p. U7) |

Table 6: DAX 30 companies (stockmarketsreview, 2016), and CSR reports.

What this table shows, after investigating their websites, annual- and sustainability reports, is that every company has published at least web-information concerning environmental and/or social issues, with most of them providing a several report on these issues. The companies which are providing a report mostly use guidelines with the Global Reporting Initiative and the Communication on Progress of the UN Global Compact. The only company, for which no used guideline was found, was Fresenius SE & Co KGaA. But still they are providing an own section in their annual report which is dedicated to the environmental management they have implemented (Fresenius SE & Co KGaA, 2016).
<table>
<thead>
<tr>
<th>Outcomes</th>
<th>30/30</th>
<th>28/30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicating sustainability issues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using GRI</td>
<td></td>
<td>G4: 27/30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>G3.1: 1/30</td>
</tr>
<tr>
<td>Providing COP UNGC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>2/30</td>
</tr>
</tbody>
</table>

Table 7: Outcomes of analyzing the DAX 30.

The result of the first analysis of the company’s annual reports is the fact that the majority, are using national or international guidelines or following principles. This speaks for the current transparency of companies which belong to the DAX 30. The stakeholders are able to follow their reports and how they got to the principal points respective sustainability concerns.

As it is one of the criticism points of the GRI that it is only a delineation of their activities they are pursuing but not how the company is affecting the ecological- or social environment (Milne, Gray, 2013), would mean with no deeper research that the companies are leaving out the description of the risks concerning this matters, as it is claimed by the directive. Therefore answering the question about the current implementation of the directive in EU companies would need deeper investigations on the DAX 30 companies’ sustainability reports. What can be said is that companies are already implementing CSR activities in their operations and furthermore are also communicating them to stakeholders.

Now that we know that nearly all companies of the DAX 30 already publish sustainability reports based on guidelines and frameworks offered by the Global Reporting Initiative and the UN, it is easy to answer the question about the transparency of the given information. Having said in their statements that they are using several frameworks and principles, the transparency is automatically given. Every stakeholder who is interested in the guidelines can look for them on their websites and find out the key elements and goals of the used guideline. Concerning the comparability what can be said at first sight is by using the same guidelines, like 28 out of 30 companies of the DAX 30 are doing, comparability is already
given. But there are still some companies using another framework, therefore it would be helpful in the sense of comparability to have one principle which is followed by all the companies within the EU. For getting a clearer view on the comparability of different frameworks, this thesis will in the ongoing section provide a comparison of two companies of which every single one is using a different guideline concerning the indication of CSR.

Summing up the findings of the analysis of the DAX 30 companies one can see that nearly every company of the investigation objects already publishes information about CSR activities in their companies. The question is whether all the required (by the EU directive) elements are given, since there exist also critics concerning e.g. the GRI. In order to overcome these critics it would be helpful if all the companies would use prospectively the by the EU Commission developed guidelines which will be published on December 6th 2016 (European Parliament & Council 2014). This would make it easier also for the stakeholders to analyze the reports since they would only have then one guideline which would increase comparability even more. Moreover what can be derived from the table above is that 28 companies out of 30 use the GRI as well as a implementing and reporting the development concerning the principles developed by the UNGC.

8.2. Company Profiles

After analyzing the DAX 30 companies and the existence of sustainability reports and the used guidelines, it is now important to dig deeper into the comparability of the reports. For this sake two companies were chosen. The elected companies operate in different branches. This makes it easier to see the direction of the DAX 30 companies, and not only the direction of one specific branch. The results of this analysis will then help to find out, whether the EU directive helps German companies gain authenticity concerning CSR activities and sustainability reporting. Furthermore it is of interest to give future recommendations in terms of a common guideline which is binding for all affected companies.
The Factsheet above is useful to get a first picture of the two companies. Information concerning the foundation date, the industry they are competing in, the sales, the number of employees, the existence of a CSR report and the used guideline are shown in short. Out of this representation a first comparison can be made. First of all, Henkel is a company which exists for a longer time than FMC. Henkel might have more experience and have been already through different crisis, which helped developed different strategies to overcome difficult times. A different distinguishing point is about the industries. Out of this graph, it shows that the industries they are active in, differ in its nature. There are products, serving cleanliness both body and home, and then there is a company in the healthcare industry where differentiation in products is not given. For ongoing progress in research differences should be considered and their impact on CSR practically.

8.2.1. Henkel AG & Co KGaA (Henkel)

The information about the company which will be explained in this chapter is retrieved from the information published as “2015 Facts and Figures” (Henkel AG & Co KGaA, 2016). Henkel is a company, which is competing worldwide with various brands established out of three different business units: Laundry & Home Care, adhesive Technologies and Beauty Care.
Care. Therefore they produce detergents and other cleaning agents, technologies which can be used to stick different kind of material together as well as cosmetic products.

