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Corporate Social Responsibility and Firm Performance: The Antecedent Effects of Transformational Leadership and Organizational Culture

Evidence from Norwegian SMEs

Master's thesis

NTNU
Norwegian University of
Science and Technology

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ABSTRACT

Purpose: There has been growing consideration regarding corporate social responsibility (CSR) in recent years, and a lot of research has accumulated on this topic. Much of the existing studies have, however, focused on large firms, and there is still a dearth of research about what factors nurture CSR practices in SMEs and how such practices are related to their non-financial performance (NFP). Using a sample of Norwegian SMEs, this study examined the relationship between CSR and NFP. The study further examined whether transformational leadership (TFL) and organizational culture act as antecedents in promoting CSR practices.

Design/methodology/approach: Methodology included a combination of quantitative and qualitative approaches using a survey instrument and semi-structured interviews. However, the quantitative approach was used as the primary method of the study. Quantitative data were collected from 84 Norwegian SMEs through a questionnaire survey, while qualitative data comprised face to face interviews of three participants. Exploratory factor analysis was applied to validate the scales used to measure the study constructs. To measure CSR, a composite measure comprising four dimensions (CSR employees, CSR customers, CSR community, and CSR natural environment) was used. To assess organizational culture (clan, hierarchy, market, adhocracy), the Competing Value Framework (CVF) model was used. TFL was measured as a single construct by combining its four dimensions (idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration). Data were then analyzed using the structural equation modeling (SEM) technique.

Findings: The findings indicate that CSR significantly affects SME's NFP. This suggests that socially responsible business practices towards primary stakeholders can be profitable and beneficial to Norwegian SMEs. TFL was found to have a significant positive relationship with CSR practices. Besides, among different types of organizational culture, only adhocracy culture showed a significant positive relationship with CSR, whereas clan and market culture had a positive but insignificant relationship with CSR.

Keywords: Corporate social responsibility (CSR), transformational leadership (TFL), organizational culture, firm performance, non-financial performance (NFP)

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واندیشه فردات به جز سودا نیست   امروز ترا دسترس فردا نیست

کاین باقی عمر را بها پیدا نیست   ضایع مکن این دم ار دلت شیدا نیست

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"Your hand can seize today, but not tomorrow, and thoughts of your tomorrow are nothing but desire. Don't waste this breath, if your heart isn't crazy, since "the rest of your life" won't last forever."

-Omar Khayyám, Quatrains - Ballades

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ACRONYMS

CSR	Corporate Social Responsibility
CSP	Corporate Social Performance
FP	Financial Performance
NFP	Non-Financial Performance
TFL	Transformational Leadership Style
SMEs	Small and Medium-sized Enterprises
MNEs	Global Multinational Enterprises
EBF	European Banking Federation
SST	Stratified systems theory
GTI	Global Reporting Initiative
ILO	International Labor Organization
SEM	Structural equation modeling
SPSS	Statistical Package for the Social Sciences
PLS	Partial Least Squares
NHO	The confederation of Norwegian Enterprise
ANOVA	Analysis of Variance
KMO	Kaiser-Meyer-Olkin
CVF	Competing Value Framework
VIF	Variance Inflation Factor
AVE	Average Variance Extracted
CA	Cronbach's Alpha
CMV	Common Method Variance
PCA	Principle Component Analysis

Chapter 1 INTRODUCTION

1.1 Background

Corporate social responsibility (CSR) has become a crucial topic for many organizations as a result of its growing focus on sustainability and its crucial role in environmental and social problems. CSR is a wide range of operating practices and strategies which firms adopt to develop and sustain relationships with the natural environment and its different stakeholders (Waddock 2004). Previously, firms used to look at CSR as an unnecessary investment; however, more recently, firms have started engaging in socially responsible behavior through the use of environmentally friendly technologies and other techniques as a means of improving their performance. This drive comes from different stakeholder groups such as customers, employees, suppliers, community groups, and governments who encourage firms to invest more in fulfilling their economic, social and environmental responsibilities and their positive contribution towards the society as a whole (Wahab et al. 2017). One reason why firms are expected to be socially responsible is the shift of economic power from governments to the business organizations that make their role vital to have a recognition of social and environmental problems and contribute to resolving them. These widespread CSR considerations are driven not only by ideological thinking that companies can be positive forces for social change but also by the business returns that companies potentially obtain from CSR participation. Thus, it can be said that the survival and competitiveness of a firm depend on satisfying the needs and expectations of its stakeholders and other actors who somehow have a stake in the firm (Ali Al-Busaidi 2014).

While CSR has received significant attention in both academic and practitioner communities around the world, many firms still struggle to include it in their business activities. One reason might be that they are not sure about the benefits of CSR or how it can generate more profit. Another reason might be that engaging in CSR involves financial and/or other costs that may be of a short period in nature or continuous outflows. Such costs may comprise obtaining new environmentally-friendly equipment, changing in management structures, or implementing quality control systems (Tsoutsoura 2004). These costs make companies skeptical about whether they should engage in social responsibility programs, especially for SMEs. Firstly, because they do not have enough information about CSR and secondly, such activities do not have an immediate return or benefit for them (Kechiche and Soparnot 2012). Hence, it is important to explore whether the implementation of CSR can lead to more favorable outcomes for SMEs.

Another reason that makes the implementation of CSR practices challenging is that companies may not be familiar with the factors or conditions that facilitate or hinder such practices. In other words, what factors can influence, or shape CSR activities of an organization is yet to be fully understood. It is crucial to identify such drivers so that we can develop an understanding of the challenges and issues companies may face in implementing their CSR practices. The present research project was primarily encouraged by the urge to explore the effect of corporate social responsibility (CSR) on firm performance among Norwegian SMEs and the role of transformational leadership style (TFL) and organizational culture as potential antecedents of CSR.

1.2 Problem Statement and Purpose of the Study

CSR has become more widespread in recent years; however, there is a lack of consensus regarding its definition, its constituent dimensions, and the perspectives on the legitimacy and the value of adopting CSR principles (Crane et al. 2008). From opponents' view, the company's only responsibility is to increase value for its shareholders, and social problems should be resolved by governments, as organizational resources are limited and should not be wasted in addressing such issues. Thus, CSR engagement is a misuse of resources, and it is better to give the money back to the owners and let them make their own decisions (Friedman 1970). While from the proponents' perspective, although governments are responsible for solving community problems, the participation of organizations in this area can benefit firms. The better companies manage their relationship with stakeholders, the more successful they will be over time (Barnett and Salomon 2012). Therefore, the debates about CSR have their proponents and detractors that make it difficult to draw a comprehensive conclusion. Perhaps one way forward is to look at the growing empirical evidence on CSR.

Although there is an extensive body of literature on the relationship between CSR and firm performance, the debate yet has been ongoing, and the nature of the relationship is equivocal (Galant and Cadez 2017). Some studies detect a positive relationship (Simpson and Kohers 2002, McGuire et al. 1988, Chien and Peng 2012, Waddock and Graves 1997, Wang et al. 2016), while various others find negative (Davidson and Worrell 1988, Hirigoyen and Poulain-Rehm 2014, Masulis and Reza 2014), neutral or insignificant relationships (Moore 2001, Aupperle et al. 1985, McWilliams and Siegel 2000, Soana 2011, Surroca et al. 2010), or asymmetric (Jayachandran et al. 2013). Thus, it is difficult to conclude whether CSR is beneficial or costly for firms. This thesis conducts an empirical investigation to provide a more in-depth understanding of the effect of CSR on firm performance. Although many studies look

at financial performance as firm performance, this study uses non-financial performance (NFP) as a measure of how good a specific firm has performed during a particular period including employee satisfaction, customer satisfaction, productivity, etc. I also include TFL and organizational culture as antecedents of CSR in my model to make it more advance. Because despite a growing body of research regarding the business case of CSR, our knowledge regarding organizational antecedents of CSR remains incomplete (Angus-Leppan et al. 2010). Some of these drivers which have been found in the previous literature are employee power, legitimacy problems and consumer's action (Yang and Rivers 2009), institutional factors (Melissen et al. 2018), human resource management (Voegtlin and Greenwood 2013), formal strategic planning and humanistic culture (Kalyar et al. 2013). Therefore, by using organizational culture and TFL as driver factors for CSR in this study, we will enrich our theoretical understanding on one hand, and on the other, it will offer useful insights to both the firm itself, as well as to national and international authorities regarding the future legislation on these matters.

1.3 Research Questions

The present thesis focuses on the effect of CSR on firm performance and whether TFL and organizational culture act as antecedents of CSR activities. Thus, the formulated research questions for this thesis are:

1- *How does CSR affect firm performance?*
2- *How does TFL affect CSR?*
3- *Whether and how does organizational culture affect CSR?*
4- *Which organizational culture type is more strongly related to CSR?*

1.4 Significance of the Study

1.4.1 Theoretical Significance

There is a rising trend among firms to engage in CSR activities, which is specifically high in Western countries because of strong institutions, standards, and appeal systems (Chapple and Moon 2005). The regulations by the EU regarding the mandatory CSR reporting among large firms, which was announced in 2014, set additional pressure on firms to engage in socially responsible activities. This general trend of increased CSR engagement can also be found in Norwegian organizations, which often have a long history of participation in CSR activities. Such involvement by Norwegian companies can be partly attributed to the high level of technology and abundance of renewable energy (hydropower) compared to many Western and

non-Western countries (Haley Knudson 2017). Additionally, small companies comprise the majority of Norwegian industry that have also been obligated since 1996 to report on environmental impact, gender equality, discrimination and working conditions in their board of directors' report (Styreberetning); however, such firms have barely addressed these issues and it has been accepted by accountants and reporting agencies (Ditlev-Simonsen et al. 2015). It is noteworthy that, despite the SMEs' vital role in the society and economy, including that of Norway, CSR research, especially that emerges from Norway, has focused on big firms to the neglect of SMEs (Sloan et al. 2013, Inyang 2013). Likewise, current studies related to CSR in Norway is also mostly limited to the nature and attributes of CSR (Ditlev-Simonsen et al. 2015, Visser and Tolhurst 2017), and procedures and programs of large companies towards CSR (Haley Knudson 2017) without connecting it with firm performance. This thesis aims to extend our understanding of the effect of CSR on firm performance in the Norwegian SMEs context.

This thesis focuses on the non-financial aspects of performance. The reason is that much of the existing research has mainly focused on financial performance (FP) as a measure of how good a specific firm has performed during a particular period (Breuer and Nau 2014, Bråtenius and Melin 2015, Suhazeli Wan Ahamed et al. 2014). Evaluation of non-financial performance (NFP) is needed (Ittner and Larcker 1998), because many NFP outcomes may represent different aspects of performance other than monetary gains on one hand, and these outcomes such as reputation, and customer satisfaction might influence the relationship between CSR and firm performance. (Parastoo Saeidi et al. 2015). On the other hand, NFP is broad enough to take into consideration other concepts of social responsibility including stakeholder theory and corporate citizenship (Ramasamy and Yeung 2009) and it also helps to explain the relationship between CSR and firm performance more accurately because such relationship is more complicated than the results of many previous studies indicate. Therefore, this thesis uses NFP as a measure of firm performance to achieve a better insight in such relationship.

While there is an increasing body of research regarding CSR construct, our knowledge of organizational antecedents to CSR remains incomplete (Angus-Leppan et al. 2010). Some researchers have found some of its antecedents include consumer's action (Yang and Rivers 2009), institutional factors (Melissen et al. 2018), human resource management (Voegtlin and Greenwood 2013), formal strategic planning and humanistic culture (Kalyar et al. 2013), executives' values (Chin et al. 2013), national-institutional and industry characteristics (Young and Marais 2012). Many researchers from different business disciplines (e.g., strategy and marketing) have mentioned that there is a dearth of research on external and internal factors

that might form CSR activities, which provide a call for more research on its organizational antecedents (Aguinis and Glavas 2012). Therefore, this study provides a lens and guiding framework for understanding how organizational culture and TFL at the organizational level of analysis can be antecedents and interface to CSR as they are both critical in shaping organizational strategies and practices.

We use organizational culture in this study because although many studies have examined organizational culture in the past, a few of them look at it as an antecedent of CSR. It is noteworthy that a majority of companies may have more than one type of organizational culture, and Cameron and Quinn (1999) claimed that more than one type of culture could be present at the same time within a firm. Therefore, there is a need to study the effect of different culture types on CSR comprehensively. Organizational culture is especially suggested for CSR research because of its relevance to CSR (Turban and Greening 1997).

Furthermore, TFL has been one of the most popular supported leadership theories through the past two decades among scholars (Zhu et al. 2011). This style comprises of idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration that all these characteristics may influence strategic choices (e.g., CSR) through leaders' effect on their field of vision, their understanding, and interpretation of information (Groves and LaRocca 2011). Therefore, this thesis will identify whether TFL is a driver for boosting CSR activities in an organization.

1.4.2 Practical Significance

it is crucial for organizations to have knowledge of the factors that facilitate CSR activities and the outcomes that might be produced as a result of pursuing such activities/practices. This study investigates the critical role of TFL in a company's CSR activities. Our findings may indicate if TFL is best suited for implementing and designing socially responsible practices. This can help organizations recruit and train managers who can show the characteristics of TFL that can facilitate the implementation of CSR in an organization. Moreover, the results of this study may aid firms to pay more attention to the organizational culture as a priori condition for CSR. Since an understanding of differences and similarities between subcultures can help firms to advance a range of more sophisticated and customized agendas for the successful implementation of CSR practices, and provide novel insights into how best to approach change management issues (Linnenluecke and Griffiths 2010).

The information may further help firms to embed and extend CSR behavior and consider the interests of their different stakeholders in order to achieve a sustainable relationship with them to maintain and strengthen the firm performance and contribute to the welfare of the society.

1.5 Delimitations

The scope of this thesis is to assess the effect of CSR on firm performance and define the role played by TFL and organizational culture in enhancing CSR. The study is limited to the surveys of Norwegian SMEs and semi-structured interviews. The surveys formulate the quantitative research derived through the previous literature review. The questions in semi-structured interviews were formulated based on the Norwegian context and previous studies. Since all respondents are working in Norwegian SMEs, the results of this research are only applicable to such companies. The reason for choosing SMEs is that a majority of the Norwegian industry consists of small and medium-sized companies; thus, they can play a vital role in this regard.

1.6 Operational Definitions

To avoid ambiguity, the following definitions have been assigned to the terms that will be used throughout the study.

1. CSR: I describe CSR based on the explanation of Mishra and Suar (2010) as a firm's procedures, activities, and processes towards primary stakeholder groups. According to Jenkins (2004), Thompson et al. (1993), stakeholders are considered as employees, customers, the environment, and the local community.

2. Firm performance: As the actual outcomes achieved by an organization compared to its planned outputs. We consider NFP as firm performance in this study, which consists of reputation, service quality, stakeholder satisfaction, organizational communication, research and development, and innovation (Hernaus et al. 2012, Lee and Lings 2008).

3. TFL: Is defined as a behavior that inspires followers to go beyond their own self-interests and is able to have a profound and extraordinary influence on followers (Robbins and Judge 2014). This style has four dimensions, including idealized influence, inspirational motivation, individualized consideration, intellectual stimulation.

4. Organizational culture: Is shared understanding and meanings among members of an organization that tie individuals in a company together over time. In this study, we use the CVF model from Cameron and Quinn (1999) which has four different types (clan, hierarchy, market, adhocracy).

5. Stakeholder's theory: This theory is proposed by Freeman (1984) based on the idea that managers should have a fiduciary relationship to stakeholders implying that the scope of managers' responsibility goes beyond the pure welfare of shareholders.

6. Shareholder's theory: This theory is advanced by Friedman (1970), who argues the only "social responsibility of business is to increase profit" and attending to other objectives might then seem like an unnecessary distraction.

1.7 Overview of the Thesis

The thesis consists of five chapters. The introduction (chapter 1) highlights the structure, the purpose of the thesis and presents the research questions in addition to the significance of the study. Chapter 2 elaborates on the three theoretical backgrounds of CSR, TFL, and organizational culture. First, the chapter introduces the concept of CSR as the underlying concepts of this study and the most relevant topics of CSR concerning the thesis. Then I give an overview of the Norwegian SMEs context followed by the formulation of a research model and hypotheses. Chapter 3 describes the methodology employed in the study, and in chapter 4, the results of the quantitative and qualitative analysis will be presented. Chapter 5 presents a detailed interpretation of findings, highlights the study's limitations, presents theoretical and practical implications, suggests avenues for future research, and offers conclusions.

1.8 Conclusion

This chapter presented an overview of the present study. It introduced the topic of the study, the research problem, the study rationales, and the potential contributions of the study. It gave a brief description of the current state of the literature, identified gaps, and highlighted the theoretical and practical significance of the study. The focus of the next chapter is to review different streams of research to provide a context for the study.

Chapter 2 THEORETICAL BACKGROUND

2.1 Introduction

This chapter reviews the literature on the core topics, forming the theoretical foundation for this thesis. The chapter starts by explaining the definition and history of CSR, followed by the description of "Firm performance", "TFL", and "Organizational culture". Then, the chapter provides an account of CSR among SMEs in the Norwegian context. This is followed by an overview of the stakeholder's theory that provides an explanation for the relationship between CSR and firm performance. After that, the conceptual basis for TFL – CSR relationship and organizational culture – CSR relationship is offered. Lastly, the chapter presents the study conceptual model.

2.2 Defining CSR

The concept of social responsibility has always been crucial because there is no single definition of this concept, and it differs from one author to another. This has occurred because, in the past, it was more voluntary social actions in relation to the community; recently, it has been a kind of commitment among various sectors. These definitions also consider the different scope of activities from legal responsibility to ethical considerations of simple charitable contributions (Garriga and Melé 2004) that look at the role of business in society from different angles (Lantos 2002). Additionally, many other similar terms operate alongside the CSR literature (Fassin et al. 2011), such as corporate social performance (CSP) (Wood 1991), corporate social responsiveness (Clarkson 1995), sustainability (Sharma 2002) and so forth that all of them are built further on the CSR construct (Carroll 1999). Such phenomena make finding one universal definition more difficult (Aguinis and Glavas 2012, Frynas and Stephens 2015). Despite such issues, CSR has demonstrated to be a construct that has prevailed both in the literature and in practice. Thus, the term CSR will be applied throughout this thesis.