They have already been successful for 139 years and employ around 49500 people. They have sales around € 18.1 billion and are represented in 125 nations around the globe. 43 percent of the above mentioned sales are generated in emerging countries. This is already one evidence for the society to demand being social responsible in these emerging economies. Concerning social issues they point out in their facts and figures that the company is already supporting more than 3400 social projects. In terms of environmental affects they mention that their overall efficiency has increased since 2011 about 38 percent. Furthermore what is already mentioned in their company profile is the fact that 33 percent of the management, are women. Whether this is a good number or not, cannot be said without investigating this issue more. This insecurity about this number indicates that an additional analysis could be undertaken in future research. What can be pointed out is the fact that already by presenting their company they try to put emphasis on being responsible.

8.2.2. Fresenius Medical Care AG & Co KGaA. (FMC)

FMC is a company in the medical technologies sector and is part of the Fresenius SE & Co KGaA (Fresenius SE & Co KGaA, 2016). All of the information in this sub-chapter is retrieved from the document provided by the corporate website called “Profile 2015” (Fresenius Medical Care AG & Co KGaA, 2016a) and their annual report of 2015 (Fresenius Medical Care AG & Co KGaA, 2016b). They provide dialysis products, dialysis services as well as care coordination. Operating in more than 45 countries in about 3400 Dialysis centers they are constantly working on innovation and looking for improvements in the procedure of the dialysis to their patients. They serve 104033 people with a workplace and have 37 production sites throughout the globe.

The wellbeing of the patient is on the focus of their business activities. What they therefore indicate in their company profile is the fact that they serve around approximately 3 million patients with regular dialysis treatments (Fresenius Medical Care AG & Co KGaA, 2016a). Another goal of FMC is enlarge their product line as well as the treatments they are offering. This leads to the assumption that substantial growth is in focus.
8.2.3. Comparison and first impression

First of all, what can be seen at first sight is the fact that we have two different industries the above explained companies are acting in. Therefore the fields in which they are active in generally, but also in terms of sustainability might differ. This could be important to take into consideration when comparing two companies, especially their reporting, with each other. Since the EU directive, which this thesis focuses on, does not distinguish between branches, this thesis first also takes a neutral look on the sustainability reports and concentrates first on the existence of sustainability reports, provided by the to further find out if these reports are comparable to each other.

Generally, what can be said is that Henkel compared to FMC is competing in more countries and might therefore not be that much expanding in near future. A further conspicuous difference is that Henkel has many different products and brands they are offering, whilst FMC is concentrating on dialysis products and services. They therefore differ a lot in their structure as well as in their global presence. What is also visible as a difference at first sight is that Henkel provides a sustainability report which can be downloaded immediately as a PDF-document (Henkel AG & Co KGaA, 2016b). On the other side there is FMC where no separate CSR report can be found immediately (Fresenius Medical Care AG & Co., 2016). A statement concerning corporate responsibility is imbedded in the annual report of FMC (Fresenius Medical Care AG & Co., 2016b). This could be the first evidence for the need of a directive as well as guidelines which might lead to a commonly used format to publish a report focusing on non financial issues separately.

Considering also the branches they are competing in, what can be mentioned is that Henkel emphasizes their operations in emerging countries and the fact that they generate 43 percent of their sales in these regions (Henkel AG & Co. KGaA, 2016c). This and also the certainty that the material used for cleaning, cosmetic and adhesive technology could harm the environment might lead to an increased expectation of the society to act responsible and to especially care for human rights as well as fighting against environmental exploitation (Bazillier, Vauday, 2009). Whereas FMC, producing technologies for dialysis patients is already caring for and promoting human wellbeing. This is a question that could be analyzed by undertaking a study on what society values more. The surrounding activities that make a company responsible or the main business they are operating in?
8.3. Reporting sustainability

In terms of sustainability reporting there are major differences between the two companies. As already mentioned above, Henkel provides a distinct sustainability report (Henkel AG & Co KGaA, 2016). Moreover what can be said about this report is that they are building it up based on the GRI G4 guidelines (p. 60). Additionally, they commit themselves to the UNGC, which means that they have to serve a report on their development concerning the principles the UNGC consists of (UN Global Compact, 2014). This is a fact, which makes it easier to understand how they got to their structure and content. By admitting to use such a guideline, they are forced to implement all the required passages into their report, but most importantly also into their CSR strategy. This could further be one reason why other companies like FMC chose not to use such a guideline since they may like to search for fields they are able to serve with an initiative. This could also lead to the assumption that companies, using a guideline, look for the points to fulfill whether they are really asked by the stakeholders or not. Whereas being not bonded to a framework and a checklist which needs to be worked off, could mean fewer initiatives but more money which could be spent on them. But answering this question adequately would go beyond the scope of this thesis.

After curving out to the quality and quantity of initiatives which could be harmed by guidelines, the focus now goes back to FMC. Like already said before, the company has no several reporting which follows a standardized framework. What they provide is a bullet point at their webpage which is dedicated to responsibility (Fresenius Medical Care AG & Co KGaA, 2016). In addition to that a section in their annual report called “corporate responsibility” (Fresenius Medical Care AG & Co KGaA, 2016b). In complete contrast to Henkel, they are not following a guideline like the GRI. The company states that they are promoting human rights in accordance to the principles of the UN supporting human rights (Fresenius Medical Care AG & Co KGaA, 2016). They offer an online webpage which is structured into different parts which consists of economic -, environmental-, and social responsibility (Fresenius Medical Care AG & Co, 2016). This goes along with the structure that is known as the triple-bottom-line (Hall, 2011, p.4). Therefore they use an already existing framework, which helps them structure their CSR reporting.

Generally said, not using a standardized guideline might leave the impression that companies could be concerned to not be able to fulfill all the requirements needed for a guideline. Contrariwise with the appearance of the EU directive they will be forced in the
future to do so. This could also awaken the question about negative impacts on their current commitment of CSR activities. They have to now adapt to a guideline, moreover they may have to over think their whole strategy on sustainability concerns.

8.3.1. **Sustainability strategy**

Defining a strategy with a vision as well as a mission is one of the first steps a management has to challenge before implementing CSR into an organization’s structure (Kirchhoff, 2006 p. 24). Therefore this step is necessary to find out where the differences in their CSR politics, the implementation, the usage of certain guidelines and chosen activities come from. All this can be deviated from the initial strategy a company chose. Reviewing the facts and figures of Henkel one can see that the company provides a description of their sustainability strategy (Henkel AG & Co KGaA, 2016c, p. 6). They specify the future development of the world in terms of an increased population and the therefore given raised consume and a potential scarcity of resources. This fact seems to be their initial motive to pursue CSR. They highlight the importance of consumers’ as well as the community’s needs and the importance to focus their operations on these needs. In addition to that they mention that they are working on reducing their environmental footprint by being innovative and using fewer resources at the same time. Having this in mind, the company strives for direct, as well as indirect stakeholder satisfaction, which should take current as well as future generations into account (GRI, 2015; World Commission on Environment and Development, 1987; as cited in Garriga, Melé, p. 61). Besides satisfying stakeholder needs, another goal of the company is to decrease their environmental footprint by 2030. They aim to be three times as efficient as they were in 2010, which they call the “Factor 3”. Being precise by pointing out a specific goal which should be achieved by a given time might make it easier for stakeholders to compare the progress in terms of sustainability which could also lead to increased trust on part of the stakeholders.

If a stakeholder is interested in the CR report of FMC, the annual report has to be looked at in which exists a section dedicated to sustainability. This section will be the base for the investigations on the implementation of the requirements asked in the EU directive. It will be analyzed to which extent CSR issues are already reported. By reporting issues, the focus should be on creating transparency but also to make sure CSR will be monitored and prospectively improved, based on former activities and ongoing stakeholder dialogue (Kirchhoff, 2006, p. 24). Furthermore analyzing their CSR reports will help to understand how
a company sees itself and how it wants to be perceived by society (Kirchhoff, 2006 p. 24). Whereas Henkel points out already in its profile that CSR is on focus by providing their strategy concerning these issues, FMC centers their services and products which are about doing something good for people by providing dialysis machines and services (Fresenius Medical Care AG & Co KGaA, 2016a). For this reason they already are serving social issues by their daily business operations. Related to this, what comes to mind is the separation of CSR initiatives and business activities.

FMC (2016b, p. 44 ff.) describes CSR to be one factor for of the company's success. Moreover FMC combines economic success to environmental and social development (Fresenius Medical Care AG & Co KGaA, 2016b, p. 44). This is also what theory says about CSR to be. Diverse definitions mention CSR as the integration of business success, caring for the environment and solving social grievance (Dahlsrud 2008). As a result of this assumption the company shows its interest to be economic profitable by also focusing on staying competitive in the future through sustainability. Their strategic aim on corporate responsibility is to increase transparency, especially concerning their decision making process but also the create trust through dialogue with stakeholders (Fresenius Medical Care AG & Co KGaA, 2016b, p. 45). This is also necessary to indentify future trends of stakeholder demands early enough (Fresenius Medical Care AG & Co KGaA, 2016b, p. 45; Kleine, Von Hauff, 2009, p. 517). FMC therefore strives for a basis, which allows them to work on their activities concerning CSR and to have material which shows the efficiency and effectiveness of former initiatives (Fresenius Medical Care AG & Co KGaA, 2016b). Generally what the reports show concerning responsibility of FMC is the orientation of also in this thesis discussed theories section of CSR. Like for example the fact that sustainability is dependent first on the economic success of a company (Fresenius Medical Care AG & Co KGaA, 2016b, p. 45) which can be compared to the findings of Carroll in the early 1990s and the pyramid of CSR he developed (Carroll, 1991). FMC constantly foregrounds the interconnection of CSR and profitability (Fresenius Medical Care AG & Co KGaA, 2016b, p. 44-45).