Dahlsrud (2008) analyzed 37 definitions of CSR and claimed that the most frequently used definition of CSR is defined by European Union (2011)[1] as a concept in which firms combine socially and environmentally activities in their business corporations and their communications with their stakeholders voluntarily. CSR concerns activities by companies over and above their legal duties towards society and the environment. This state seems to be the ruling definition

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[1] The European Union is a political and economic union of 28 member states that are located primarily in Europe.

for most CSR initiatives within Europe (Ditlev-Simonsen et al. 2015). It also considers the voluntary integration socially and environmentally regarding their business operations and relationships with stakeholders and goes further than legality, not only the fulfillment of the law, as it is a minimum for all companies but also going beyond it.

Another perspective is by Wood (1991), who defined CSR as a firm's establishment of guidelines of social responsibility, progressions of social responsiveness, and guidelines, procedures, and observable outcomes as they are linked to the firm's societal relationships. In other words, CSR is a multidimensional construct that consists of the firms' activities to meet the firm's economic, legal, ethical, and philanthropic responsibilities (Wood 1991, Carroll 1999). There are some other authors that look at the CSR as a multidimensional construct such as McBarnet (2009) who indicated that CSR involves "beyond law" commitments and actions associated with corporate governance and ethics, health and safety, environmental stewardship, human rights (including core labor rights), human resource management, community involvement, development and investment, respect for domestic peoples, corporate philanthropy and employee volunteering, customer satisfaction and support the principles of fair competition, anti-bribery and anti-corruption measures, accountability, transparency and performance reporting, supplier relations, towards both domestic and international supply chains.

Another theoretical approach adopts a stakeholder-based view is by Clarkson (1995), who argued that the survival and triumph of a firm depend upon the capability of its executives to provide adequate prosperity and satisfaction for its key stakeholders. These key stakeholders consist of employees, shareholders (investors), consumers, suppliers, the environment, and the community. He further stated that employees' issues are covering topics such as compensation and rewards, training and development, career planning, health promotion, absenteeism, and turnover, etc. The investors' aspect concerns shareholder communications and complaints, advocacy, rights, and general policy. Customers aspect associated with customer communications, complaints, product safety, and specialized customer services. Environmental issues related to the environmental impact of the activity of the firm, policies, and product stewardship. Community involvement, which analyzes the commitment of companies with local communities. If any of the critical stakeholders stop contributing to the firm, the firm's business will be extremely damaged or incapable to remain as a going concern (Clarkson 1995). Therefore, firms that establish a relationship with primary stakeholders beyond market transactions can gain a competitive advantage (Barney and Hansen 1994). It can be concluded

that CSR is a concept that mainly describes the connection between company and society, and within which stakeholders represent a key and unavoidable determinant (F. Proença and Castelo Branco 2014). So, based on Clarkson's definition, we can assert that if the firms want to achieve competitive advantage and win the competition among other rivals, CSR is a must thing to do.

A different approach when defining CSR is Campbell's approach, in which he focused on a minimum level of behavioral standard. Campbell (2007) believed that firms are considered to be socially responsible as long as they do not harm the world. While this definition has a different perspective than others and focuses on a minimum level of responsible behavior, it also indicates that there are no benefits for firms that engage socially responsible behavior. There are also some other authors that address the concept of damage control when defining CSR, such as Jayachandran et al. (2013) and Lech (2013). Their definitions involve the idea that CSR is voluntary, preventative, and limited to business activities and the potential impact of those activities. These definitions are philosophically aligned most with Friedman (1970), who admitted that corporate goodwill happens, while it is a result of self-interested motives, not CSR. Thus, this perspective might be not fully comprehensive.

Another and the more recently advanced term is organizational responsibility. Organizational responsibility refers to *"context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance"* (Aguinis and Zedeck 2011: 855). It specifically uses the term organizational instead of the narrower term corporate to emphasize that responsibility associated with any type of organization and not only large companies. Additionally, Enderle (2004) indicated that organizational responsibility is not only possible but also necessary for startups, small, and medium-sized companies if they want to be successful in today's globalized and hypercompetitive economy. The broader term responsibility instead of the narrower term social responsibility is used to highlight that responsibility associated with several types of stakeholders such as employees, customers, investors, suppliers, and issues that go further than topics identified as being in the social scope (Aguinis and Glavas 2012).

After this brief discussion of the concept, it has become clear that not only are the meanings of CSR different, the understanding of "being good" also varies among authors who acknowledge different approaches to CSR (H. Johnson 2003). Thus, CSR means different things in different places to different people and at different times and it is proper to state CSR as an umbrella term for diversity of concepts and procedures, all of which identify that companies have a

responsibility for their effect on society and the natural environment, often beyond legal commitment and the liability of individuals (Frynas and Stephens 2015). For avoiding misperception given the diverse conceptualizations available, I define CSR based on the study of Mishra and Suar (2010) as a firm's policies, processes, and practices towards primary stakeholder groups. According to Jenkins (2004), Thompson et al. (1993), stakeholders are considered as employees, customers, the environment, and the local community. So, in this study, I look at these four groups as primary stakeholders. The reason for choosing this definition is that CSR for SMEs is seen as operational activities that respect the environment and act as active social entities by taking part in community activities (Blombäck and Wigren 2009). In addition, such firms pay attention to the wellbeing of their employees because of the closeness of relationships between managing directors and their staff (Kechiche and Soparnot 2012). Therefore, the practices and activities towards these four stakeholders are more suitable in the SME context.

2.3 The History of CSR

The modern social responsibility and its related terms, as we know today, have been under consideration from different perspectives since the 1950s, such as corporate social responsiveness, CSP & corporate philanthropy (Carroll and Shabana 2010, Wood 1991, Clarkson 1995). The aim of reviewing the history of CSR in this study is to provide an overview regarding the development process of CSR and how it has moved from being seen as an extra cost for companies to be seen more as an instrumental tool in strategic objectives not only for large organizations but also SMEs. So, I briefly explain the theoretical arguments and different points of view in this regard over time.

This history and evolution have been treated elsewhere (Carroll and Shabana 2010, Carroll 1999, Lee 2008); consequently, only some thematic highpoints are considered here. Bowen (1953) was the first person who came up with the initial comprehensive discussion of business ethics and social responsibility in his landmark book *Social Responsibilities of the Businessman*. He defined social responsibility as: *"the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society"* (cited in Carroll, 1999, p. 270). The 1970s was the period when corporate social responsibility definitions proliferated. During this period, Milton Friedman, a Noble Prize economist, claimed that CSR could also be seen from a different perspective: Friedman (1970) stated that there is only one social responsibility for a company, which is using its resources to increase profit for its shareholders. This view was

different from the pictures incorporated in the 1950s and the 1960s. He emphasized the goals of the company, which is shareholders' profit maximization and paying taxes to the government and letting them take responsibility for social issues. Therefore, shareholders should be able to decide what to do with their money and not the company — these constituents, known as Shareholder theory. However, not so many authors agree on this highly profit-oriented motivation of corporations due to the increasing complexity and internationalization of businesses (Oketch 2004). Opponents believe that companies are part of the larger society and have responsibilities other than simply maximizing profits (Marzantowicz 2002).

The 1980s provided more research on CSR and less focus on definitions, which led to the findings of alternative concepts and themes, like CSP, corporate social responsiveness, and Stakeholder theory with the introduction of measures quantifying the effects of CSR on financial performance (FP). Later on, Freeman (2010) came up with the stakeholder theory book, which was first published in 1984 and argued that firms should fulfill multiple CSR to meet different stakeholders' interests. These stakeholders are parties and people who can influence or are influenced by a company's practices and missions. This is because once various stakeholders' demands are met, in return, they will invest more money and offer more resources for the companies to operate smoothly; Therefore, companies can gain higher profits and realize financial growth. These stakeholders might include customers, employees, investors, suppliers, environment, government, and the broader social community (Thomsen et al. 2012).

In the early 2000s, the business community became interested in the concept of sustainability, or sustainable improvement, and this theme turned into an essential part of all CSR discussions. The interest and growth of CSR has led to voluntary initiatives in corporate social responsibility in international business in recent years (Carroll and Shabana 2010) and there was a significant growth in the number of indices ("benchmarks"), to describe economic situation of the companies meeting specific CSR requirements (Tripathi and Bains 2013). In later decades of the 20th century, the focus moved away to more attention to the operationalization of the concept, and the level of analysis shifted from a macro level to an organizational level in this period. The principle of engaging in CSR in the new perspective is known as "doing good to do well" (Moura-Leite and Padgett 2011). The concept of CSR has also extended to SMEs (Tripathi and Bains 2013). Many companies have built brand loyalty and developed a personal connection with their customers through CSR. In media, companies are looking for even more advanced ways to show their message, and CSR provides many potential paths, such as word

of mouth or guerilla marketing[2], for getting access to consumers (Tripathi and Bains 2013) in order to ensure the survival of the global society as we know it today, sustainability and prosperity of their own business operations (Skarmeas and Leonidou 2013).

2.4 Firm Performance

Firm performance has become an essential concept in strategic management research as it allows researchers to evaluate organizations, their actions, the environment, and compare them to those of their rivals (Masa'deh et al. 2016). Most literature recommends that when it comes to firm performance, researchers find it challenging to define, conceptualize, and measure this concept (Taghian et al. 2015). From a process point of view, performance refers to the transformation of inputs into outputs to achieve specific outcomes. From an economic point of view, performance is the relation between effective cost, realized output, and achieved outcomes (Masa'deh et al. 2016). According to Verboncu and Zalman (2005), performance is a particular result gained in management, economics, and marketing that gives characteristics of competitiveness, efficiency, and effectiveness to the organization. Besides, Luxmi (2014) indicated firm performance as the actual outcomes achieved by an organization compared to its planned outputs. Firm performance measurement plays a vital role in running an organization by translating strategy into desired behaviors and results, interacting with these expectations, monitoring progress, providing feedback, and encouraging employees through performance-based rewards and sanctions (Chow and Van Der Stede 2006). Many empirical studies have looked at the FP as firm performance, but we refer to the NFP in this study. The reason is that FP measurement is a limited indicator that captures historical performance from mostly tangible assets in short–term orientation and ignores other value-generating indicators (Mishra and Suar 2010). Also, it often fails to accurately record performance from intangible assets such as reputation, customer satisfaction, employee turnover, innovation, (Hernaus et al. 2012), which have come to be substantial sources of competitive advantage for companies recently (Parastoo Saeidi et al. 2015). They are also unable to distinguish the difference between the firms in terms of performance due to providing misleading signals regarding continuous improvement and innovation (Tseng and Lee 2014). Therefore, FP measurement is no longer seen as a sufficient tool for exercising management control (Neely 2007, Kotane 2012). Although NFP lacks concreteness, it often provides a more precious description of the effectiveness of organizations concerning competitors in long-term orientation (Al-Ansaari et al. 2015). Thus, NFP can be

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[2] Guerrilla marketing is an advertisement strategy in which a firm uses surprise and/or unconventional communications in order to enhance a product or service.

viewed as a more completed measurement to capture all critical areas of the firm (Kihn 2010, Chow and Van Der Stede 2006, Franco-Santos et al. 2012), and this study will use NFP aspects for evaluating the firm performance.

CSR is an important driver for NFP because it can lead to numerous intangible advantages for the organization such as the reputation and image of the organization (Galbreath and Shum 2012), enhanced member satisfaction (Tziner et al. 2011), improved brand image (Heal 2005) that all of them can be a part of NFP. Additionally, NFP measures are seen as 'lead indicators', because of their focus on results rather than causes of performance (D. Ittner and Larcker 1998). Thus, they can explain certain relationships that are not indicated through FP measures such as the company's relationship with the local community and environment, technology development, employee health and safety, new products, and the value of investing in employees. They also provide essential insights about a company's performance (Milost 2013) and closer the links between organizational strategies and company reputation (Agarwal et al. 2012). Therefore, NFP measures are considered in this study to evaluate firm performance holistically.

2.5 Organizational Culture

The term organizational culture has been described variously, and there is not a common agreement about the description of this term (Ashkanasy et al. 2010), but mainly, it is defined as shared values. According to Schein (1992), organizational culture is the same as the shared understanding that guides actions in organizations by shaping a company's employees, structure, and control system to produce behavioral norms. This consists of beliefs, values, norms, and philosophies, which identify how things work and differentiate one organization from others (Wallach 1983). In this thesis, I will explain organizational culture according to Cameron and Quinn (2011b), who introduced CVF first in 1991 and provided four different styles (clan, hierarchy, market, adhocracy) in this model as can be seen in figure 1.

I excluded the hierarchical dimension in this study because the characteristics of this dimension are inequality of power and management distribution, which is incompatible with Norway as an egalitarian country. The central values in Norway are the focus on equality, little hierarchy, flat structures, and informal communication[3] Thus, hierarchical culture in the Norwegian context is irrelevant and less likely to exist.

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[3] https://www.innovasjonnorge.no/en/start-page/invest-in-norway/doing-business-in-norway1/business-culture/

Although no single culture framework is completed and captures every relevant aspect, I base my discussion on the CVF because of its proven association with organizational effectiveness and captures most of the proposed dimensions of organizational culture (Cameron and Quinn 2011b). Its reliability and content validity also have been empirically tested in many studies (Ostroff et al. 2013, Hartnell et al. 2011). Furthermore, the CVF aligns with well-known and widely accepted categorical schemes that outline how people think, how they organize their values and ideologies, and how they process information (Cameron and Quinn 2011b, Quinn 1988), which can be relevant in the CSR context. Therefore, the CVF provides the most widely used configurational model of organizational culture among both researchers and practitioners.

FIGURE 1
A Model of Organizational Culture Types*

ORGANIC PROCESSES (flexibility, spontaneity)

TYPE: **Clan**

DOMINANT ATTRIBUTES:
Cohesiveness, participation,
teamwork, sense of family

LEADER STYLE: Mentor, facilitator,
parent-figure

BONDING: Loyalty, tradition,
interpersonal cohesion

STRATEGIC EMPHASES: Toward
developing human resources,
commitment, morale

TYPE: **Adhocracy**

DOMINANT ATTRIBUTES: Entrepreneurship,
creativity, adaptability

LEADER STYLE: Entrepreneur, innovator,
risk taker

BONDING: Entrepreneurship, flexibility, risk

STRATEGIC EMPHASES: Toward innovation,
growth, new resources

INTERNAL MAINTENANCE ———— **EXTERNAL POSITIONING**
(smoothing activities, integration) **(competition, differentiation)**

TYPE: **Hierarchy**

DOMINANT ATTRIBUTES: Order,
rules and regulations, uniformity

LEADER STYLE: Coordinator,
administrator

BONDING: Rules, policies and
procedures

STRATEGIC EMPHASES: Toward
stability, predictability, smooth
operations

TYPE: **Market**

DOMINANT ATTRIBUTES: Competitiveness,
goal achievement

LEADER STYLE: Decisive, achievement-oriented

BONDING: Goal orientation, production,
competition

STRATEGIC EMPHASES: Toward competitive
advantage and market superiority

MECHANISTIC PROCESSES (control, order, stability)

Adapted by Deshpandé et al. (1993) from Cameron et al. (1991) and Quinn (1988).

By looking at the vertical axis, the organizational category consists of an internally-oriented company that focuses on internal incorporation and cooperation for the conservation of the current company, and an externally-oriented company places value on the collaboration, adaptation, and rival with the outsiders. By looking at the horizontal axis, the company locates on solidity and control, seek to focus on formal mechanisms of management and control, such as rules, regulations, financial development, and budgets to impose compliance with behavioral

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standards (Linnenluecke and Griffiths 2010) whereas the other side, the organization focuses on flexibility and discretion, seek to focus more on social management and control through internalization of values, contribution, commitment, socialization, and contemporary pressure, to reach desired outcomes and behaviors (Zammuto et al. 2000, Zammuto 2005). This model contains four types of organizational culture that follow various competitive principles based on these two axes, which consist of clan culture, adhocracy culture, market culture, and hierarchy culture that I briefly explain in section 2.11, where I link them with CSR.

2.6 Transformational Leadership Style

Leaders have a significant role in organizations since they must have visionary thinking and abilities to implement, maintain the highest ethical standards to develop others at all levels. Leadership style is how leaders and followers support each other to reach common goals and a high level of morality (Burns 1978). They also must be familiar with the business as a whole and build great relationships with customers and stakeholders. Therefore, having the right leader is a competitive differentiator in the marketplace, which can lead to business success or failure.

The concept of TFL was first introduced by Burns (1978) and further developed by Bass and associates (Bass and Steidlmeier 1999, Avolio et al. 1999, Bass 1999). Leaders who enact transformational behaviors inspire followers to go beyond their own self-interests and can have a profound and extraordinary influence on followers (Robbins and Judge 2014). This leadership underlines honesty, openness, and integrity, as well as a desire to do what is right. The four dimensions of transformational leadership are as below:

Idealized influence: is the degree to which a leader act as a role model, exercise a sense of power and confidence, make high powerful decisions, behave according to deeply values and beliefs, and follow high morality (Zhu et al. 2009)

Inspirational motivation: is a behavior that creates a vision for the future, provides similar feelings among followers in the organization and acts in a way that causes employees to operate better by giving a sense of meaning in their work.

Individualized consideration: relates to coaching or mentoring the subordinates' capabilities to recognize their independent needs for future development while taking into account their differences (Bi et al. 2012).

Intellectual Stimulation: is a behavior in which staff is challenged to be innovative and creative. There is a misunderstanding that transformational leaders are "soft," but in reality, they want to challenge followers to obtain a higher level of performance and use several approaches to solve problems.

2.7 The Stakeholder Perspective of CSR

There are many theories that look at CSR concept such as stewardship theory (Aguilera et al. 2007, Donaldson and Davis 1991), legitimacy theory (Palazzo and Scherer 2006), the resource-based view theory (McWilliams et al. 2006, McWilliams and Siegel 2011) and stakeholder's theory (Branco and Rodrigues 2007, Freeman and McVea 2005). I consider stakeholder theory as a foundation and framework for developing this thesis; however, some other theories may also apply for the explanation of the relationships among the variables. This theory is appropriate for this study as I focus on SMEs, and such firms' activities towards CSR can be better identified through it (Gupta 2012, Jenkins 2006). This theory focuses on the benefits of primary stakeholders such as employees, customers, the community, and the environment, which are more related to the SMEs' scope of activities. The stakeholder theory is probably one of the most used CSR theories during the past decades and perceived as the central part of management theory (Harrison and Freeman 1999). This theory has been widely applied in other disciplines as well, such as corporate governance, organizational theory, and strategic management.