According to the analysis above of the companies’ strategies concerning CSR, what can be derived first is that Henkel has a separate sustainability report which might make it easier for stakeholder to find it. In their report on CSR issues Henkel has a clear focus on communicating their sustainability initiatives to society throughout the accessible company information. They know that society expects them to act according to the EU directive.
Kirchhoff (2006, p. 13) mentions that companies in industrialized countries are under pressure in terms of legitimacy against stakeholders. FMC, a company which has not yet published an own CSR report but still they supporting human rights and health of people provides less information than Henkel. They also have developed a code of conduct and have established as well ethical standards which should be performed throughout the company (Fresenius Medical Care AG & Co KGaA, 2016). They are providing a section in their annual report which covers corporate responsibility. This might be in comparison to Henkel less easy to find. Which could lead to less stakeholder satisfaction, since finding information easier somewhere else, might satisfy them in terms of transparency.

We therefore have two completely differently acting companies in terms of CSR information and communication. The first impression out of this assumption is that the comparability might not be that easy since they are offering different goods or services. Furthermore what can be added to this is the fact of following different guidelines, principles or frameworks which might make it even harder to compare their initiatives concerning CSR. Where Henkel is implementing the guidelines of GRI and also part of the UN Global Compact, FMC implements the principles provided by the UN concerning Business and Human Rights - which is not a reporting framework itself but rather guideline for implementing social initiatives.

While looking again at the CSR pyramid of Carroll (1991), it is well known already that first a company needs to be successful before even thinking about developing a strategy on CSR issues (Carroll, 1991, p. 42). After being profitable, what is important for a company is to follow legal requirements (Carroll, 1991, p. 42). This is the stage, where directives and laws come into play. As a result of this fact, especially FMC would need to overwork their strategy as well as their report to make it comparable to others and to furthermore increase its transparency.

Yet another important fact is about being ethical, which follows the legal responsibilities according to the CSR pyramid by Carroll. Both, FMC as well as Henkel are pointing out their ethical standards and are providing a code of conduct (Fresenius Medical Care AG & Co, 2016; Henkel AG & Co KGaA, 2016d). The top of the CSR pyramid which consists of being philanthropic promotes the quality of life. When looking at FMC, what is clear is that they are producing health care machines and services and are therefore promoting philanthropic means. Henkel is doing so by implementing initiatives. They point out that they are
supporting the quality of life by “using less resources and causing less emissions” (Henkel AG & Co KGaA, 2016b, p. 5). What their aim out of this statement is that nine billion people should live well within these limited resources.

Summing up the above findings it is clear that generally their strategy description differs. Henkel has specific goals which are oriented on numbers like e.g. the “Factor 3”. They are selectively talking about the reduction of the company’s environmental footprint, whereas Fresenius is generally speaking about CSR theories and how it contributes generally to a company’s’ success as well as to the stakeholder needs. The first impression out of the introductory description of their CSR goals is that the report provided by Henkel is rather in accordance to the requirements of the directive than FMC is. A further assumption out of this might be that implementing all the asked parameters in the directive would lead to increased comparability and therefore confirm the need for such legislative intervention by governmental institutions.

8.3.2. Meeting the parameters given in the directive

After clarifying general questions concerning the CSR strategy in the two chosen companies, what comes now is looking in more detail for the sustainability activities they are undertaking in order to the available information concerning these issues will be investigated. For doing so, we have the “2015 Sustainability Report” of Henkel AG & Co KGaA and the Corporate Responsibility section in the annual report of Fresenius Medical Care AG & Co KGaA (2016). What will be undertaken exactly is looking and comparing the parameters given in the directive which are shown in Table 9. For this reason the next sections are divided into two different parts, which are mainly addressed in the directive - namely environmental and social issues. Economic issues, as already discussed are connected to CSR and its reporting (Carroll, 1991; Hall, 2011). But since this certain directive focuses on non financial reporting, the analyzed parts will be only the two mentioned ones.
8.3.2.1. Used guidelines

There is no need to follow a guideline but if a company is doing so, they have to include this information into the report concerning corporate responsibility (European Parliament & Council, 2014). Henkel points out to follow the GRI and providing a Communication on Progress in accordance to the UN Global Compact (Henkel AG & Co KGaa, 2016b). On contrary to Fresenius Medical Care (FMC) which has not yet implemented a framework which would be in accordance to the postulated frameworks of the EU directive (European Parliament & Council, 2014). This is the first noticeable point when talking about comparability and transparency. Comparability is not yet given fully due to the not used Framework by FMC.

A company not using a framework might want to follow a different path and different initiatives. Moreover what could be a reason for not implementing an already existing guideline could be the focus on rather less initiatives, like for example environmental issues. This is not the case at FMC since in their CSR report they have sections which are divided into an economic, an environmental and a social section. Even if they are both diverse in terms of a used guideline, both have structured their report in a way which is related to three dimensions CSR consists of, like in the definitional section described and stated by e.g. Hall (2011).

Generally what can be assumed out of these facts about the used guidelines is that having a separated report on sustainability might make it easier for stakeholder to find the information they would like to know first, without reading through a whole annual report to find the right section. Thinking in terms of comparability as well as in terms of transparency concerning the provided information, it might be useful for every reader to know on which framework the report is based. Having acquired knowledge about a certain guideline might help the reader to analyze and understand the content of the CSR report quicker. Moreover it would be easier for a company to follow a given structure. A company could then have more resources in where they could invest in improving and developing these activities further and to improve the stakeholder-company relationship.
8.3.2.2. Environmental Issues

Like it was already discussed, actions concerning environmental issues should be increased and reported to stakeholders (European Parliament & Council, 2014). To reveal the important facts into mind, following table shows what companies should publish in a non financial statement:

<table>
<thead>
<tr>
<th>Statement concerning environmental issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ “Actual and potential impacts of the business activity on the environment”</td>
</tr>
<tr>
<td>■ “Usage of renewable energies”</td>
</tr>
<tr>
<td>■ CO2 emissions</td>
</tr>
<tr>
<td>■ Usage of water</td>
</tr>
<tr>
<td>■ Air pollution</td>
</tr>
<tr>
<td>■ Risks resulting from:</td>
</tr>
<tr>
<td>□ Business activities</td>
</tr>
<tr>
<td>□ Goods and services</td>
</tr>
<tr>
<td>□ Business relationships</td>
</tr>
<tr>
<td>□ “Supply chain of sub companies”</td>
</tr>
</tbody>
</table>


Revealing the most important points through Table 9 will make it easier to understand whether the companies have already implemented points out of this list so far. This table remarks therefore the comparability object for this investigation.

Reading through the 2015 sustainability report of Henkel, the first point of the above listed requirements is easy to find. Even before the foreword they provide tables with important indicators like economic-, environmental-, employee-, and social indicators (Henkel AG & Co KGaA, 2916b). This already gives a good first impression about the general impact of the company concerning CSR issues. What they provide in terms of environmental figures is the number of production sites in total but also figures concerning carbon dioxide emissions, water consumption and recycled waste (Henkel AG & Co KGaA, 2016b). Moreover they do
not only provide the current numbers on these issues, they also indicate prior year numbers. Stakeholders are consequently able to read the development on the company’s environmental impact. However, having such facts given, shows the willingness of company to be transparent concerning their impact on the environment – nevertheless, it may be not easy to understand these figures without having comparable objects. For this reason it might be useful to force companies to use one guideline. In addition to that, what this report lacks is the listing of current and potential threats on the environment. This might also be an indicator for a common guidelines which all the companies could use and which is also binding in terms of stating the risks resulting of business activities to not only have the achievements listed but also the negative consequences of certain business operations.

The sustainability report of Henkel therefore shows a well developed report on the questioned content of the EU directive. In order to act fully compliable to the directive, risks should be included into the report to provide a view on potential future impact on the company. Comparing this result to the report provided in the annual report of FMC, what the company points out is the existence of a system they have established which is about environmental management with the aim to increase the efficiency of resources (Fresenius Medical Care AG & Co KGaA, 2016b). As already in the preliminary explained, FMC explains the interconnection of sustainability and economic success. An explanation for striving for more efficiency is to save costs (Fresenius Medical Care AG & Co KGaA, 2016b, p. 51). Increasing efficiency and an intent use of resources as an aim of FMC and Henkel likewise should be expanded by the goal to decrease the carbon footprint (Fresenius Medical Care AG & Co KGaA, 2016b, p. 51).

Key aspects in their environmental management system are protecting the environmental at the productions sites and developing an awareness concerning environmental issues in the regions they are operating in (Fresenius Medical Care AG & Co KGaA, 2016b, p. 51). What FMC has in common with Henkel is about numeric goals. Concerning this matter FMC set a goal of reducing the consumption of water by 7 percent per dialysis treatment until 2018 (Fresenius Medical Care AG & Co KGaA, 2016b, p. 51). Having such goals available, stakeholders will be able to follow the success and development in these stated goals. In this report they are therefore providing figures concerning the consumption of electricity, water usage as well as the waste they have produced (Fresenius Medical Care AG & Co KGaA, 2016b). They also provide like Henkel a comparison of the development in the before mentioned fields since they are listing the results of former years as well. In comparison to
the Henkel report, it is difficult to clearly find out what emissions they produce, how much water they are wasting and moreover how they are handling waste issues – making it a complex task to compare the trend on activities improving environmental standards. Searching for a corporate responsibility report is compared to Henkel not that easy. Therefore stakeholder has to search longer for the desired information since nevertheless FMC has included a corporate responsibility report into their annual report.

8.3.2.3. Social Issues

<table>
<thead>
<tr>
<th>Statement concerning social issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Implementation of international agreements by work organizations.”</td>
</tr>
<tr>
<td>Equalization of gender</td>
</tr>
<tr>
<td>Social dialogue</td>
</tr>
<tr>
<td>Working conditions</td>
</tr>
<tr>
<td>Respect for employee rights</td>
</tr>
<tr>
<td>Respect for labor unions rights</td>
</tr>
<tr>
<td>Health protection</td>
</tr>
<tr>
<td>Safety in the workplace</td>
</tr>
<tr>
<td>Dialogue with the local community</td>
</tr>
<tr>
<td>Indemnification of protection and development of the local community</td>
</tr>
<tr>
<td>Prevention of violation of human rights</td>
</tr>
<tr>
<td>Instruments for fighting against corruption”</td>
</tr>
</tbody>
</table>


Moving now on to the social area the two companies are promoting. What counts are the above mentioned areas they should concentrate on to have the reports in accordance with the regulations of the European law. Henkel already provides at page two of their sustainability report that they are supporting more than 3400 social projects (Henkel AG & Co KGaA, 2016b). This generally is on behalf of their attitude towards social responsibility and their engagement to it. This gives a good impression at first sight, without knowing much about these activities in depth. Also provided in the same section is the fact about having
33% women in manager positions. Whether this percentage is a good scale depends on comparisons to other companies but also on comparing this scale to former times of Henkel, which will be undertaken later on in this thesis. Nevertheless, publishing this number leaves a better impression on the reader of this report since pointing out this issue might mean that they are promoting the circumstances to improve the percentage of women in higher positions.