Stakeholder as a term was first introduced by the pioneering work of Stanford Research Institute[4] in the 1960s (Freeman and McVea 2005). The theory was further developed and formalized by Freeman (1984) as a response to the new and more challenging business environment facing organizations. The definition of a stakeholder is *"any group or individual who is affected by or can affect the achievement of an organization's objectives"* (Edward Freeman 1984: 46). At the central of stakeholder theory, the organization needs to pay attention to a broader group of stakeholders' interests, such as employees, customers, environment, and community, and try to create value for them. This theory is the opposite pole of shareholder theory, where an organization's role in society is restricted to the creation of profits just for their shareholders. According to Van Beurden and Gössling (2008), the idea behind the stakeholder theory is that *"the success of an organization depends on the extent to which the organization is capable of managing its relationship with key groups"* (Van Beurden and

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[4] SRI International is an American nonprofit scientific research institute and organization headquartered in Menlo Park, California.

Gössling 2008: 408). The focus of the stakeholder theory is on two main questions (Freeman et al. 2004). First, what is the purpose of the firm, and second, what responsibilities do managers have towards stakeholders? The first question instigates managers to think and formulate how they generate value and what brings their primary stakeholders together. The second question urges managers to articulate what kind of relationships managers want and need with their primary stakeholders in order to achieve the purpose of their business (Freeman et al. 2004). While some scholars have looked at stakeholder theory as a threat to economic freedom, it is crucial to highlight that shareholders are indeed part of the group of stakeholders. Therefore, the terms should not be seen as flaws (Freeman et al. 2004).

The concept of stakeholder theory is essential for this study because it is a fundamental unit of analysis for CSR. According to Wood (1991), the stakeholder analysis gives scholars a better understanding of how society grants and takes away corporate legitimacy. In addition to this, specifying and incorporating financial and social issues through a stakeholder approach can add value to the growth of CSR in the future (Freeman 2010). A company's survival and accomplishment vary based on the capability of its executives to generate enough prosperity and satisfaction for its key stakeholders (Clarkson 1995). If any of the critical stakeholders prevent supporting the organization, the organization's practices are unfavorably influenced (Clarkson 1995). When stakeholders were not satisfied with a company's implementation, the company misses its structural base and consumer supports. Customers withdraw purchasing products or may sue the company; investors sell their stocks; personnel may quit or may not work to capacity; environmental advocates sue and government may diminish subsidies or impose unfavorable regulations (Wood 1991); Such phenomena can clearly influence firm performance, which indicates the matter of having long-duration relationships with stakeholders. Organizations that establish a relationship with primary stakeholders beyond market transactions can gain a competitive advantage (Barney and Hansen 1994). The efficient managing of critical stakeholders acts as a beneficial factor by improving performance and cutting stakeholder-imposed costs (Mishra and Suar 2010). The lower turnover in the member of staff diminishes employment and training expenses; long-term relationships with suppliers can result in lower quality certification expenses; supportive communities decrease legal and public relations operating costs, and long-term investors diminish stock market instability (Freeman and McVea 2005). Thus, stakeholder theory is probably the most applied CSR theory not only for this thesis but also in general.

2.8 CSR among SMEs

CSR has basically emphasized large firms, and it has been relatively little considered in small-sized firms (Spence et al. 2003, Spence 1999). There are some factors that affect the definition of CSR, such as size, age, and the legitimacy of business in society (Argandoña and Hoivik 2009). Therefore, the application of CSR among small and larger companies differs due to various characteristics for research (Longenecker et al. 1996). Large firms are considered by formal and well-defined controlled systems and organized structures, while SMEs are categorized by the informal structures, looser control systems, less documentation and fewer technical hurdles (Longenecker et al. 1989). Small and medium firms' behaviors are implicit concerning the values, character, attitude, educational background, entrepreneurial orientation, and leadership style (Chaudhry and Krishnan 2007, Spence 1999). Accordingly, scholars argue that concepts like CSR are a different approach when it comes to SMEs because of their features (Russo and Perrini 2010). The characteristics that differentiate small firms from big ones usually present some drawbacks when they implement social responsibility values and policies (e.g., Low bargaining power with partners). According to Thompson and Smith (1991), most scholars have been in the impression that SMEs are too small and thus lack the necessary resources to address emerging CSR issues.

Nevertheless, such small firms also have some advantages which can be reliable to shape social responsibility guidelines, which can have a positive effect on their performance and the relationship with different stakeholders (e.g., greater flexibility of response and credibility) (Sánchez and Benito-Hernández 2015). According to Mousiolis et al. (2015), the level of commitment in SMEs is actually more integrated and broad than that in MNEs. These scholars also argue that even though MNEs may have more considerable resources, they are restrained by bureaucracy and larger distance to the external environment. SMEs, on the other hand, are more flexible and more in touch with their business environments and are then in a better position to implement and integrate CSR policies. The table below summarizes the main differences between SMEs and MNEs regarding CSR, adopted from Jenkins (2006).

Table 1. Main differences between SMEs and MNEs regarding CSR

MNEs CSR	SMEs CSR
Who	**Who**
Responsible for a broader scope of stakeholders	Responsible for fewer groups of stakeholders
Acknowledging the responsibility to society at a broader range	Acknowledging the responsibility of the local community
Value of investors	SMEs often don`t investors

Why	Why
Protecting brand image and reputation	Protecting customer business
Pressure from customers	Pressure from business consumers down the supply chain
Investors pressure	Pressure from moneylenders?
The business case	Proven business case lacking
How	**How**
Based on corporate values	Based on principles of «owner-manager»
Formal strategic planning for CSR	Informally planned CSR strategies
Highlight standards and guides	Highlight intuition and ad hoc processes
Essential participation for CSR professionals	No dedicated employees for CSR practices
Mitigation of risk	Avoidance of risk
What	**What**
Prominent campaigns (e.g., Cause-Related Marketing)	Small scale actions such as sponsorship of local football team
Publicity related to CSR practices	Activities often unrecognized as CSR related

From Jenkins (2006) adapted by (Fjørtoft 2015)

2.9 CSR among Norwegian SMEs

Generally, CSR activities have been interpreted differently in various countries based on historical context (Archie B. Carroll et al. 2012). According to Hofstede (2010), Norway has an extremely low score on the masculinity dimension[5] on the Hofstede[6] official website[7]. The predominant values in a country with a low score on this dimension is caring for others and quality of life. Also, in another cultural dimension framework proposed by Schwartz (1994), he suggests that culture types vary in the degree to which individuals seek to master and change the natural and social world. He identified two types of culture: mastery and harmony. In "mastery" cultures, people value getting ahead through self-assertion and seek to change the natural and social world to advance personal or group interests. On the contrary, in a harmony-oriented country, people accept the world as it is and try to preserve it rather than exploit it. Norway is a harmonic cultural value country that adapts to the environment and the community instead of changing them for individual purposes. Thus, some important aspects of CSR may

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[5] Masculinity is defined as "a preference in society for achievement, heroism, assertiveness and material rewards for success."

[6] Geert Hofstede is well known for his pioneering study of cultural differences. He first proposed four dimensions for explaining cultural differences: Power Distance, Uncertainty avoidance, individualism and masculinity. He later introduced the fifth-dimension Long-term orientation

[7] https://www.hofstede-insights.com/country/norway/

come naturally to Norwegian firms, such as taking care of the environment, societal harmony in life, and working to live.

Besides, Norwegian society has been popular for close cooperation between the public and private sectors. Such collaboration and the State's dynamic role is the basis for the solid CSR culture present in its companies (Haley Knudson 2017). In other words, the government has always been active regarding CSR by involving in much of the Norwegian business through direct and indirect ownership in many of the largest companies. For instance, the Norwegian Ministry of the Environment, formed in 1972, was the first of its kind worldwide that published a white paper in 2000 which outlined the Government's vision for CSR, asking businesses to consider human rights. The government made it clear that it expected firms to behave abroad as they would at home (Ministry of Foreign Affairs 2000). Thus, Norwegian companies in a global setting have become a pioneer in this regard.

In Norway, the adjective "social" has been replaced by "societal" to implement a macro perspective, which is more associated with the traditional way of thinking. The CSR guidelines for public sector firms emphasize on four broad areas such as respecting human rights; and keeping primary labor standards (followed by the firms in Norway and outside); environmental risk mitigation and safety; corporate governance together with anti-corruption and transparency matters (Norwegian Minister of Foreign Affairs 2009). In each of these aspects, the Government's White Paper motivates firms to obey international rules and guidelines, for example, the UN Charter on Human Rights, UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO agreements, and for reporting the Global Reporting Initiative (GTI). The emphasis of the Government is to expand these guidelines to make sure that they are applied. Not obeying or not following the guidelines in any four of these aspects by any firm doing business abroad is seen very seriously by the Government. Besides, the Ministry of Finance report, "Requirements for reporting on CSR," was established in October 2010 and, starting with 2012 annual reports large firms are now obliged to report about CSR on what they do and a majority of Norwegian firms, especially the ones with well-known brand names, decided to issue large environmental and later CSR reports. The *Miljørapporteringspris,* which is an annual prize for environmental reporting, was perhaps a significant driver for this engagement. These kinds of obligations show that large firms are more under pressure and consideration to participate in CSR activities.

On the other hand, there are currently nearly 500,000 companies in Norway, and less than 8,000 (2 %) of them have 50 or more employees (Haley Knudson 2017). Thus, a majority of the Norwegian industry consists of small and medium-sized firms. These SMEs have also been obliged to report on environmental effect, gender equality, discrimination, and working conditions in their board of directors' report (The Styreberetning, which is a required part of the annual report since 1996). However, many of them have barely addressed the issues, and this has been accepted by accountants and reporting agencies (Ditlev-Simonsen et al. 2015). They state sentences like "The company does not pollute the environment" or "The board believes that its activities do not pollute the environment" (Translated by Ditlev-Simonsen 2010). These examples show how large companies are more forced to CSR engagement than smaller ones. The Norwegian Government's propositions to CSR is principle-based, which provides much flexibility to firms to advance their own actual and sector-specific guidelines. It depends on each company to include CSR into its own governance structures and use its resources. Such companies generally provide the minimum amount of information which has also been accepted by accountants and auditors. It is noteworthy to know that not reporting on CSR issues does not necessarily mean that the company is a poor CSR actor. Many small companies can profoundly engage in their local community without reporting about it. However, generally, large companies are more concerned about interacting their CSR activities than smaller companies are, or that they have more structured interaction processes (requirements of stock exchanges may be one of the drivers in this regard), whereas smaller firms have more ad hoc and/or informal interaction (Ditlev-Simonsen et al. 2015). Therefore, It is noteworthy that while the culture of CSR is rooted in Norwegian activities and the Government strongly cares about socially responsible standards, most of Norway's controlling instruments for CSR are voluntary; therefore, there is no regulatory penalty for not reporting, and many have the lack of motivation to do so (Haley Knudson 2017). Thus, in this thesis, I focus on SMEs to explore to what extent they participate in such activities.

2.10   CSR and Firm Performance

The relation between CSR and firm performance yet to be fully resolved, but it has been reported by the majority of the studies that the relationship is positive (Orlitzky et al. 2003, De Bakker et al. 2005, Margolis and Walsh 2003). I identify the effect of CSR on firm performance in this study based on three theories explained below.

One of the theories which can link CSR to firm performance is "Consumer inference making" which is based on the idea that consumers frequently make judgments and decisions based on

limited information and knowledge they hear about products or services. This theory emphasizes that if customers know that the company that they buy products or services from are socially responsible, they can infer positively about the product (Brown and Dacin 1997) and look at that company as high quality and more reliable (Maignan and Ferrell 2001). Such features can lead to a positive assessment of companies' products, enhanced customer loyalty, and increased word of mouth (Sen et al. 2006). Thus, consumers assess companies as well as products in terms of CSR, and positive associations enhance company and product assessments, whereby negative CSR associations are more harmful and have a more negative influence than positive ones. According to Hill and Langan (2014), when a company fails to compensate for the harm that has done to the environment, this may hurt the firm's reputation.

On the other hand, the acceptance of higher environmental guidelines not only makes companies manage stricter principles in the future but also locates them in a better position of rivals (Barrett 1992). The reason is that investing in environmental management systems decreases costs arising from the environmental crisis, wasting raw materials, and ineffective production processes (Chan and Allen 1992). The values that companies have in the market, considerably rise when they pursue environmentally proactive attitudes or obtain environmental grants (Klassen and McLaughlin 1996). Therefore, organizations can protect themselves by implementing CSR activities which can lead to higher customer satisfaction and loyalty (Du et al. 2007, Chung et al. 2015), productivity, company reputation (Rangan et al. 2015), customer willingness to pay premium prices (Boccia et al. 2019), and lower reputational risks during crisis time (Klein and Dawar 2004). Not only participating in CSR activities enhance firms' reputation as socially and environmentally responsive producers, but also it can be a part of companies' overall differentiation strategy (Siegel and Vitaliano 2007). Overall, all these activities associated with CSR reduce the cost and enhance firm performance.

The "signaling theory" (Bergh et al. 2014, Spence 1978) indicates the situation in which there is an asymmetry of information that restricts the ability to differentiate companies. Signaling theories claim that the communication of different ''signals" can mitigate these information asymmetries (e.g., CSR report), with various expenses that allow the signal receivers to distinguish between high-quality and low-quality firms (Bergh et al. 2014). Such signals give this perception in consumers' minds that only high-quality companies have this ability to make such payments and expenses in the long term, whereas low-quality companies will not be able to sustain such payments. Therefore, such signals affect outsiders' (e.g., lenders, investors) perceptions of the firm's quality and strength (Connelly et al. 2011). According to Boulding

and Kirmani (1993), such signals can be price, warranties, and advertising expenditures. For example, warranties can be a signal of high quality because it is too costly for low-quality firms to use it. These signals can also fill the stakeholders' expectations which can lead to enhanced company reputation, image and improved employee morale (Brammer and Pavelin 2006) which in turn can improve productivity, efficiency and ultimately improved performance (Orlitzky et al. 2003, Van der Laan et al. 2008), while unfavorable CSR signals could weaken a firm's favorable reputation (Hetze 2016).

Concerning employees as a stakeholder, we can say that when they look for a job due to lack of specific information regarding employment characteristics, such as the working conditions and the quality of relationships within the firm they search for signals that allow them to predict what it would be like to work for such company (Greening and Turban 2000). Applicants may interpret from companies' CSR activities that are likely to influence working conditions and the overall job environment (Greening and Turban 2000, Backhaus et al. 2002). Therefore, companies with CSR activities signal, provide employees with a sense of security and safety, and employees think that moral companies are less likely to take advantage of them (Wojciszke and Abele 2008).

The last theory which can link CSR with firm performance is "Social Identity Theory". According to Stets and Burke (2000), "Social Identity Theory" is when a person as a member of a firm is grouped by similarities with other members and differences with non-members. This explains reasons and incentives which motivate people to align with firms. By the awareness of belonging and connection to a firm, people can achieve a positive social identity (Kreiner and Ashforth 2004). Workers' self-image is affected by the image and reputation of their companies. As a result of this, they are more likely to work for socially responsible firms to show a more ethical and social image and enhance their self-esteem (Aquino and Reed Ii 2002). Also, when an organization has a terrific image among the local community because of participating in CSR activities, this can improve consumers' brand and loyalty. Customers care about the CSR histories of the firms, mostly about their community practices, while making a purchase (Owen and Scherer 1993). Thus, they are eager to distinguish themselves with firms or brands that participate in discretionary citizenship (Aaker 1994). They are more likely to consume the products and services of the organizations which are sustainable and more environmentally friendly (Van Beurden and Gössling 2008) which can provide a "feel-good factor" among the consumers. This can make them glad and pleased to be identified with such organizations. These identifications can result in repurchasing behaviors and help firms to

achieve competitive advantage. On the other hand, customers boycott firms who mislead them. Boycotting a firm's products and services can put the firm's image on the jeopardy and affect firm performance negatively (Berman et al. 1999). Thus, proper identifications can result in a better assessment of a company's goods, consumer loyalty, positive word-of-mouth, and resilience to adverse brand information (Sen et al. 2006, Mishra and Suar 2010).

On the other hand, a firm's failure to obey the law or follow widely-accepted ethical standards (e.g., a severe scandal), will usually attract more attention and have a stronger impact on people's perceptions than positive discretionary activities, such as philanthropy and other efforts (Lange and Washburn 2012). This can decline the consumption of the company's products or services (Sen and Bhattacharya 2001), financial losses through sales drops, rises in the cost of capital, market share decline, network partner loss, or other expenses related to negative reputation (Lange and Washburn 2012). All these effects can lead to negative firm performance. Therefore:

H1: CSR has a positive association with SME performance

2.11   Organizational Culture and CSR

Although many authors indicated the relationship between CSR and firm performance, as far as I know, a few of them consider organizational culture as an antecedent in this regard. The relation between organizational culture and CSR can be established through employee behavior and decision-making. In other words, the behavior patterns and decision-making are affected by the organizational culture, which is known as values, beliefs, and deeply rooted norms that define the tendency and vision of a company's business operations (Kalyar et al. 2013). Therefore, we can expect that various types of culture may differently affect the way employees and managers think and understand CSR within an organization (Linnenluecke et al. 2009). This aligns with Purang and Sharma (2007), who claimed that culture and its underlying values are the driving force for the success of CSR in any organization. Many studies have also assumed that organizational culture has significant social characteristics that influence not only the behaviors of individuals and groups (Hartnell et al. 2011) but also on subsequent performance outcomes (Boyce et al. 2015). Thus, in this thesis, I focus on the effect of organizational culture on CSR by categorizing organizational culture according to Cameron and Quinn (2011b) who introduced CVF in 1991 with different styles (clan, market, hierarchy, and adhocracy) that I briefly explain each of them in the following part and how they link to CSR.

2.11.1 Clan Culture and CSR

Clan culture has been stated as "group culture" by several researchers, as it is associated with the level of involvement in teams. It also focuses on flexibility and discretionary power, common values and goals, family relationships in the firm with internal directionality, solidarity, and involvement. In such a culture, teamwork, corporate commitment to employees, and employee involvement agendas are essential than the events and rules that are used based on a hierarchy (Cameron and Quinn 2011b). The reward system is based on teamwork, not individual. It emphasizes human factors and internal arrangements of the organization as well as the alignment of conflicting goals. Therefore, we can say that clan culture reflects the social well-being in the company (Campbell et al. 2013) which is aligned with the argument of Linnenluecke et al. (2009) who claim that clan culture focuses on "human relations" and pays attention to the work conditions, social interaction and group affiliations. Such a culture tends to adopt a company that stands on issues of business ethics (Linnenluecke and Griffiths 2010).

This suggests that a company with a high human relations orientation is eager to take responsibility to participate in renewing and advancing human knowledge and skill development. Such organizations focus on the long-term benefit of internal employees training, educating, and learning development in their pursuit of CSR, which are identified by internal climate and concern for people (Cameron and Quinn 2011b). Thus, the managers of such organizations take activities towards employees, such as promoting equal opportunity, workplace diversity, environmental health, improvements of work and safety conditions, and involving employees in the decision-making process, which are part of the CSR activities (Linnenluecke and Griffiths 2010). Such social well-being within a firm can be expected to spill over and enhance the social welfare of people outside of the firm as well (Dyck et al. 2018). In other words, internal members with humanistic cultures in organizations are more likely to go beyond their immediate needs and interests to those of external stakeholders. Therefore, we expect that the implementation of CSR will be more in a company that the clan culture is dominant. Hence:

H2: Clan culture will have a positive association with CSR.

2.11.2 Adhocracy Culture and CSR

Adhocracy culture places value on flexibility and discretion and is identified as a type of organizational culture with an external directionality trait, which is innovative and responsive to changes in the external environment (Quinn and Rohrbaugh 1983). This type is also referred to as "development culture" because of its' emphasize on innovation and external orientation (Zammuto and Krakower 1991). An organization with an adhocracy culture is willing to change the harmony when there are changes in the external markets. They are eager to take risks, try to achieve resources, and take advantage of opportunities to survive in the market (Cameron and Quinn 2011b). In such organizations, members must respond immediately and voluntarily to external changes. This willingness to engage in innovative ideas and readiness for change may result in placing greater stress on CSR. Because achieving such immediate response and adaptation in their business is not separate from the external environment (e.g., primary stakeholders), but are located and operate within it (Sharma 2002). This means that such sorts of activities are less likely to be possible without having a valued relationship and network with the primary stakeholders.

Thus, I state that organizations based on adhocracy culture type require broader responsibilities towards different stakeholders and the communities in which they operate. In fact, CSR acts as a vehicle for such firms to build up and maintain a long-term relationship with the stakeholders. Such a relationship with the stakeholders allows the firm to access information from its stakeholders which can help to drive innovation processes and adaptation to external uncertainties and helps the firms to move at the same pace as the changes occur in the markets. Researchers have also claimed that, among the four CVF cultures, the highest relative focus on holistic well-being would be found in organizations with an adhocracy culture (Campbell et al. 2013). This means that the successful implementation of companies is highly unlikely to happen without focusing on CSR activities. It helps firms to occupy some positions about environmental management where their competitors cannot imitate its environmental strategies easily. Therefore, where adhocracy culture dominates in firms, it is more likely to see more CSR activities than where adhocracy culture is not central. In addition to this, Linnenluecke and Griffiths (2010) suggested that the adhocracy culture indicates the "ideal" culture profile for CSR since it provides a balanced approach that meets all dimensions of CSR in an adaptive and ongoing way. Thus,

H3: Adhocracy culture will have a positive association with CSR

2.11.3 Market Culture and CSR

Market culture focuses on efficiency, productivity, goal-setting, instructional communication, centralized decision-making, implementation and gain, monitoring and harmony within the company, and external directionality (Cameron and Quinn 2011b, Linnenluecke et al. 2009) instead of assessing the internal factors of the company. Market culture highlights co-ordination with the outsiders such as suppliers, regulators, customers, etc. This culture type has been referred to as the "rational-goal culture" because it highlights goals and outcomes (Denison and Spreitzer 1991). It also pays attention to the competitive position related to external competitors by frequently providing customer needs and expectations and offering better services. Besides, the primary responsibility of management is to direct the company in a way to achieve efficiency, productivity, and profits. Therefore, such organizations focus on resource efficiency practices, operational efficiency practices, externally oriented practices, and stakeholder engagement practices.

This dependency on external environments shows that the market culture would display mainly substantial stress on reducing ecological effects via systems like ISO 14000 practices[8], co-operating with other members of the supply chain, and developing systemic ways to sell by-products (Graafland 2018). Thus, such organizations are seeking to achieve sustainability with regards to their supply chain management. This can happen through participating in CSR activities to build better relations with employees, customers, suppliers, communities (Hillman and Keim 2001), which also reduces transaction costs by preventing costly stakeholder conflicts (Fuller and Tian 2006). For instance, Scandic Hotels[9] have succeeded in reducing and eliminating waste and using these cost savings to build their employees' skill base (Altomare 1999). This new efficiency attention has led to enormous cost savings, reduced ecological effects, and enhanced the reputation of the firm. Likewise, Robbins and Page (2012) recommended that companies with a market culture would emphasize things like "pollution mitigation" and on products and services that keep business as usual but in a cleaner and more efficient way. This consists of both tools for "cleaning up the mess" more effectively, along with avoiding generating a mess in the first place. Of course, it does not mean that other organizational cultures do not participate in ecological well-being. However, the market culture with it emphasizes stable, rational ways to manage the external environment, would be more

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[8] ISO 14000 is a set of standards to advance effective environmental management systems in companies.
[9] Scandic Hotels is a hotel chain headquartered in Stockholm, Sweden, with its main operations in the Nordic countries such as Norway.

likely to place greater stress on ecological well-being than the other three culture types. Similarly, the market culture clearly places emphasis on social well-being, but relatively less than that of clan culture. Therefore, I claim that:

H4: Market culture will have a positive association with CSR

2.12 Transformational leadership (TFL) and CSR

The type of leadership can affect not only firms' atmosphere, culture, strategic objectives, and missions, but also the feelings of employees, their attitudes, and their goals. In this regard, understanding the more effective type of leadership is crucial in the CSR context. The recent studies have indicated a significant and positive relationship among several leadership styles and CSR. For example, Iqbal et al. (2018), Kim and Thapa (2018) explored the characteristics of authentic and ethical leadership and their relationship with CSR. However, there is inadequate research on the association between TFL and CSR, even though such leaders' values and ethics can affect the effectiveness of CSR in generating favorable firm performance.

I focus on TFL in this study because this style could be associated with the followers' behavior and attitudes toward CSR that may lead to desirable organizational outcomes (Groves and LaRocca 2011). Because although transformational leaders are not primarily known as ethical or socially responsible, the theory on this form of leadership indicates that such leaders are reliable (Boerner et al. 2007), which shows a potential linkage to CSR through appropriate behaviors. Besides, TFL has long associated with firm performance through individual studies and meta-analyses (DeGroot et al. 2000). Therefore, this leadership style can be a potential antecedent of CSR.

As I discussed previously, this leadership has four dimensions, such as idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration. According to Waldman et al. (2006), I grouped the first two dimensions in one factor as an emotional (charismatic leadership) because both of them reflecting the leader's personality ability, and they are also highly correlated and often combined into one measure reflecting the charisma.

The linkage between CSR and charismatic leadership (emotional aspects) can be explained based on "Stakeholder Theory", which believes a firm is composed of several different constituencies, such as employees, suppliers, customers, shareholders, and the broader community (Edward Freeman 1984). All these groups have a strategic and moral stake in the organization, and they are each guided by their own interests and values. The problem for leaders is to enhance the welfare of the firm while meanwhile balancing the needs of such

various groups. According to Bass and Steidlmeier (1999), this emotional aspect will seek to balance the interests of all stakeholders based on broad-ranging moral and justice values. Therefore, the purpose of pursuing goals for such leaders is to adapt to benefit the larger entity or society in general (House and Howell 1992). This argument is also supported by Burns (1978), who claimed that if TFL dominates in an organization, both followers and leaders progress to higher levels of moral development as a result of such leadership. The central part of this argument is that transformational leaders are directed by morally altruistic principles that *"reflect a helping concern for others even at considerable personal sacrifice or inconvenience"* (Mendonca, 2001, p. 268). Therefore, TFL is related to advanced stages of moral development, where leaders consider all stakeholders' interests and involvement in organizational governance based on universal ethical principles (Graham 1995). This strong point gives transformational leaders the incentive to face risks and work at overcoming predicaments in the execution of CSR goals.

Besides, "social identity theory" can provide a broader framework for better understanding the link between charismatic leadership and follower implementation of CSR. This theory recommends that being a part of a group can provide an authoritative source of identification for people that, in turn, can affect attitudes and behavior (Van Knippenberg and Hogg, 2003). TFL inspires self-transcendence for the good of the organization and promotes the welfare of others (Singh and Krishnan 2014). Thus, a leader that pursues benevolent values should develop ethical and philanthropic CSR activities that are closely related to the employee's self-transcendence. Corresponding to CSR, such values may consist of an appeal to the superior needs of stakeholder groups and the good of society (e.g., environmental protection and equality) (Waldman et al. 2006). In such a situation, followers would associate their organizational identity with the greater good of society and be motivated to implement CSR in order to express a more ethical and social image of themselves and increase their self-esteem (Aquino and Reed Ii 2002).

Individualized consideration focuses on dyadic or small group phenomena, rather than leaders' effect over organizational processes (Waldman et al. 2006). It pays attention to the improvement of the followers, supports, and coaches them (Bass 1990). Because of the individual-level focus, a clear conceptual linkage with higher-level organizational phenomena, such as CSR, may be challenging to establish. Thus, I can link this aspect of TFL mostly with employee's aspect of CSR at the individual level. Individualized consideration can be best shown by a "mentoring process" (Avolio et al. 1991). The leader, as a mentor, establishes career

development programs for his/her followers and helps them set their own goals. They help employees to grow at the mature levels and offer opportunities for each employee to self-actualize. Through the mentoring process, each employee is asked to express their concerns and expectations, and the leader shows understanding and care to the employees. Such activities of TFL aligns with what CSR emphasizes towards employees, especially in SMEs. According to Branco and Rodrigues (2007), SMEs' CSR activities include training opportunities such as offering different courses and programs, health and education benefits for employees such as allowing them to study while working for the company, and so forth. Thus, by indicating consideration individually and high ethical and moral standards, leaders become a respected and trusted role model for employees and let them make individual choices about ethical matters without obliging them to pursue a specific course of accomplishment (Engelbrecht and Van Aswegen 2009). Such self-actualization of followers by leaders might provide the essential linkage to the organizations' mission when applying the "common good" of a community beyond the individual, collective interests of leaders and employees (Waldman et al. 2006, Bass and Steidlmeier 1999). In other words, individualized consideration highlights the necessity of altruism (Bass and Steidlmeier 1999), leaders with this factor may be seen as having higher honesty, which might have a symbolic impact on employees to implement CSR (Waldman et al. 2006).

Another dimension of transformational behavior which can lead to more engagement of firms in CSR is intellectual stimulation. Intellectually stimulating leaders help employees to question old assumptions and beliefs so that they can view complicated problems and issues in more innovative ways (Bass 1997). "Stratified Systems Theory" (SST) can explain how intellectual stimulation may be specifically related to CSR activities in a firm. SST focuses on the cognitive side of leadership and strategy, and it emphasizes that effective versus ineffective strategic leaders can be distinguished in terms of their level of conceptual capacity (Jaques & Clement, 1991; Lewis & Jacobs, 1992). I claim that conceptual capacity in this study can be scanning and thinking broadly about the environmental context and the way in which different stakeholders may be served. They are supposed to possess complex mental maps that cover a systematic view of the external forces that affect the organization (Waldman et al. 2006). Their mental maps should include a dynamic picture of how the various external forces communicate with each other and as a result, present a richer perspective of firm performance and competitive advantage that goes beyond simple cost leadership or product differentiation (Porter & Kramer, 2002). Intellectually stimulating behaviors identify that success in such an environment requires

strong relationships with a variety of key stakeholders. I believe that transformational leaders have an understanding of complex environmental conditions to increase employees' thinking regarding how the demands of achieving performance goals can be balanced with the desire to pursue CSR. Beliefs and ideas regarding CSR activities stimulate leaders' thinking about how socially responsible outcomes can be obtained, while simultaneously generating adequate returns for shareholders. These ideas and questions may encourage leaders to reconsider that development in performance can only be reached at the expense of CSR rather than being isolated from its community and natural environment. That is, leaders will view the issue of integrating strategy and CSR from a different perspective such that CSR will be seen more as an opportunity rather than a threat (Waldman et al. 2006). As an example, improving education in society may be considered to be a social good, but those firms that pay attention to CSR, increase the intellectually stimulating leaders to attempt to show how improving the educational level of the workforce can impact the firm's competitive advantage (Porter and Kramer 2002). Thus, intellectually stimulating leaders can show the followers how corporate performance goals and strategies can be merged with CSR activities which can result in a win-win situation for both the company and different stakeholders. Therefore, I propose the following:

H5: TFL has a positive association with CSR.

2.13 The Research Model of the Study
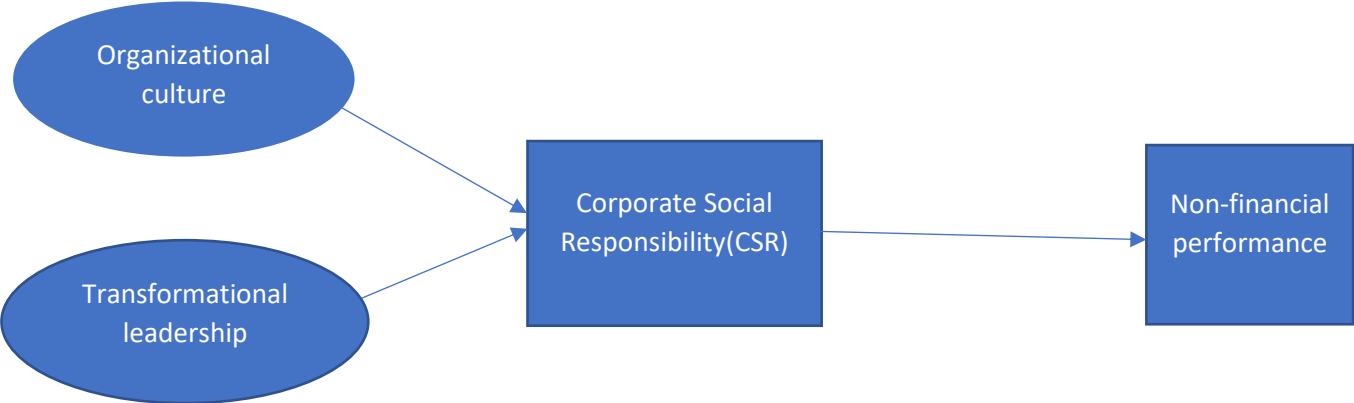
Figure 2. Research Model of the Study

2.14 Conclusion

The present study is based on the assumption that SMEs' engagement in CSR towards their employees, customers, the environment, and the community will have a positive effect on firm

performance. I also argue that organizational culture and TFL can act as antecedents of CSR. In this study, I used the CVF model of Cameron and Quinn (1999) for organizational culture, which consisted of clan, hierarchy, market, and adhocracy culture. I assume that SMEs that are characterized by market culture, clan culture, and adhocracy culture may have a greater propensity to engage in CSR. Also, I assume that TFL will have a positive effect on SMEs' engagement in CSR activities. Based on these assumptions, I developed five testable hypotheses and a conceptual framework that represents the relationships between the study variables. In the next chapter, the methodology used to test the hypotheses generated from the conceptual framework outlined in this chapter will be presented.

Chapter 3 METHODOLOGY

3.1 Introduction

This chapter presents an overview of the methodology utilized for this study. It starts with the philosophical position of the study, followed by the research approach which includes a mixed-method, both qualitative and quantitative. However, the quantitative method serves as a primary method, and the qualitative method triangulates the data collected in the quantitative part. Then, an account of the procedure and research participants were provided, followed by an explanation of how validity and reliability were ensured in the study. The chapter offers an account of the ethical considerations in the final section.

3.2 Philosophical Position

A philosophical position is a belief that a particular statement is either true or false. Research philosophies vary based on the goals and assumptions of the research and the way to reach these goals. Taken together, these assumptions are labeled research paradigms or research philosophies. In other words, how we ask questions, and what we define are appropriate ways to answer them are mostly shaped by our philosophical positions (Lincoln and Denzin 2000). There are three paradigms to research philosophy: Positivists, Interpretivism, and Pragmatism that are explained in the thesis. Researchers who use quantitative tools, techniques that highlight measuring and counting, are termed, positivists. Because they believe that reality is fixed, directly measurable, and knowable and that there is just one truth, one external reality. Unlike positivism, interpretivism prefers the qualitative tools of observation and questioning and description. Because they believe that reality continuously changes and can be recognized only indirectly, through interpreting people. It is believed that there are multiple versions of reality. Pragmatism believes that there are many diverse ways of understanding the world and doing research, that no single point of view can demonstrate the entire picture, and there are multiple realities. Therefore, Pragmatics can mix both positivism and interpretivism positions in single research based on the nature of the research question. This means that they may combine both quantitative and qualitative methods, which are known as a mixed-method approach to answer the research question (Lee and Lings 2008).

The philosophical approach in this study is based on pragmatism perspective as I used different techniques to answer my research questions. This study uses a quantitative method and triangulates it through interviews. The reason is that such socially responsible activities have a

root in Norwegian culture, and some of these activities may come naturally in this context, which may provide a unique condition for my study. Therefore, it is crucial to identify whether local perceptions towards CSR are different from the previous studies, or whether they are supported in this context as well. Consequently, applying only one method approach would lead to miss contextual information because the quantitative approach tests the earliest studies and theories regarding CSR, and the qualitative method may capture unique contextual information about the Norwegian context. As a result of this, I use a mixed-method approach in this study. The survey is applied through the theoretical framework based on previous literature. The literature review helped us define our research questions. The research data was collected using e-survey. Then I used three interviews to validate or confirm conclusions reached from an analysis of e-survey data and identify whether the perception towards CSR is different in the Norwegian context.