In terms of increasing the safety at the workplace, Henkel provides a chapter in which their goal to have zero accidents can be achieved in future. In this regard, the process in this field starts with safety trainings, which should be offered regularly to the employees. Besides this training, employees who perform safety consciousness on a significant high level should be honored on a special way (Henkel AG & Co KGaA, 2016b). Having these elements, which should increase the workplace safety Henkel also provides a status quo about their workplace safety by providing numbers on accidents and the improvements in this field.

Generally, Henkel provides a complete section in their sustainability report, focusing on people and their commitment to employ culturally diverse people from more than 125 nations (Henkel AG & Co KGaA, 2016b). In the “Social engagement” section of their report on sustainability they are highlighting their aim of a constant dialogue with stakeholder, which is also asked by the European Parliament & Council (2014). Therefore they also implement several parameters asked about social initiatives in the EU directive.

Now analyzing the CSR report of Henkel shows that social engagement seems to already take place to a certain extent. Moving now to the social issues FMC is faced with shows that the way the two companies are reporting and putting emphasis on, is diverse in its nature. The “Social engagement” chapter in the report provided by Henkel starts with an annunciation about the existence of a foundation called the “Fritz Henkel Stiftung” which focuses on supporting social projects globally (Henkel AG & Co KGaA, 2016b). They therefore refer to a different but related organization. This means, if a stakeholder wants to find out specifically what these social projects are about, he or she might have to search for a several report provided by this foundation. Fresenius Medical Care (FMC) on the other side starts the social section by explaining their business area and how this is already contributing to promote social issues. The fact that the business is already about improving the wellbeing of diseased people could be an advantage over different branches. Additionally the company
moves on by reporting their commitment to raise the awareness of society concerning kidney diseases.

Summing up the findings out of the CSR reports provided by the two investigated companies might lead to the conclusion that generally CSR activities could never be valued the same. It depends on the industries of the observed companies when it comes to give value to CSR. There were two different companies part of the analysis showing that the products or service could have certain value as well. In this case there is Henkel, which provides products appearing to society as environmentally harming (laundry detergents and similar) confronting Henkel to FMC, a company which is by the business operations itself trying to constantly work on improvements in the field healthcare and facilitating life of diseased people. This is a field where research could focus on in future.
8.3.3. Development of CSR activities from 2013-2015

After analyzing the CSR reports of 2015 on a standalone basis the development in the field of sustainability throughout the past three periods will give an overview about how the development of the EU directive might have already influenced the CSR initiatives in these companies. Therefore the CSR reports, starting from 2013 to 2015 will be compared to each other by listing the initiatives into the following table. Therefore the topics listed in the reports will be enumerated by distinguishing between environmental and social issues.

<table>
<thead>
<tr>
<th>Henkel</th>
<th>2013</th>
<th>2014</th>
<th>Change 13/14</th>
<th>2015</th>
<th>Change 14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>47000</td>
<td>49750</td>
<td>+</td>
<td>49450</td>
<td>-</td>
</tr>
<tr>
<td>Sales (EUR)</td>
<td>16.4 bn</td>
<td>16.4 bn</td>
<td>=</td>
<td>18.1 bn</td>
<td>+</td>
</tr>
<tr>
<td>Production Output</td>
<td>7699</td>
<td>7867</td>
<td>+</td>
<td>7940</td>
<td>+</td>
</tr>
<tr>
<td>Represented nations (employees)</td>
<td>120</td>
<td>120</td>
<td>=</td>
<td>125</td>
<td>+</td>
</tr>
<tr>
<td>Women as manager</td>
<td>0,32</td>
<td>0,33</td>
<td>+</td>
<td>0,33</td>
<td>=</td>
</tr>
<tr>
<td>Social projects</td>
<td>2422</td>
<td>2265</td>
<td>+</td>
<td>3431</td>
<td>+</td>
</tr>
<tr>
<td>CO2 Emissions (thousands metric tons)</td>
<td>634</td>
<td>641</td>
<td>+</td>
<td>667</td>
<td>+</td>
</tr>
<tr>
<td>Energy consumption (thousands megawatt hours)</td>
<td>2162</td>
<td>2094</td>
<td>-</td>
<td>2288</td>
<td>+</td>
</tr>
<tr>
<td>Water consumptions (thousands cubic meters)</td>
<td>7901</td>
<td>7615</td>
<td>-</td>
<td>7190</td>
<td>-</td>
</tr>
<tr>
<td>Waste recycled (thousand metric tons)</td>
<td>155</td>
<td>137</td>
<td>-</td>
<td>142</td>
<td>+</td>
</tr>
<tr>
<td>Donations in million euros</td>
<td>42620</td>
<td>42408</td>
<td>+</td>
<td>42437</td>
<td>+</td>
</tr>
</tbody>
</table>

Table 11: Development in sustainability issues (Henkel AG & Co KGaA, 2014; 2015; 2016b)
Table 11 shows the development in certain fields listed in the CSR reports from 2013 to 2015. Mainly they consist of the highlights listed at the second page of every sustainability report (SR) during that time period. First of all what comes to mind when reading through their SRs is that they follow a clear path and every report during that investigated period looks the same (Henkel AG & CO KGaA, 2014; 2015; 2016b). For this reason, the in the EU directive claimed comparability (European Parliament & Council, 2014) in favor of the reading stakeholder is existent. Looking at the results of the above tables shows at first sight many changes. A positive change in terms of sustainability is the increased percentage of women in a higher position. This fact was claimed to be not clear when looking at a sustainability report of one year. Now seeing that there is a comparison object helps interpreting the number even better. On the other hand, one can clear see that also the carbon dioxide emissions increased during this period. Concerning this fact, it needs to be considered that also the production output increased. For a detailed analysis of this table, it would be helpful to look for the relation of the increase in output to the increase in carbon dioxide emissions, which would go beyond the scope of this diploma thesis. In general, Henkel describes in their sustainability report of 2015 that the overall efficiency increased about 75% (Henkel AG & Co KGaA, 2016b). Overall it can be retrieved out of this table that Henkel is working to improve environmental and social key figures. But there is no remarkable change - neither up, nor downwards.

Out of the first results on Henkel the question about an increased transparency as a result of developing a directive could be answered as follows: Henkel already implemented a standard in their SR reports, which are the GRI guidelines, as well as the UNGC (Henkel AG & CO KGaA, 2016b). This means that the claimed transparency through using a framework is already given in this example. Furthermore what can be said is that their SR is throughout the investigated period structured in the same way, which also makes it easier for stakeholder to compare and analyze the development of CSR concepts. This also makes it easier to track for specific fields of interest in the report and to be aware if the goals set by the companies itself were achieved.
The table shows improvements concerning energy and water consumption and on produced waste. Looking at the development and the then happening stagnation in the field of water and energy consumption might increase the impression that the company is in accordance to the already achieved reduction. For analyzing this issue deeper a specific analysis of the company, the circumstances as well as past and future developments should be taken into consideration.

In the annual report of 2014 there exists an own section about employees and is therefore not included, like in 2015 in the in responsibility section (Fresenius Medical Care AG & Co KGaA, 2015; 2016b). Another important finding while analyzing the reports is that there are still ongoing changes in the structure of the annual report and the included CSR report. Therefore, the report itself is less transparent, due to not providing a separate report. In addition to that transparency is also not given as a result of not using a guideline. This might have facilitated to find out whether the company provides the key figures comparable to Henkel and furthermore where to find them. The currently ongoing changes might be due to the directive.

<table>
<thead>
<tr>
<th>Fresenius Medical Care</th>
<th>2013</th>
<th>2014</th>
<th>Change 13/14</th>
<th>2015</th>
<th>Change 14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>90690</td>
<td>99895</td>
<td>+</td>
<td>104033</td>
<td>+</td>
</tr>
<tr>
<td>Company Output In $ M</td>
<td>14668</td>
<td>15877</td>
<td>+</td>
<td>16729</td>
<td>+</td>
</tr>
<tr>
<td>Women as manager</td>
<td>33%</td>
<td>32%</td>
<td>-</td>
<td>32%</td>
<td>=</td>
</tr>
<tr>
<td>Energy consumption</td>
<td>97%</td>
<td>93%</td>
<td>-</td>
<td>93%</td>
<td>=</td>
</tr>
<tr>
<td>Compared to 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water consumption</td>
<td>87%</td>
<td>85%</td>
<td>-</td>
<td>85%</td>
<td>=</td>
</tr>
<tr>
<td>Compared to 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste</td>
<td>69%</td>
<td>66%</td>
<td>-</td>
<td>63%</td>
<td>-</td>
</tr>
<tr>
<td>Compared to 2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 12: Development in sustainability issues (Fresenius Medical Care AG & Co KGaA, 2015, 2016b).
Generally finding comparable data was not that easy to find. Some points were listed and could be found very easy in both reports (2014 and 2015). On the other hand, Henkel provided information FMC did not and the other way round. Therefore it could be assumed that there is still restructuring ongoing, especially on the side of FMC. Furthermore what could be said about the reports is that commonly used guidelines would have made this research easier. This shows that exactly such a research had to be conducted to find out whether directives help increase transparency.