3.3   Research Approach

A research approach is a framework of beliefs, values, and methods within which research occurs. According to Creswell and Creswell (2017), there are three research approaches such as quantitative, qualitative, and mixed methods approach. Qualitative research focuses on understanding by looking closely at an individual's words, actions, and records. It observes the patterns of meaning which emerge from the data that appeared in the participants' own words. On the other hand, quantitative research uses standardized measures, which tend to be based on numerical measurements of specific aspects of an event. It also focuses on measurements and analyses that are easily replicable by other researchers.

The corporate reports for Norwegian SMEs were unavailable or insufficient for meaningful content analysis. In such a situation, I needed to collect primary data about CSR by sending questionnaires to respondents and interviewing them. The reason for using the survey was that it provided great flexibility in terms of specifying the dimensions of CSR and collecting data about these dimensions in the thesis. As I focused on SMEs, such companies are more likely to respect the environment and act as active social entities by taking part in community activities (Blombäck and Wigren 2009), besides paying attention to the wellbeing of their employees because of the closeness of relationships between managing directors and their staff (Kechiche and Soparnot 2012). So, the practices and activities towards four groups of stakeholders (customers, employees, community, environment) were more suitable in the SME context, and the survey provided this condition to adapt my data collection. Moreover, the research aimed to identify the effect of TFL and different organizational culture types on CSR; thus, a large

quantity of data was needed about companies to be able to compare them in a limited timeframe. This is a master`s thesis, and I had limited time to collect data. So, using a survey could help me to answer my research questions promptly.

Furthermore, as mentioned before, no other studies have been conducted regarding CSR and firm performance in Norway. Hence, in addition to the survey, which was the central approach of this study, I also used some interviews. Since I wanted to identify whether such theories and studies, which have been previously done in other contexts, are supported in the Norwegian context as well, or there are different perceptions towards CSR in such regard. Additionally, I wanted to investigate whether organizational culture types and TFL influence CSR. Qualitative interviews could offer greater reflexivity about the cultural values and leadership style which are dominated in Norwegian SMEs. Consequently, the present study adopted a combination of quantitative and qualitative methods in order to benefit from the advantages of both approaches while diminishing the restrictions of each approach. (Lee and Lings 2008). The primary data for the study were obtained through surveys and were supplemented with semi-structured interviews.

One of the most crucial aspects of mixing methods is to clearly differentiate the purposes of combining qualitative and quantitative methods (Greene et al., 1989). The following three purposes by Lee and Lings (2008) guided the selection of a mixed-methods approach for researches:

1- *Triangulation* seeks to increase the credibility and validity of the results. It gives an idea from multiple angles, which helps us to gain a more accurate picture of it.

2- *Facilitation or development* seeks to facilitate the following stage of the research. Examples of this may be when designing the sampling strategy for instrument development as a process evaluation within a randomized controlled trial or developing or improving health interventions. So, each method can facilitate the other.

3- *Complementarity* is grounded in the idea that the weaknesses of one method can be offset by combining them with an alternative method that offers different strengths – that is, methods are combined to complement one another.

In this study, the goal of using mixed methods is *triangulation*. The reason is that these two purposes are most effective in enhancing the understanding of critical issues in question. If

researchers want to achieve a good research practice, they need some measure of triangulation in order to strengthen the validity of any research findings (Lee and Lings 2008). Triangulation is also understood as combining research methods (e.g., case studies, interviews, and surveys), which are useful regarding collecting data over different times or from various sources (Gray 2013). Interviews are conducted to provide depth and detail through direct quotation and accurate description, which Patton (1987) views as one of the essential tools for the researchers. By applying quantitative and qualitative methods in the same study, based on the *triangulation* goal, the researcher can clarify the result, which in turn can strengthen the findings of the study (Lee and Lings 2008).

In the present study, the interviews allowed for the openness to the unexpected and the exploration of shades of thinking in CSR discussion. The triangulation goal gives greater reflexivity about Norwegian SMEs and a more explicit understanding of how the perception of CSR may differ from other previous studies in different contexts. It may provide information regarding how CSR is manifested across Norwegian SMEs. Thus, by having interviews besides surveys, the contextual information regarding CSR is also considered.

3.4 Research Strategy

As explained earlier, the aim of this study is to investigate the impact of CSR on firm performance among Norwegian SMEs and whether TFL and organizational culture act as antecedents of CSR practices. In this framework, it seems necessary to include both key elements of quantitative and qualitative research into the research design of the present study. The quantitative part of the thesis consists of a survey aimed at testing the proposed hypothesis through statistical analysis. As the target population in this study is SMEs, a triangulation approach allows us to enhance the breadth and depth of our results. Empirical evidence implies that the relationship measured by surveys in the CSR context produces the most substantial effect compared with the other types of measurements (Wang et al. 2016). Also, surveys can be useful in collecting vast quantities of data in a limited timeframe (Wilson 2011). For a survey to be accurate, it is crucial to operationalize the concepts in such a way that make the concepts sufficiently. Considering the objectives of this thesis, I found it most appropriate to follow a conclusive research design using descriptive cross-sectional research, i.e., survey. In addition, there are two approaches to choose a sample in research studies. One is probability sampling, and the other one is non-probability sampling. In probability sampling, each item of the population has a chance to be selected, and in non-probability sampling, the selection of the population is pre-decided, and all the individuals in the population do not have equal chances

of being selected. In this research probability sampling is used as the research is mainly focused on Norwegian SMEs.

The qualitative part of the study entails preliminary in-depth interviews. These interviews are conducted to get a profound understanding of the research questions and minimize to some extent, potential research bias. However, it is crucial to notice that although the thesis uses triangulation, the qualitative interviews were not only conducted to answer a research question but also to gain a deeper understanding of the context concerning the topic. This was seen essential due to the uncertainty regarding the knowledge of CSR aspects in the industries as well as the ambivalence regarding terminology applied in the industries. In other words, the CSR context and the understanding of "being good" is a topic that does not have one single definition and can be perceived differently among companies in different contexts. Therefore, the interviews were conducted as semi-structured interviews for this study to solve such issues. In semi-structured interviews, the researcher has often prepared an interview guide, in which main topics and a list of questions are included, although they may vary from interview to interview (Saunders et al., 2011). For example, I may ignore some questions in some of the interviews based on the organizational context. Also, the order of questions may differ depending on the flow of the conversation. Moreover, other questions may be revealed as relevant during the interviews. Thus, the semi-structured interview is very flexible and judged to be suitable for the thesis.

By measuring CSR of the organizations, I aim to examine the influence that CSR activities have on firm performance and test theoretical assumptions to identify relationships between dependent and independent variables. Therefore, in spite of having descriptive and explanatory tendencies, my understanding of the present study is that of descriptive. Because the effect of CSR on firm performance has been examined previously even if not in the Norwegian context. Besides, some different organizational culture types and leadership styles have also been considered in previous research; nevertheless, I considered TFL and organizational culture types of Cameron and Quinn in this study. This means that this tendency gets insight into an area that some parts of it might be previously researched. However, studies may have multiple purposes, for instance, both exploring and describing, but still, one purpose is usually dominant (Karlsen 2007).

3.5   Research Setting and Participants

The research setting for this study was Norwegian SMEs. The size of the companies is based on a maximum number of 100 employees in the firm in line with the definition by the Norwegian government and NHO (The Confederation of Norwegian Enterprise)[10] that firms less than 100 employees are seen as SMEs. The study period is set to a relatively period of three years, from 2016 to 2018. I use these three years, first, to capture the more recent data and second, to achieve more reliable results because the economy of Norway has reached acceptable stability since 2016 after financial crisis based on the EBF report 2018 (European Banking Federation)[11]. The highest possible number of respondents is, of course, desirable, but due to practical limitations in the given time horizon, I have set a limit at 750 companies. Although some information regarding the firms is public in Norway through Brønnøysundregistrene and Proof.no, there are no effective filtration options to use. For that reason, I aid in obtaining the necessary information. I got information about 750 companies, and in turn, I made essential adjustments and removed irrelevant firms where, e.g., the companies which were established after 2016 were removed since I measure NFP based on a period of three years (2016-2018) and companies after this period cannot be considered. Then, I manually found phone numbers and e-mail addresses of the managers for each company. Hence, the respondents for this study were the managers seen as representatives of their firms.

3.6   Unit of Analysis

The unit of analysis is one of the most important ideas used in a research project. It refers to the level of aggregation of the data collected during the subsequent data analysis stage. The present research was primarily concerned about the effect of CSR on firm performance and whether TFL and organizational culture play any role in shaping CSR practices. It should be noted that the units of analysis in this study are organizations because I am comparing the effect of CSR activities on firm performance, and I am also willing to identify how the differences in organizational culture and TFL can affect CSR activities. Therefore, I have to look at various organizations to compare and underline the patterns of culture and leadership style to recognize how these variations can influence CSR practices, which can finally affect firm performance in each organization.

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[10] The Confederation of Norwegian Enterprise is an employers' organization in Norway. It was founded in 1989 as a merger of the Federation of Norwegian Industries, the Norwegian Employers' Confederation and the Federation of Norwegian Craftsmen.

[11] The European Banking Federation is a trade association that represent 32 national banking associations in the EU and EFTA countries.

3.7 Data Collection

There are two types of data collection methods in research. In this study, primary data collection is used mostly. In primary data collection, data are gathered first-hand, and they are used by research, especially for the research assignment. Primary data are information in which a survey is designed based on the subject, and no one has collected such information before. As primary data are direct in nature and are linked to the issue or problem, it rises the precession of the research objective. In primary data collection, scholars gather information from different tools like interviews and surveys. This study also used both survey and interview method approach to collect data.

Also, the demographic information of respondents was collected in the first part of the questionnaire survey — data on age, gender, years of service, educational level, and general information about the company. The survey was developed in "Google docs", which is a free tool made by Google to make the collection of data easy and straightforward with no tracking. It was chosen because of the user-friendliness both for the people designing it and for the people answering it. It gave me all the options I needed to develop the survey, distribute it and finally transfer the data collected into SPSS[12] and then SmartPLS[13] software.

To ensure that the questionnaire is precise and understood in the way intended, a pilot study is recommended (Adams, Khan, Raeside, & White, 2007; Saunders et al., 2011). I sent the questionnaire to 6 people who were chosen based on their complementary expertise and ask them to answer the questions. The purpose of the pilot study was in line with Adams et al. (2007) recommendation to test the wording of the questions and the sequence and lay-out of the questionnaire, and as mentioned to ensure that the questions were clear and understood as intended. After they completed the survey, they were interviewed in order to reveal potential problems with the survey. One pointed out that some of the questions were more likely that firms would answer seven, even though it is not entirely true. My Supervisor also raised the concern that the order of some questions would lead to obvious answers. Therefore, I randomized the order of the questions; however, the items measuring a construct were grouped so that the respondents could easily follow the survey. This will reduce order bias and is considered to be a more scientific approach. However, none of them had problems with

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[12] SPSS Statistics is a software package used for interactive or statistical analysis
[13] SmartPLS is a software package used for graphical information and interact with variance-based structural equation modeling (SEM).

understanding the questions, nor with accessing the link, or the technical aspect of completing the survey. All of them thought the length of the survey was appropriate, and they all completed the survey in less than 10 minutes.

I distributed the e-survey and presented the topic of the thesis and gave a short description of the purpose of the study, as well as the length of completing the survey, which was 10 minutes. I sent the first series of e-mails to 100 companies on April 4, and I got 12 useable responses. Due to limitations in the number of emails sent daily by Google, I sent emails eight times to be able to send the e-survey to 750 companies. However, because of the Easter Holiday, I had to postpone sending emails to April 24th for 300 companies. After two reminders through e-mail and telephone over two months, I got 87 (11.6%) answers. Besides, an important consideration is self-reporting data, which can result in the social desirability response bias (Graafland et al. 2010). To reduce bias, I explicitly stated in the e-mail that the survey was completely anonymous. So, the respondents had no reason to show an improved image of their companies. Nevertheless, other studies have also investigated that self-reported behavior and actual behavior are strongly correlated (Graafland et al. 2010, Gatersleben et al. 2002).

3.8   Questionnaire Design

A questionnaire is a tool where the systematic setting is applied in the research question to collect data from the survey. There are mainly three different question formats in the questionnaire. The first one is open-ended where comprehensive opinion is given; the second one is close-ended where there are answers of 'yes' or 'No', and the last one is multiple-choice, which has different options to choose.

In this study, I used multiple-choice of questionnaires and open-ended questions because our research is a mix of both quantitative and qualitative. In quantitative research, there were multiple-choice questions where researchers were asked questions giving the options or alternative answers. In qualitative research, I had more open-ended questionnaires asking the respondents regarding CSR to know their opinion about this concept and the drivers that may shape or affect this construct.

 Ritchie et al. (2003) claim that multiple sets of questionnaires are simple and specific as well as leads respondents to support researchers' objectives providing more flexibility. To improve the quality of the questionnaire and improve the quality of the output of the data, I used established survey instruments in the literature. Thus, I could make sure that the items included

in the survey had already been tested for reliability and validity. In the following paragraph, I go through each construct and its instrument.

3.8.1 Non-Financial Performance (NFP)

I used the NFP survey instrument developed by Govindarajan (1984) and adjusted by Hoque (2004). This instrument consists of 12 items that I adjusted based on my study to make it more suitable for Norwegian SMEs, and I finally achieved eight items, which can be seen in table 2. This scale measures three years of the company's operation from 2016 to 2018. A 7-point scale is given to respondents for each item, where (1) is "Very low" which means the performance of the organization is highly unfavorable and (7) is "Very high" which means the performance of the organization is highly favorable.

3.8.2 Corporate Social Responsibility (CSR)

Items for assessing CSR towards four stakeholder groups were adopted from Mishra and Suar (2010), Öberseder et al. (2014), and Turker (2009). I referred to local rules specified in Norwegian SMEs to make it more applicable. For example, the questions that cover the diversity of boards were removed as it is a law in Norway that 40% of the board should consist of women. Besides, the item-scale established by Öberseder et al. (2014) was applied for the environmental aspect of the questionnaire to make it more realistic for SMEs as environmental practices usually involve higher expenses compared to other practices, and it should be compatible with SMEs' capital. Each dimension of CSR has five items, and we totally achieved 20-items on this scale. 7-point scale was used in this study where (1) is "It is not implemented" which means low or no social responsibility in that specific dimension, (4) is "It is partially implemented" and (7) is "It is fully implemented" which means higher social responsibility in that specific dimension. *Community*, *Employees, Environment, Customers* were also operationalized with five items, as can be seen in table 2.

3.8.3 Organizational Culture

For organizational culture, this thesis used the adjusted instrument of Deshpandé et al. (1993), which was adopted from Cameron et al. (1991) and Quinn (1988). Each type of organizational culture comprised three questions regarding its characteristics and strategic stress. Thus, I totally achieved 9 items for these three concepts. A 7-point Likert scale ranging from (1) "strongly disagree", which means the organizations do Not follow such values, (4) "Neither

disagree nor agree" and (7) "strongly agree", which means the organizations strongly follow such values.

3.8.4 Transformational Leadership (TFL)

The TFL survey instrument established by Waldman et al. (2001) is used for this study. This instrument consists of 4 items. Participants were asked to indicate the frequency of leadership behaviors they display on a 7-point scale ranging from (1) "not at all" which means managers do not perform that specific behavior, (4) "Sometimes" and (7) "Frequently, if not always" which means managers perform that specific behavior most of the time if not always.

To give an overview regarding the questionnaires for each construct, I provided a table, as can be seen below.

Table 2. Questionnaire source

Construct	Questionnaire	Source
NFP	(1) workplace relations. (2) Material and labor efficiency or productivity. (3) New product/service innovation. (4) Employee development and training. (5) Customer satisfaction. (6) Customer response time. (7) Employee satisfaction. (8) employee health and safety.	Govindarajan (1984) which was adjusted by Hoque (2004)
CSR towards employees	(1) Develop, support and train employees. (2) Policies covering health and safety at work. (3) Treat employees equally. (4) Offer adequate remuneration. (5) Concern with employees' needs and wants.	Mishra and Suar (2010), Öberseder et al. (2014) and Turker (2009)
CSR towards customers	(1) Set fair prices for products/services. (2) Provide full and accurate information about the products/services to our customers. (3) Implement fair sales practices. (4) Respect consumer rights beyond the legal requirements. (5) Resolve customer complaints in a timely manner.	Mishra and Suar (2010), Öberseder et al. (2014) and Turker (2009)
CSR towards environment	(1) Reduce energy and natural resources consumption. (2) Adopt measures for ecological design in products/services.	Mishra and Suar (2010), Öberseder et al. (2014) and Turker (2009)

	(3) Prevent waste. (4) Preference for green products in purchasing. (5) Dispose of the waste correctly.	
CSR towards community	(1) Help the community through charitable donations and educational and cultural contributions. (2) Contribute to the economic development of the region. (3) Communicate openly and honestly with the local community. (4) Contribute to campaigns and projects that promote the well-being of society. (5) Create jobs for people in the region.	Mishra and Suar (2010), Öberseder et al. (2014) and Turker (2009)
Adhocracy culture	(1) My company encourages change and innovation. (2) My company fairly compensates innovation. (3) My company gives more incentive for creative persons than sincere ones.	Deshpandé et al. (1993) which was adopted from Cameron et al. (1991) and Quinn (1988).
Market culture	(1) My company emphasizes competitive actions and achievement. (2) My company believes ability related to a task is the most important requirement for employees. (3) My company evaluates employee performance on the basis of actual outcomes.	Deshpandé et al. (1993) which was adopted from Cameron et al. (1991) and Quinn (1988).
Clan culture	(1) My company has a family-like atmosphere. (2) My company considers solidarity and a feeling of oneness as important. (3) My company considers working as a team as important.	Deshpandé et al. (1993) which was adopted from Cameron et al. (1991) and Quinn (1988).
TFL	(1) "I go beyond self-interest for the good of the organization" (idealized influence). (2) "I get others to look at problems from many different angles" (intellectual stimulation). (3) "I articulate a compelling vision of the future" (inspirational motivation). (4) "I help others develop their strength" (individualized consideration).	Waldman et al. (2001)

3.9 Validity and Reliability

Several strategies were used to improve the internal validity, external validity, and reliability of the research findings. The following section deals with each of these issues:

3.9.1 Internal Validity

Internal validity defines whether the findings from the research match with reality. Creswell and Creswell (2017) have recommended eight strategies for checking the accuracy of the results. I used the triangulation method to enhance the internal validity of findings. I collected data through several data collection methods and tools using a mixed-method research design that allowed for some triangulation of the information. Validity is inherent in the use of mixed methods strategies for data collection and data analysis. The interactive base of this study was widened and solidified with the consistency of a mixed-methods approach.

3.9.2 External Validity

External validity defines the extent to which the findings of one study can be assigned to other conditions. This is how generalizable are the results of the research study (Hair et al. 2018). Realistically, having access to a limited number of participants (organizations) in the present study shows minimal transferability of the research findings. However, the results of the study should lend themselves well to be seen as the foundation for additional follow-up research in cognitive orientations of Norwegian SMEs regarding CSR.

3.9.3 Reliability

Reliability is concerned with whether the data collection techniques or analysis procedures will give consistent findings (Hair et al. 2018). This can be evaluated by asking (1) will the measures reached the same results on other occasions, (2) will similar observations be reached by other researchers and (3) is there transparency in how logic was made from the raw data (Saunders et al. 2009). Each measurement includes two components, a true component, and an error component, and reliability is identified as the ratio of the true-score variance to the total variance in the scores as measured (Hair et al. 2018). In this study, a couple of measures were taken to improve the reliability of the study. 1) The thesis has adopted established measures for all constructs that have internal consistency and very high reliability which have been already used in many top-ranking articles such as Waldman et al. (2001), Mishra and Suar (2010), Öberseder et al. (2014) Hoque (2004), and Turker (2009). 2). Another commonly used measure

of reliability which applies to the consistency among the variables is summated scales (Hair et al. 2018). The summated scales in the thesis followed the guidelines from Hair et al. (2018), tested for reliability by checking items to total correlations, which should exceed 0,5 and inter-item correlation, which should exceed 0,3. Further, Cronbach`s alpha (CA) is evaluated, which informs of the consistency of the entire scale. CA should exceed 0,7. However, values above 0,6 are accepted in exploratory research (Hair et al. 2018). Thus, all items have already been tested for reliability and validity, which makes the findings of the thesis stronger. It also increases transparency in how raw data is analyzed.

3.10 Interviews with Norwegian SMEs

Three interviewees were chosen for the qualitative method. This was considered enough to serve the purpose of conducting the interviews. These interviews were designed to explore the diverse range of attitudes and perceptions regarding CSR, its linkage with firm performance and its antecedents, and use them consistently in triangulating the survey results. Of the three interviewees, one is from an innovation company, one has long experience in the industry as a consultant for startup companies, and one from the maritime sector. The selection of people for this phase of the study was made utilizing a combination of convenience and opportunity sampling methods. The sample was made by selecting the respondents who could conveniently have a face to face interview and agreed simultaneously to participate in the study. Appointments were scheduled through email. The essential points in each of these interviews were noted down, and prior to beginning the interviews, the confidentiality of the process was discussed. Due to anonymity reasons, interviewees were notified that the conversation would not be aligned to the companies they work for, and it is their general attitudes and thoughts towards the constructs. According to Patton (1987), the purpose of interviewing is to capture the delineation of their thoughts and attitudes. Interviews allow the scholars to perceive the verbal responses of informants and the way they think about CSR in order to develop a context for their stories. Through interviews, I recognize the respondents' attitudes, thoughts, and experiences, which cannot be readily observed. By capturing their ideas and frames, I understand the meaning attached to their experiences within the context, and I could look at CSR from the company's perspective.

A semi-structured interview instrument was applied for its ability to allow the researcher to follow a clear structure with the facility of significant flexibility. Semi-structured interviews were also chosen to protect against the researcher's predetermining of the interviewees' responses. An interview protocol was established to provide some consistency in the questions

asked of the subjects. According to Patton (1987), this process reduces the possibility of bias that derives from different interviews for different people. The established protocol also allows for careful utilization of the respondents' time.

The interview questions sought information like what CSR is from their point of view, what are the factors that may shape CSR activities, what topics within CSR are most relevant in Norway, what characteristics of leadership style can lead to more CSR activities and what kind of culture should be dominant in the company to boost CSR practices. It is noting that the participants were Norwegians, and I interviewed them in English, which was their second language. Therefore, some language issues may appear in their direct speech, as I did not make any changes in the quotes.

Table 3. Key interviewees

Name	Position
Participant A	Market and Event Manager
Participant B	Senior Advisor
Participant C	Managing Director

The terms reliability and validity are more applicable in quantitative studies, whereas in qualitative studies, some other terms such as trustworthiness are considered more appropriate. The trustworthiness of a study describes the degree of confidence in data, interpretation, and methods used to confirm the quality of a study (Connelly 2016). For ensuring the trustworthiness of interviews, I used the established coding criteria by Hartnell et al. (2011) for different types of organizational culture, Mishra and Suar (2010) for NFP and Wofford et al. (1998) for TFL which have already been tested. I made the coding table manually and did not use any systems. Also, I talked with my supervisor about the questions and code of criteria which were used for the interviews and compared it with the previous studies to make it more compatible with Norwegian SMEs. Then, three interviews were conducted and compared to achieve a trustworthy result.

3.11 Ethical Considerations

In this research project, the primary ethical consideration is regarding the survey and interview respondents. The people who participated in this study normally do not share sensitive information of the organizations due to anonymity concerns when analyzing and reporting data. This study has also used Google Docs program that makes it impossible to recognize any

individuals or organizations. Also, I mentioned in the emails that due to confidentially reasons, do NOT include any names on the survey.

3.12 Conclusion

The research design for this thesis was grounded in a mixed-methods strategy. The data collection tools involved survey questionnaires and semi-structured interviews to gather quantitative and qualitative data, however, the central method in this study was the quantitative method, and the triangulation approach to data collection was employed to make sure that the findings would be both valid and reliable.

Chapter 4 DATA ANALYSIS AND RESULTS

4.1 Introduction

This chapter reports the analysis of data obtained through quantitative and qualitative procedures of data collection. The chapter first considers the quantitative part of the analysis/findings. Before proceeding to test the hypotheses, the analysis to examine the accuracy of data entry, missing data, and assumptions of multivariate analysis was performed followed by reliability and validity tests. Then, hypothesized relationships between study constructs were assessed using the SEM model. Finally, the analysis/findings of qualitative data were presented.

4.2 Data Analysis

The data analysis is a process of examining, cleaning, transforming, and modeling data to determine useful information, drawing conclusions and supporting decision-making. However, there is no single way of analyzing data, and that analysis is a different process that seeks to make sense of data (Creswell and Creswell 2017). In this study, I gathered the data based on survey questionnaires and semi-structured interviews completed by the Norwegian SMEs. It is noteworthy that the central method of data collection used in this study was a quantitative method, and the qualitative data are conducted with the purpose of triangulation in order to get a profound understanding of the research questions and minimize to some extent potential research bias. The Statistical Package for the Social Sciences (SPSS) version 25 is first used to analyze the preliminary data collected, for example, descriptive analyses about the thesis sample such as means, standard deviations, and frequencies. Then I transferred the data to the SmartPLS version (3.2.8), which is more suitable for small samples and structural equation modeling (SEM).

The quantitative analysis is conducted in four steps: (1) Descriptive statistics, (2) Data reduction through factor analysis, (3) Common method variance, and (4) Hypothesis testing through "SEM". Descriptive statistics have been used to summarize responses in terms of frequency distributions, including skewness, kurtoses, means, standard deviations, and frequency distributions. Principle component analysis (PCA) has been applied to verify that all items load on the specified number of factors as intended. Common method variance was tested to avoid respondent biases and achieve more validity in the study. Then I transformed all the variables and data to SmartPLS system to first, run correlation analysis to check the correlation between

four CSR dimensions and then apply SEM in order to test the measurement (the relationship between indicators and their latent constructs for assessing the reliability and validity of scales/constructs) and structural model estimation (the relationship between constructs through significance of the path coefficients).

The semi-structured interviews were used as a qualitative data method to verify and triangulate the quantitative data from the survey questionnaires. The interview information was analyzed to explore if the qualitative study supports the survey results. Each interview was content analyzed and then coded for evidence regarding our constructs, which are CSR, leadership style, organizational culture, and firm performance. The results of the coding were then compared with the survey responses.

4.3   Quantitative Analysis

This thesis used a survey to collect quantitative data. The first part of the survey was regarding demographic information of respondents such as sex, gender, education level, etc. The second part was about the NFP construct by applying a survey instrument developed by Govindarajan (1984) and adjusted by Hoque (2004). In this part, there was a list of 8 statements representing three years of the company's operation from 2016 to 2018. Respondents were asked to rate the NFP dimension using a 7-point Likert-type response scale ranging from (1) "Very low" to (7) "Very high". The third section was regarding CSR related to four stakeholder groups (employees, customers, environment, and community), which was captured using a 20- item survey instrument adapted from Mishra and Suar (2010), Öberseder et al. (2014) and Turker (2009). The responses were captured on a 7-point scale where (1) represented "It is not implemented" and (7) stood for "It is fully implemented". To measure TFL, a four-item scale developed by Waldman et al. (2001) was used. This instrument asked participants to indicate the frequency of leadership behaviors they display on a 7-point scale ranging from (1) "not at all" to (7) "Frequently, if not always". For organizational culture, this thesis used the adjusted instrument of Deshpandé et al. (1993), which adopted from Cameron et al. (1991) and Quinn (1988). Each type of organizational culture comprised three questions regarding its characteristics and strategic stress. A 7-point Likert scale ranging from (1) "strongly disagree" to (7) "strongly agree" was used to measure how much the organization follows such values within the firm.

I controlled for the effects of company size (number of employees), company age (firm experience), company ownership (public, private), and industry type. Company age is included

as a control variable by asking respondents about the establishment year of the firm. Company size and age are used as a control variable by asking respondents about the number of employees within the company and the year of the company's activities. The reason for choosing company age and size is that SME performance and its determinants must consider the age and size for improved understanding of the behavior. Because the age and size of SMEs could have a maturity effect, experience, and even on the level of implementations. Consequently, it seems logical that an older or bigger company will reflect a higher level of implementations and maturity that will result in greater ease of engagement in CSR practices. Firm age is also rooted in time, which can affect the organizational action and inertia, helping to find history consistency in strategy planning and formulation and principles that all of them can result in different levels of CSR practices (Greiner 1989).

Also, I controlled for the industry-level factors and company type since firms operating in different industries have a varying extent of pressure to taking CSR (Wang et al. 2016). For example, industries are different in the way they deal with the environment. They do business in various contexts and have to cope with distinct social, environmental, and financial concerns (Chand and Fraser 2006). The controversial industries are more likely to implement CSR in order to improve the relationship with stakeholders (e.g., gamble, alcohol). Industry types are identified by asking respondents to choose among listed industry sectors or write about their industry if not included in the options. Moreover, ownership is also applied as a control variable since the firms which are owned by the government are more likely to have greater obligation and pressure regarding CSR activities than private firms as this is a part of the government's responsibility to pay attention to different CSR dimensions such as the community and the environment. This control variable is categorized by asking respondents to choose whether they are private or public companies.

4.3.1 Descriptive Statistics

Descriptive analysis is used to describe characteristics of the sample, and it helps check variables for any violation of several assumptions that underlie other statistical techniques (Pallant 2016). To obtain descriptive statistics for categorical variables, we should use Frequencies. This will tell us how many respondents gave each response (e.g., how many males, how many females). It doesn't make any sense asking for means, standard deviations, etc. for categorical variables, such as sex or educational level (Pallant 2016). For continuous variables

(e.g., age), it is easier to use Descriptive, which will provide us with the basic 'summary' statistics such as mean, median, and standard deviation.

After screening and cleaning the data, I achieved a sample size of 84 full responses. The sample size is sufficient to conduct reliable multivariate analyses (approximately ten respondents for each variable) (Hair et al. 2018). Demographic information of respondents was gathered as the first part of the questionnaire survey — data on gender, age, years of service, and educational level. Among the respondents, surprisingly, 83% were males, and only 17% were females, which indicates the low representation of women in this regard. Also, 49% of respondents had at least one professional qualification, like a master's degree. 76% of the respondents had experience over 16 years, which shows that most of them are experienced and knowledgeable regarding the business environment.

Moreover, 56% of the sample companies had employees between 51-100, followed by 27% and 16% for companies that have employees between 1-20 and 21-50, respectively. Among 84 respondents, 74 of them were private companies as we expected because most of Norwegian SMEs are private companies. With regards to the type of industry, agriculture or marine, manufacturing, and others had the most to say. The summarized information can be seen below.

Table 4. Demographic characteristics of respondents (n = 84).

		Frequency	Percent%
Gender	Male	70	83.3
	Female	14	16.7
	High school	12	14.3
Education	Bachelor's	25	29.8
	Master's	41	48.8
	PhD	5	6.0
	5 or under	2	2.4
Working experience	6-10	10	11.9
	11-15	8	9.5
	16 or over	64	76.2
Type of company	Private	74	88.1
	Public	10	11.9
	1-20	23	27.4
Size of company	21-50	14	16.7
	51-100	47	56.0

Table 5. Descriptive Statistics for Type of industry (n = 84).

	Frequency	Percent%	Cumulative Percent
Foods, processed agricultural or marine products	12	14.3	14.3
Manufacturing	15	17.9	32.1
Banking & Finance	8	9.5	41.7
Marketing & Communication	4	4.8	46.4
Services	5	6.0	52.4
Sport & Tourism	3	3.6	56.0
Engineering	8	9.5	65.5
Telecommunication	2	2.4	67.9
Textile	2	2.4	70.2
Management & Consulting	8	9.5	79.8
Others	17	20,2	100.0
Total	84	100,0	

The descriptive statistic for continuous variables (table 6 below) also shows that the data is normally distributed based on the Skewness and Kurtosis that should be in the range between -2 and +2 (Pallant 2016). The skewness measures the symmetry of the distribution; commonly it is compared to a normal distribution. If the distribution is positively skewed it has relatively large values and tails of to the left, while a negatively skewed distribution has relatively few small values and tails off to the right. Kurtosis measures the peakedness or flatness of the distribution compared to normal distribution. A negative value indicates a relatively flat distribution, and a positive value indicates a relatively peaked distribution (Hair et al. 2018). Based on table 6, it is shown that the skewness and kurtosis value is not more than 2 and less

than -2. This clearly signifies that the distribution of data is normal and symmetry, which provides favorable input for further data analysis.

By looking at the mean, we can see the average score given to our variables. This can indicate some feedback regarding the ranking given by our respondents. Concerning the CSR variables, we can see that the mean for most of the items is 5 or a little bit higher. This tells us most firms partially implement CSR practices; however, the items belonging to the environmental dimension have a mean of approximately 4, which indicates that the portion of this dimension is less than that of the other three dimensions.

Table 6. Descriptive Statistics for continuous variables (n = 84).

	N	Mean	Std. Deviation	Skewness	Kurtosis
NFP1	84	5,05	1,211	-0,051	-0,720
NFP2	84	5,35	1,146	-0,372	-0,269
NFP3	84	5,02	1,289	-0,253	-0,197
NFP4	84	5,30	1,315	-1,093	1,156
NFP5	84	5,20	1,454	-0,892	0,581
NFP6	84	5,61	1,076	-0,642	-0,090
NFP7	84	5,45	1,176	-0,862	0,632
NFP8	84	5,23	1,101	-0,077	-0,812
CSR_Emp1	84	4,80	1,412	-0,498	0,326
CSR_Emp2	84	5,54	1,330	-1,227	2,018
CSR_Emp3	84	5,75	1,221	-1,131	1,150
CSR_Emp4	84	5,46	1,197	-0,886	0,927
CSR_Emp5	84	5,08	1,291	-1,190	1,967
CSR_Cust1	84	5,19	1,579	-0,999	0,488
CSR_Cust2	84	5,54	1,460	-1,215	1,353
CSR_Cust3	84	5,36	1,502	-1,203	1,583
CSR_Cust4	84	5,52	1,366	-1,198	1,717
CSR_Cust5	84	5,46	1,357	-1,137	1,519
CSR_Envir1	84	4,57	1,442	-0,467	0,065
CSR_Envir2	84	4,39	1,777	-0,156	-0,822
CSR_Envir3	84	4,61	1,213	-0,444	0,287
CSR_Envir4	84	4,40	1,389	-0,378	-0,181

CSR_Envir5	84	5,12	1,586	-0,479	-0,628
CSR_Commu1	84	5,07	1,351	-0,523	0,047
CSR_Commu2	84	5,38	1,325	-0,261	-0,911
CSR_Commu3	84	5,37	1,230	-0,386	-0,470
CSR_Commu4	84	5,13	1,278	-0,180	-0,805
CSR_Commu5	84	5,30	1,190	-0,338	-0,498
TFL1	84	5,10	1,572	-1,132	0,970
TFL2	84	5,10	1,394	-0,940	1,226
TFL3	84	5,42	1,346	-1,017	0,836
TFL4	84	4,92	1,364	-0,926	1,652
Clan_Culture1	84	5,27	1,365	-0,542	0,592
Clan_Culture2	84	5,38	1,325	-0,993	1,533
Clan_Culture3	84	5,68	1,309	-1,061	1,195
Adhocracy_cult1	84	5,21	1,183	-1,010	1,651
Adhocracy_cult2	84	4,87	1,149	-0,226	0,197
Adhocracy_cult3	84	4,57	1,373	-0,324	-0,229
Market_cult1	84	4,89	1,203	-0,428	0,622
Market_cult2	84	4,86	1,233	-0,589	0,454
Market_cult3	84	4,75	1,316	-0,400	-0,068
Valid N (listwise)	84				

4.3.2   Factor Analysis

Factor analysis observes the interrelationship between variables to recognize potential common underlying dimensions, called factors. In other words, a data reduction technique analyzes a set of variables simultaneously to group together the related variables. Factor analysis can be either exploratory or confirmatory. Exploratory factor analysis is often used to gather information about the interrelationship between a set of variables. This type of analysis is data-driven and is used to discover the factor structure of a construct and examine its reliability. Confirmatory factor analysis is used to confirm specific hypotheses or theories concerning the structure underlying a set of variables. A confirmatory analysis is theory-driven and is used to verify the fit of a hypothesized factor structure of observed data (Pallant 2016).