8.4. Preliminary result

The beforehand conducted analysis of the CSR information the investigated organization provide, showed that there are still major differences in how reports are arranged and further of which content they consist of. The EU directive claims the need for increased transparency and furthermore for comparability in the reports about CSR (European Parliament & Council, 2014). This would mean that all companies should use the same structure and implement comparable areas in which they are active in concerning CSR. Henkel and FMC are operating in different branches and have different strategies concerning sustainability. Therefore generally comparing companies from different industries with each other means that the reader needs to keep in mind what are the products or services the company produces, and furthermore does this product or service have a beneficial or negative impact on society?

Being aware of major differences that might occur whilst comparing CSR reports it would generally be helpful if companies used common frameworks. Henkel is already using a guideline to publish their sustainability reports. They are consistent in their structure as well as their overall sustainability strategy. They set themselves goals, which makes it easier for stakeholders to track whether these goals have been achieved or not. On contrary there is FMC who seems, after investigating their reports, to still be in a process in which they are trying to find out the right path for them to go. The restructuring they are doing during the investigated period does not make it easy to understand their strategy in terms of sustainability and the development of the report in general. FMC provides less key figures concerning social responsibility which further makes it difficult to have a transparent view on their CSR issues.
There exist a lot of differences between the two companies. However the different branches still need to be considered whilst analyzing them. This means that generally comparing companies from different branches could be seen as less meaningful. The outcomes moreover indicate a gap concerning transparency and comparability which could only be found out by looking on different industries. Therefore legislation and binding rules which forces the companies to structure their reports in a common way might change the transparency positively. In addition to the increased transparency, the comparability that results out of such directive might force companies to increase the quality of the CSR activities by following specific criteria. This specific criterion that needs to be followed might also change the development process. The process of developing an idea of a CSR activity until the reporting might benefit of the parameters given in this EU directive since companies need to externalize information not only about issues chosen by the companies, the parameters cover the social, the environmental as well as the economic area likewise.
9. Conclusion

CSR in general is a term which is often used by practitioners in business as well as by scholars in research (Carroll, 1999). The development of research in this field shows that the interest concerning the relationship between organizations and their impact on their environment increased over the last decades (Bazillier, Vauday, 2009). Throughout this development, different concepts appeared trying to describe, discuss and measure CSR and its benefit on society as well as on companies. Even though there has been conducted much research concerning this topic, constant changes in the awareness of society might be a reason for the likewise changes in CSR in general.

Meeting the needs of stakeholders through CSR has been in focus since research on this topic occurred (Freeman, 2010, p.25). Due to this, reporting information about the development about responsible initiatives within a company became one key success factor in terms of a CSR strategy (Kleine, Von Hauff, 2009). There exists a naturally given connection between stakeholders and responsibility issues (Carroll, 1991). The directive developed by the European Parliament and Council (2014), in which the importance of publishing CSR information to stakeholder again stood in focus, with the goal to raise transparency and to give a direction to reach comparability throughout the different types of reports and structures that already exist. Yet coming to another problem the term CSR is faced with, which is about the authenticity of CSR conducted by companies, the main question that arises as consequence is about the motives for implementing CSR. It is often claimed that the motives for CSR are not always about doing something beneficial to society where also German companies have often been in focus when discussions about non philanthropic motives came up (Rieth, 2003).

For this reason this thesis set out to answer the question whether transparency could already be increased in CSR reports due to the development of this directive and the proposal to use standardized frameworks. Another question to be asked by this thesis is about authenticity. Generally there should be answers whether the quality of CSR activities and therefore the credibility increased from 2013 to 2016. Generally this thesis contributes to research on CSR by finding out what impact legislative has on sustainability reports.

The main results out of this thesis are the following. The first question asked in the introduction was about the transparency. Comparing Henkel and FMC with each other shows
that there is still a lack in transparency as well as in comparability. As Henkel already is using GRI guidelines to set up their sustainability report, FMC has its report included in the annual report – forming the first difference. The second difference is that FMC is still in a process of changing the structure. For this reason the comparability as well as transparency is not given yet but could be increased by this directive.

The second question about a potentially increased quality of the CSR activities itself is about the authenticity of initiatives related to CSR. Having a law which forces to comply with certain standards and parameters which should be included, decreases the scope concerning activities that could be chosen by the companies to be implemented and published. The companies might have to think about how to include points which formerly where not part of the strategy. Looking at the provided reports shows that some key figures are already provided by Henkel and FMC. These figures are suggestive of an internalized and lived CSR strategy by giving stakeholders the opportunity to look on even declined figures. A directive therefore could be a force to increase the quality and authenticity of the undertaken sustainability initiatives.

There are still adoptions in reporting non financial issues going on in some companies. Out of this state, scientific focus for the future might be on the ongoing development of the DAX companies in this field. In the end it must be important that companies do participate and implement CSR for the sake of doing something good. To satisfy stakeholder needs it would be easier to compare one company with each other if they would use one guideline applicable for all the companies. However, meeting the needs of the different branches might hinder the development of one general valid guideline for reporting CSR issues. Future studies therefore could look then for the efficiency and comparability of the sustainability reports when the commonly usable guidelines are developed by the European Commission.
10. References


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