In our case, factor analysis will be used to reduce the variables of each CSR dimension into a single variable representing its theoretical assumptions. The same technique will be used to reduce the firm performance, TFL, and organizational culture variables into a single variable representing their main contents. Thus, the factor analysis in the thesis helps us to assure that the theoretical assumptions on variable groupings are correct. I first ran factor analysis in SPSS and then in SmartPLS to compare the results and decide about the final deletion of items that are loading poorly or cross-loading. The analysis in both SPSS and PLS software indicated that all the items (factor loadings) explain an acceptable amount of variance in each component, and I did not face any cross-loadings; however, one item was deleted from the environment construct for showing a poor loading. The loadings for the rest of the indicators exceeded 0.618, suggesting an adequate correlation between the indicators and their respective constructs (Pallant 2016) (see table 7). The reason that I ran the factor analysis before doing structural equation modeling (SEM) is to assess convergent validity by assuring that our items belong to the right constructs as I expected.

4.3.3 Common Method Variance

Since the data for all variables in the model derived from the same respondents at the same time, common method variance (CMV) may have influenced some of the conjectured links in the path model in the Smart PLS system. Thus, in this study, I first used Harman's single factor method (Harman 1976) in my data set to avoid respondent biases then I evaluated CMV followed by the common method construct technique (Podsakoff et al. 2003). Based on the single factor method, CMV exists if a single factor develops from the unrotated factor solution, or one factor explains much of the variance in the variables. According to Henseler et al. (2015), if a single factor explains more than 50% of the variance, then there is a higher probability that CMV exists. Thus, I ran exploratory factor analysis by using the unrotated principal component and including all indicators used in the PLS path model. The first factor accounts for only 37.13% (<50%) of the overall variance with and without the common method construct in factor analysis (See table 17 in the appendix). This result suggests that common method bias is not a problematic issue for this thesis.

4.3.4 Measurement Model Test in SmartPLS

The analysis was conducted using SmartPLS software. SmartPLS is a partial least squares path modeling technique that simultaneously tests the measurement (the relationship between indicators and their latent constructs) and the structural model (the relationship between

constructs). PLS is very useful for model estimation when the sample size is small, and when the model is complex (Hair et al. 2018). Both the reliability test (Cronbach's Alpha) and Average Variance Extracted (AVE) show that our data is not only reliable but also valid (Table 10 below). Reliability analysis examines the internal consistency of the selected variables. The value of interest is Cronbach's Alpha, which measures each component separately to examine the factor's reliability. The higher Cronbach's Alpha, the higher internal consistency. We normally want Cronbach's Alpha to be .7 or higher, even though .6 can be satisfactory in exploratory research (Pallant 2016). The reliability analysis of each factor (component) also demonstrates a satisfactory result; however, the reliability for adhocracy culture is a little lower than 0.7, it is still acceptable as it contains only three items (Pallant 2016).

AVE is also a summary indicator of convergence calculated from the variance extracted for all items loading on a single construct that indicates the discriminant validity of our model (Hair et al. 2018). The rule of thumb for adequate convergence is an AVE > 0.50, suggesting that more than half of the indicator variance is contained within the construct score (Hair et al. 2018). Although AVE for CSR is a little bit lower, its reliability is higher than .6. Therefore, the validity of the construct is still adequate, and we can accept it (Fornell and Larcker 1981). This result also suggests the existence of discriminant validity among the constructs. The discriminant validity is confirmed if the square root of AVE is higher than the latent variable's correlation with other constructs.

Table 7 shows loadings and CA and AVE values. Discriminant validity coefficients are presented in Table 8.

Table 7. Loadings, CA and AVE.

Construct	CA	AVE	Indicators	Loadings
Adhocracy	.634	.572	Adhocracy_cult1	.811
			Adhocracy_cult2	.722
			Adhocracy_cult3	.732
Clan	.789	.700	Clan_Culture1	.803
			Clan_Culture2	.877
			Clan_Culture3	.829
Market	.732	.840	Market_cult1	.913
			Market_cult2	.618
			Market_cult3	.844
TFL	.859	.702	TFL1	.835
			TFL2	.850
			TFL3	.817
			TFL4	.849

	CA	AVE		
			NFP1	.752
			NFP2	.695
			NFP3	.772
NFP	.902	.592	NFP4	.789
			NFP5	.757
			NFP6	.763
			NFP7	.755
			NFP8	.863
			CSR_Commu1	.839
			CSR_Commu2	.920
Community	.938	.802	CSR_Commu3	.920
			CSR_Commu4	.925
			CSR_Commu5	.869
			CSR_Cust1	.806
			CSR_Cust2	.861
Customers	.908	.733	CSR_Cust3	.867
			CSR_Cust4	.912
			CSR_Cust5	.831
			CSR_Emp1	.700
			CSR_Emp2	.830
Employees	.883	.684	CSR_Emp3	.861
			CSR_Emp4	.855
			CSR_Emp5	.876
			CSR_Envir1	.836
Environment	.840	.676	CSR_Envir3	.848
			CSR_Envir4	.796
			CSR_Envir5	.807
			Customers	.884
CSR	.942	.494	Employees	.812
			Environment	.720
			Community	.848

CA, Cronbach's Alpha; AVE, average variance extracted

Table 8. Discriminant validity coefficients.

	1	2	3	4	5	6	7	8	9	10
Adhocracy (1)	**0,756**									
CSR (2)	0,514	**0,703**								
Clan (3)	0,399	0,487	**0,837**							
Community (4)	0,465	0,848	0,536	**0,895**						
Customers (5)	0,464	0,884	0,380	0,647	**0,856**					
Employees (6)	0,293	0,812	0,293	0,536	0,653	**0,827**				
Environment (7)	0,473	0,720	0,366	0,511	0,541	0,474	**0,822**			
Market (8)	0,364	0,374	0,172	0,296	0,349	0,327	0,242	**0,802**		
NFP (9)	0,518	0,642	0,543	0,552	0,583	0,557	0,371	0,402	**0,770**	

TFL (10)	0,477	0,683	0,447	0,573	0,611	0,551	0,493	0,381	0,573	**.838**

Note: Bold numbers on the diagonal show the square root of the AVE. The numbers below the diagonal represent the construct correlations.

Based on the finding in correlation-matrix (table 8), I used aggregated CSR because these sub-dimensions (employees, customers, environment, community) have a high correlation with each other, which means that there is a high inter-construct correlation. In other words, such high correlation tells us there are some other factors that these dimensions should belong to. Besides, the correlation between each dimension and CSR is also pretty high. This implies that CSR explains a high percentage of the variance of each dimension. Therefore, I look at the CSR as one construct (aggregated) in my analysis.

4.3.5   Structural Model Estimation

The development of methods of analysis involving SEM with latent variables has provided researchers considerable means to construct, test, and modify theories (Wong 2013). SEM represents a well-known component of the methodological collection of the social sciences (Bollen and Long 1993). It is a comprehensive statistical approach to testing hypotheses about relationships among observed and latent variables (Hoyle 1995). According to Ullman and Bentler (2003), SEM is a multivariate technique that provides users with an assessment of a set of relationships between one or several independent variables, either continuous or categorical, and one or several dependent variables, either continuous or categorical. It estimates if a sample covariance matrix is consistent with a hypothesized model. I run SEM because it is useful for research projects, especially when there are limited participants and the data distribution is skewed (Wong 2013). Also, it considers measurement error in the variables (Ullman and Bentler 2003) and enables the researcher to specify structural relationships among the latent variables (Bollen and Long 1993), and producing more accurate representations (Mainul Islam and Faniran 2005).

Several statistical assumptions should be met before running SEM. (1) It is only sensitive to linear relationships between variables, (2) data is normally distributed (data is clean and there are no outliers (extreme values)), (3) It assumes that the variance in the dependent variable is constant (homoscedasticity), (4) It assumes that there is not too much correlation among variables (multicollinearity) 5) Sample size (Hair et al. 2018). Checking whether these assumptions are met is an essential part of the analysis. Some of these assumptions can be tested as part of conducting SEM, such as multicollinearity. Homoscedasticity can also be tested by checking the residuals of the regression. Linear relationships and normality distribution are

already checked by running descriptive analysis. The variables all indicate linear relationships and normally distributed even though several of the variables are negatively skewed to the right (see table 6). While The number of observations is also acceptable which is a total of 84 respondents for nine variables, the significance of the path coefficients was assessed with bootstrap analysis in SmartPLS. Bootstrapping means re-sampling to generate new data sets. The indicator weights from the original sample set are used on the new bootstrap samples, and R-square measures are detected for each endogenous concept in the model (Chin 2010).

Once the assumptions are met for an SEM model, the next step is to test our model, which is the effect of CSR on firm performance in which TFL and organizational culture act as antecedents of CSR. After running the SEM analysis, I found that none of the control variables (industry, age, ownership company size) had a significant relationship with the dependent variables or changing the overall result of the analysis. Thus, the control variables did not contribute to the understanding of the variance for both CSR and firm performance. Figure 3 shows the path estimates of the model's structural main direct effects between the latent variables. Table 9 presents path coefficients, t-values, effect size, and variance inflation factor (VIF) scores.
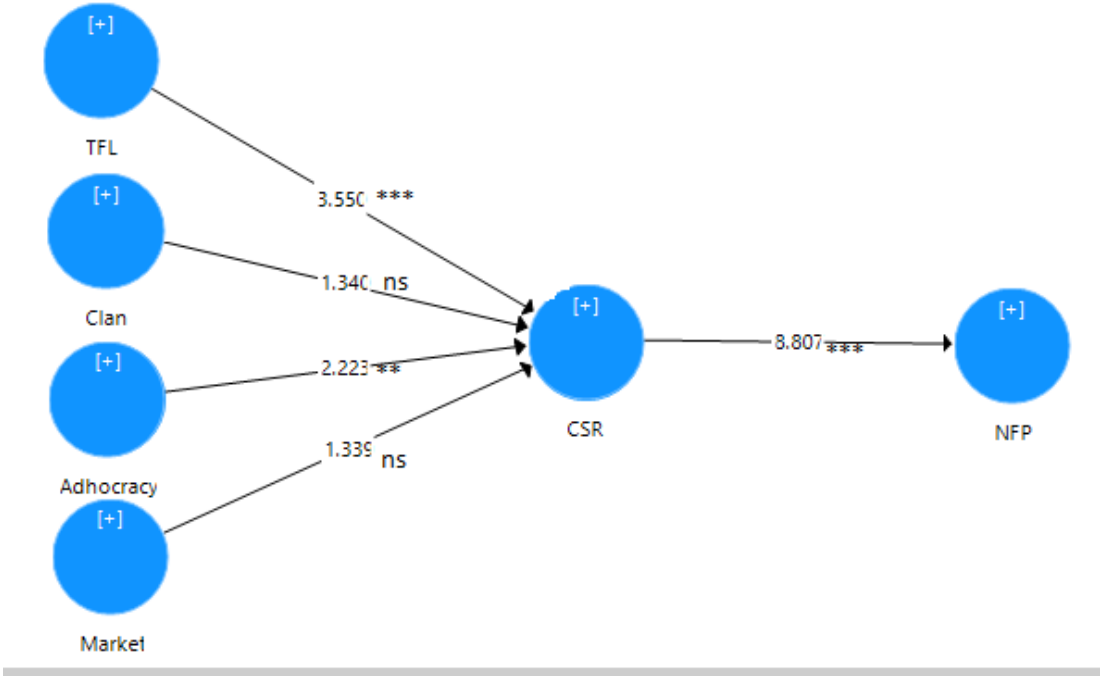
*** $p < 0.001$, ** $p < 0.01$ (two-tailed), ns Not Significant
Figure 3. Structural model estimations

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The results of the estimation of the inner model revealed that it explained 54% of CSR variance and 41% of NFP, which shows the proposed model indicated a good fit. Moreover, the Variance Inflation Factor (VIF) indicates that the data are not impacted by multicollinearity. Further, the path coefficients showed that only two of our four propositions concerning the influence of TFL and culture on CSR were supported. In support of hypothesis 1, I found a significant positive relationship between CSR and NFP ($\beta = 0.642$; $p < 0.001$). Contrary to my expectation, the estimation of the structural model offered no support for a significant relationship between clan culture and CSR (H2; $\beta = 0.187$; $p = 0.183$). The results of the analysis showed support for the positive effect of adhocracy culture on CSR (H3; $\beta = 0.175$, $p < 0.05$), while the effect of market culture on CSR was not supported (H4; $\beta = 0.096$; $p = 0.238$). The study also proposes that TFL influences CSR (H5). The data support this relationship ($\beta = 0.479$, $p < 0.001$).

Table 9. Path coefficients, effect size and variance.

Criterion	Predictor	β	t-value	Effect size	VIF
CSR R = 0.546	Clan	0.187	1.340	0.0335	1.327
NFP R = .0419	Adhocracy	0.175	2.223**	0.0468	1.449
	Market	0.096	1.334	0.0123	1.236
	TFL	0.479	3.550***	0.2047	1.543
	CSR	0.642	8.807***	0.4230	1.000

β, beta; VIF, variance inflation factor; *** $p < 0.001$, ** $p < 0.01$ (two-tailed)

4.3.6 Additional Findings

While our core focus is not on the indirect effect of TFL and organizational culture on firm performance, it is worth reviewing whether they can influence NFP through CSR or in other words, if CSR can act as a mediator in this regard. Our finding indicates that only TFL affects NFP significantly through CSR. By looking at table 10, we see such indirect relationships as the P-value for TFL is $P < 0.01$. Surprisingly, none of the different types of culture significantly influence NFP through CSR. Table 10 shows the results of significant indirect effects.

Table 10. Indirect effects.

Association	β indirect effect	t-value	Confidence interval (2.5-97.5%)
Clan-CSR-NFP	0.111	1.341	(0.008; 0.309)
Adhocracy-CSR-NFP	0.115	1.799	(0.008; 0.225)
Market-CSR-NFP	0.066	1.176	(-0.025; 0.166)
TFL-CSR-NFP	0.315	3.204**	(0.075; 0.462)

** $p < 0.01$, * $p < 0.05$ (two-tailed)

I also removed the effect of TFL in my analysis and reran the SEM model to see if the indirect influence of different cultures will change. I found that the impact of adhocracy and clan culture became significant as the P-value was .016 and .006 respectively, which is lower than .05. Although it is not the core focus of this study to look at the indirect relationship among variables, this can be a potential area for future research. I will discuss it in more detail in the discussion part (next chapter).

4.3.7   Comparison CSR among Norwegian SMEs

The one-way analysis of variance (ANOVA) is applied to assess whether there are any statistically significant differences in variance between the means of more than two independent groups (Pallant 2016). In this part, I wanted to know whether CSR activities differ among Norwegian SMEs based on the type of industry, company size, and age. First, I ran the ANOVA test concerning the industry type. Some of the sectors had only two or three respondents; thus, it was not a good comparison for means. To solve this issue, I reduced the number of industries in three main categories, which are "service", "manufacturing", and "others" industry.

After running the analysis, only the size of the company based on the number of employees was significant, and neither the age nor the industry type affected the difference in means among companies significantly (the analysis tables for the age and the industry is attached in the appendix table 20 - 21).

The ANOVA test for the size of the company can be seen below. Based on the ANOVA table (table 11), we can see that the number of respondents is significantly different between the second and third groups. By taking this into account, we can see that the mean of CSR for the companies who have employees from 1 to 20 is much lower than the other two categories. The

P-value between the first and third groups is 0.01< 0.05, which means that the difference in the mean is statistically significant.

Table 11. ANOVA to test the difference between Norwegian SMEs' CSR based on firm size

Source	N	Mean	Comparing Size of company	Mean difference	sig
1-20	23	4.6109	21-50	-.45342	.282
			51-100	-.83807	.001**
21-50	14	5.0643	1-20	.45342	.282
			51-100	-.38465	.322
51-100	47	5.4489	1-20	.83807	.001**
			21-50	.38465	.322

N is number of respondents
** $p < 0.01$, * $p < 0.05$ (two-tailed)

4.4 Testing Research Hypotheses

The results are now presented with respect to providing evidence for each hypothesis posed in the study:

4.4.1 Hypothesis 1

The first hypothesis is about whether CSR influence firm performance. As can be seen in table 9, The P-value is .00 < .05, and the path coefficient is a positive number, which indicates that CSR significantly and positively affects NFP. The analysis, therefore, suggests that there is sufficient evidence to accept hypothesis number 1.

4.4.2 Hypothesis 2

The second hypothesis is about whether clan culture positively affects CSR. Based on table 9, The path coefficient number tells us there is a positive relationship, but on the other hand, the P-value is (.183 > .05), which tells us this effect side is not significant. The data analysis, therefore, reveals that there is sufficient evidence to reject hypothesis number 2.

4.4.3 Hypothesis 3

The third hypothesis is regarding whether or not adhocracy culture positively influences CSR. Based on table 9, we can see that the path coefficient number is a positive number, which tells

us the effect side is a positive one. The P-value is .028 <.05, which shows that this effect side is also significant. The data analysis, therefore, indicates that there is sufficient evidence to accept hypothesis number 3.

4.4.4 Hypothesis 4

The fourth hypothesis indicates that if market culture positively impacts CSR. According to table 9, The path coefficient number tells us there is a positive effect in this regard; however, the P-value is not significant enough (.238 > .05). Hypothesis number 4 is, therefore, rejected.

4.4.5 Hypothesis 5

The last hypothesis demonstrates that whether or not TFL positively impacts CSR practices. By looking at table 9, we can realize that TFL positively and significantly influences CSR activities. Since the P-value is .00 < .05 and the path coefficient number is .479, which indicates an extreme and positive effect side. Therefore, we accept the hypothesis 5.

Table 12. the summary of hypotheses testing

Hypothesis		Result
H1	**CSR has a positive association with SME performance**	**Accepted**
H2	**Clan culture will have a positive association with CSR**	**Rejected**
H3	**Adhocracy culture will have a positive association with CSR**	**Accepted**
H4	**Market culture will have a positive association with CSR**	**Rejected**
H5	**TFL has a positive association with CSR**	**Accepted**

4.5 Qualitative Analysis

This part of the chapter analyzes the results obtained from semi-structured interviews. The semi-structured interviews provided qualitative data for the purpose of triangulation for the quantitative data from the survey questionnaires. The interview information was content analyzed to clarify ideas and to discover and monitor the occurrence of themes. Codes were established as the constructs labeled CSR, firm performance (NFP), TFL, clan, adhocracy, and market culture. The coding categories then were defined as presented in table 13 below.

I read through the transcription of the semi-structured interviews multiple times, underlining each fragment of relevant information for the explicit or implicit occurrence of concepts and themes related to my constructs. I paid particular attention to making sure that the qualitative analysis was both valid and reliable. Kurasaki (2000) claims that the major issues of content

analysis usually appear in the data reduction process. The level of these problems depends on the validity of the variables applied in analysis, the ambiguity of the category or variable definitions, and the reliability of the transcript's arrangement. Kurasaki further clarifies that interpretative problems are more likely to happen when unclear category definitions or coding rules are used or when the established coding rules are employed incompatibly. To avoid these issues, I used the established coding by Hartnell et al. (2011) for different types of organizational culture, Mishra and Suar (2010) for NFP and Wofford et al. (1998) for TFL. This clear picture and standardization of the coding rules for each construct reduced the probability that coding would be based on private understanding and uncertain criteria. The interviewees' responses were then compared with those found through questionnaires in order to establish links between how the interviewees talked and understand in relation to the constructs and how they performed within the day to day context of their work with regards to these concepts.

Table 13. Coding criteria

Themes	Descriptors
CSR	Policies and practices towards employees, customers, suppliers, environment and the community.
Firm performance (NFP)	Reputation and image of the company. Material and labor efficiency or productivity. New product/service innovation. Employee development and training. Customer satisfaction. Employee satisfaction. Competitive advantage.
TFL	Innovative. Self-starter. Willingness to learn. Considerate of others. Puts others before self. Empowerment. Acting as a role model. Encourage creativity. Promote diverse positions.
Clan culture	Flexibility and discretionary power. Team orientation. Cooperativeness. Group culture. Human relation. Empowerment. Involvement.

Adhocracy culture	Encourages changes and innovation.
	Focuses on flexibility and adaptation.
	Taking risks.
	Compensates innovation.
	Entrepreneurial place.
	Open system.
	Experimentation.
Market culture	The ability for tasks is the most essential requirement for employees.
	Highlights goals and outcomes.
	Performance orientation.
	Achievement orientation.
	Interfunctional coordination.

4.5.1 Presentation of Qualitative Results

The qualitative analysis was designed to capture a broader understanding of CSR in the Norwegian SMEs context. The interview questionnaire (Appendix C) was developed to include all the constructs in this study. I extracted data from the complete interview transcript based on their responses to the following questions:

1- What is CSR from your point of view?

2- Is CSR more a voluntary activity or strategy in the Norwegian context?

3- What elements can influence engagement in CSR?

4- To what extent CSR activities differ among Norwegian SMEs and MNEs?

5- What characteristics should leadership have to encourage CSR within the firm?

6- What characteristics should organizational culture have to influence firms' engagement in CSR?

The interviewees' responses to these open-ended questions were content analyzed to code the themes in the interview transcript to elements of the constructs. To conduct the content analysis, the researcher used the coding criteria described in table 7. The content analysis showed the emergence of certain themes for overall and question-specific responses.

What is CSR from your point of view?

All three participants, A[14], B[15] , and C,[16] were familiar with CSR terms; however, all of them focus mostly on the environment and community aspect of CSR. For example, participant A

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[14] Interview with Market and Event Manager by author on 27th of august, 2019.
[15] Interview with Senior Advisor by author on 27th of august, 2019.
[16] Interview with Managing Director by author on 25th of September, 2019

interpreted CSR as *"activities such as recycling paper and plastic, preventing drug consumption and sponsorship"*. Participant B interpreted this as:

> *"a set of activities totally that show that we care about the others, this can be towards the environment such as preventing pollution and towards community such as preventing child labor and being sponsorship"*.

Participant C explained, *"This is more about the environment and society as a whole because we are living in a world that environmental issues are important"*. Based on these explanations, I can understand that the environment and community are fundamental aspects of the Norwegian context.

Is CSR more a voluntary activity or strategy in the Norwegian context?

All the participants believed that CSR could be both voluntary and strategy activities; however, participant A believes that CSR can be seen more as a strategy in the company, such as marketing strategy. She explained:

> *"many companies use CSR in their strategic plan to communicate with their consumers and other stakeholders such as investors and suppliers to show a better image of the company which can result in better reputation and better networks and connection with them"*.

While participant B opined that:

> *"it is both because on one hand management may give some responsibilities to the employees about CSR, but on the other hand there are some activities that employees do by themselves without any forces and it is becoming more common than the strategy activities. Employees may even force the leaders to use CSR in the company's operation"*.

Therefore, he believed that generally, awareness regarding CSR has increased in society, and governmental forces and legal regulations have helped such development. This explanation was aligned with participant C, who mentioned the role of laws and regulations in the country that force firms to undertake CSR activities. However, she took a middle line and stated that it is both voluntary and strategic. She explained, *"We come up with a business model that considers hitting cost, environmental concern like pollution in our processes and productions"*. She further clarified:

> *"Such activities also exist in Norwegians' blood compared to other countries. It is more in their culture. Many people voluntary clean the environment areas before national holidays instead of let municipality hire some people and people do it voluntary".*

Based on the views of the three respondents, I can interpret that CSR can be seen as not only voluntary in the Norwegian context but also as a strategy in firms' strategic plans.

What elements can influence engagement in CSR?

Participant A answered this question from the stakeholder's perspective. She claimed that:

> *"customers are important in forcing the company to engage in CSR. If customers are environmentally friendly and CSR is important for them, and if they see that the company does not meet their needs, they will choose another company. If suppliers see that the company does not have a good reputation or image about CSR, they will not be interested in having a relationship or doing business with the company. If employees feel that the firm is not paying attention to them, their community, and the environment, they will not work for such a company".*

The explanation of participant B was also compatible with participant A. He talked about the forces of customers, employees, and government; however, he highlighted the role of government as one of the leading forces in this regard. He mentioned the established rules and regulations by the Government to encourage and force firms to participate in CSR. For example, he explained that *"if a company wants to get some grants from the government for starting up a company, they should show to the Government that they try to fulfill such goals"*. Participant C had the same opinion as both participants, and she mentioned, *"There are people willing to pay more to your products if you produce in more environmentally way. I have even seen some suppliers that include CSR activities in their contracts"*. She also believed that it is profitable to participate in such activities by saying, *"For example, we have a model in our company that resources cannot be wasted. We earn money through being green"*. Based on the explanation of the three respondents, the Government's forces in the form of laws and regulations play a crucial role in companies' engagement in CSR. Besides, other stakeholders, especially customers, can also apply more pressure on firms to participate more in such activities.

To what extent CSR activities differ among Norwegian SMEs and MNEs?

Participant A believed that both firms, to some extent, participate in CSR activities; however, those firms which have more time, capital, and resources are more likely to engage in socially responsible practices. She also highlighted that *"the role of forces and encouragement should be into consideration. These days both size attend to CSR activities because it has become important and easier to implement than before"*. Participant B points out that *"both small and big companies participate in CSR and the size of the organization does not matter these days. Because CSR is important in sustainability goals, which are important for both company types"*. Also, he asserted that *"for entering the new market, the potential customers may care about CSR. The government also considers such activities of the firms which can become more offers or more penalties for them"*. He further mentioned the role of Norwegian firms in developing the local community by supporting a wide area of cultural and sporting activities in the region financially. He also mentioned the paternalistic characteristics of Norwegian firms that support and care about the community like a father. Participant C also believed that it depends more on the managers as she said:

> *"it depends on the managers because, in Norway, things come from top-down. But I have seen many small companies participate in such activities, and they may not write about it or have strategic document or paper, but they do such activities"*.

Such explication demonstrates that both SMEs and MNEs implement CSR almost to the same extent; however, there are some factors that affect engagement, such as culture, management, resources, etc.

What characteristics should leadership have to encourage CSR within the firm?

Participant B stresses the importance of moving in the same direction by both employees and management. He also explained that the leader should act as an influencer in such a way that acting, and thinking should be compatible. He further gave an example and said that *"a leader is like a priest. A priest should be a priest for the whole day, for example, at home and other places not just in the church"*. Therefore, this can encourage employees to look up to their managers and become inspired to do the same. Participant A had the same opinion and asserted that *"the leader should be a role model for others"*. She further came up with an example of her own boss that *"he was one of the first people in the company that bought an electric car*

and later other employees became motivated to buy an electric car". Participant C believed that:

> *"The most important one is that she or he should lead by example. Leaders should get the best out of the employees to put together their assistance. Leaders should be a listener rather than just talking. Leaders should have critical thinking and criticism firms and employees, especially regarding CSR".*

Such an explanation revealed that leaders should be pioneers and act as role models for the followers in order to motivate and encourage them to do the same.

What characteristics should organizational culture have to influence firms' engagement in CSR?

Participant A described Norway as having very low power distance[17]. She further explained:

> *"culture within an organization is flat and not a pyramid and changes come from the bottom and it is very important that all the employees become involved in such activities and have teamwork in a friendly atmosphere otherwise it will not go well".*

She also believed that *"innovation and being modern and updated is important in participating in CSR activities"*. Participant B also had the same opinion regarding innovation. He mentioned several times in our conversation that beside innovation, adaptation, and making some changes continuously is a key in this regard. He explained, *"to be honest without innovation; you will be out of business. But innovation alone is not enough, you have to adapt, adapt and adapt and if you do not embrace the changes, you will be out of business"*. Besides, he said*, "being entrepreneur, being together and support each other is also important"*. He also stated that cooperation and coordination among all members of the organization, not only managers, but also employees are vital. The sense of family is strong in Norway because most of the SMEs are family-owned. This explanation was aligned with what Participant C believed. She opined that *"For example, in our company, we are like a family and there is not a hierarchy, it is unstructured and very friendly. Some companies have a structure like a machine, but we are like a living organization"*. According to such statements, I can interpret that innovation and

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[17] One of the Hofstede's dimension regarding national culture

adaptation besides an amicable atmosphere are a necessity in order to enhance organizations'
engagement in CSR.

The table below shows a summary of the main findings of the qualitative interviews for a better
understanding of each participant's responses.

Table 14. Summary of the main findings of the interviews

Themes	Participant A	Participant B	Participant C
Interpretation of CSR term	-Activities towards the environment such as recycling, paper, plastic, etc. -Activities Towards community such as sponsorship, preventing child labor, etc.	Activities towards the environment, employees, customers, and community, but the priority is on Community and environment.	Activities towards the environment and community
Primary sources of influence on the firm's engagement in CSR	-Government -Capital -Resources -Customers -Suppliers -Owners -Employees	-Government -Customers -Employees -Management	-Government -Management -Suppliers -Customers -Culture
CSR is seen as a voluntary basis vs. strategy plan	It is both voluntary and strategy but mostly as a marketing strategy	It is both, but these days employees participate in CSR on their own as a volunteer more than before.	It is both to the same extent.
CSR among SMEs vs. MNEs	Both are responsible based on forces, but still, the companies that have more time and capital and resources will attend more.	These days both size attend CSR activities because it has a root in sustainability, and it has also become important and easier to implement than before.	Both firms participate, but it still depends on the managers because, in Norway, everything is top-down.
CSR and Firm performance	CSR affects -Reputation and image of the company	CSR affects -Customers satisfaction -Employee satisfaction	CSR affects -Reputation -Customer satisfaction -Technological innovation

	-Relationship with suppliers and shareholders	-The reputation of the company	-Supplier relation -Reduce costs such as wasting and hitting costs
Leadership style	-The leader should be a role model. -Encouraging employees to CSR	-Acting and thinking should be compatible. -Follow high morality -The leader should be an influencer	- Leading by example -Getting employees' assistance - Thinking critically towards employees and the company
Organizational culture	- Culture should be flat not pyramid -Being friendly -Involvement -Teamwork orientated -Innovative -Being modern	-Innovative -Continuously do changes -Being adaptive - Cooperation and coordination among all members of the organization - Being an entrepreneur - Being supportive	-Having a family and friendly atmosphere like a living organization. - Having an adaptive environment among employees

Based on the interview's findings, all three respondents believed that CSR is a set of activities that are geared mostly towards the community and the environment. They also agreed that encouraging firms to participate in such activities strongly depends upon the Government and customers' forces. Besides such factors, participant A believed that resources and capital of firms are also crucial, whereas participant B and C thought that management and culture respectively are essential for organizations. All of them claimed that both SMEs and MNEs participate to the same extent in CSR in recent years; however, they differ in the points they emphasize. Participant A believed that organizations engage in such activities mostly because of strategic plans, whereas participant B claimed that it happens mainly voluntarily. All of them admitted that leaders should act as an example and role model for the subordinates in order to increase CSR engagement. They also opined that organizational culture should have a friendly atmosphere besides being innovative and having adaptation characteristics in order to enhance CSR participation.

4.6 Comparison of Interview and Survey Findings

Both interview responses and the survey demonstrated that CSR plays a substantial role in affecting NFP, such as customers' and employees' satisfaction. It is also investigated that leaders with TFL characteristics can lead to more company's engagement in CSR. In addition, among all three organizational culture, adhocracy culture was found to have an influential role in enhancing firms' participation in CSR activities. Neither the survey nor interviews showed any significant part of market culture in affecting firms' engagement in CSR

In spite of such similarities, our three participants claimed that CSR activities are mainly towards environment and community whereas the survey findings showed that firms partially implement CSR practices towards all four stakeholders and there is not a significant difference among them even though the portion of the environmental dimension is slightly less than the other three dimensions. While the finding of the survey indicated that clan culture affects CSR positively but is not statistically significant, the interviewees give a signal of some characteristics of clan culture beside adhocracy culture as well. In the discussion part of chapter 5 (next chapter), I will explain these findings and compare them in more detail.

4.7 Conclusion

This chapter reported the results of the data analysis within the context of the four research questions posed by the study. The data from the survey was analyzed using SPSS and SmartPLS program. Descriptive and statistics were used to analyze the data generated by survey questionnaires and interview responses. The reliability and validity of our findings were assessed by applying Cronbach's Alpha (CA) and average variance extracted (AVE), respectively. The analysis also showed a strong and positive relationship between CSR and firm performance. Adhocracy culture and TFL both have a positive and significant effect on CSR, whereas market culture and clan culture also had a positive influence on CSR, but the relationships were not statistically significant. Moreover, none of our control variables have a significant impact on our model.

Chapter 5 DISCUSSION, IMPLICATIONS AND CONCLUSION

5.1 Introduction

This chapter presents an interpretation of the major findings by starting a discussion about the impact of CSR on firm performance followed by the effectiveness of TFL and organizational culture to CSR and the extent of congruence between qualitative and quantitative findings. Finally, it discusses the theoretical and practical implications of the results, outlines the limitations of the study and suggests avenues for future research. The chapter then closes with a conclusion of the study's findings.

5.2 Discussion

This study examined the effect of CSR on firm performance among Norwegian SMEs and further explored whether TFL and organizational culture boost CSR practices. It is interesting to note that despite Norway's high commitment to CSR activities, CSR-firm performance concerning SMEs has remained a neglected topic, which has led to limited prior attempts to investigate these relationships within the Norwegian context. Moreover, while there is an increasing body of research about why SMEs are high or low on CSR practices, our knowledge regarding CSR's antecedents remains incomplete (Angus-Leppan et al. 2010), especially at the organizational level of analysis (Campbell 2007). Therefore, this study enhances our knowledge regarding the factors that influence the occurrence of CSR activities, particularly by identifying TFL and organizational culture as antecedents. In the following part, I will discuss the findings in more detail and address the research questions.

Ownership, size, age, and industry type:

The study findings show that CSR and firm performance relationship is independent of specific firm characteristics such as ownership type, size, age, and industry type. Firstly, there is no difference between public and private Norwegian SMEs concerning the level of CSR displayed by them. This indicates that both of them include CSR practices at the same level in their strategies. In addition, larger or older companies do not always show a high level of CSR in comparison with younger and smaller companies (Wu 2006). Therefore, we can conclude that smaller firms and younger firms are equally sensitive to the stakeholder needs and concerns as their bigger and older counterparts are.

Furthermore, the industry has frequently been defined as a confounding variable in the relationship between CSR and firm performance. Industries operate in different contexts face different social and environmental concerns. However, the results of this study indicate that

industry type does not affect CSR-firm performance significantly. One reason might be the sample size as some industries, such as textile and telecommunication, had a low representation in our sample, which might not be an eligible indicator for comparison with other sectors. Although Bootstrapping was conducted in order to make the analysis more robust, this particular finding may be carefully interpreted and may not be generalized.

It is also worth noting that after running the ANOVA test for comparing means regarding CSR activities among Norwegian SMEs, I found that the firms which have employees from 1 to 20, less participated in CSR compared to firms that have 51 to 100 employees. Therefore, much bigger companies (based on the number of employees) are more eager to participate in CSR than the smallest ones. In other words, an extreme increase in firm size might be associated with growing implementation in CSR practices. However, company size as a control variable was not significant for our model. The reason for such a contrary result might be in the difference in the number of respondents, as the third group (51-100 employees) contains 47 companies; this number is doubled compared to the first group.

Research question 1:

How does CSR affect the NFP of firms?

The result of the quantitative analysis indicated that a rise in CSR enhances firm performance. This supports our H1 (*CSR positively affects Firm performance*), which was formulated based on this question. This result is consistent with prior research that argues that CSR practices can impact positively firm performance (Waddock and Graves 1997, Clarkson 1995, Mishra and Suar 2010). I offer two reasons for CSR benefits. The first reason is that the CSR-persuaded income can enhance from higher sales and prices. The second reason is that the CSR-persuaded cost reduction can occur as a consequence of tax reductions, cuts of obligations by the government to encourage socially responsible practices and decreased cost of capital. Therefore, the stakeholder-oriented company not only creates benefits for its stakeholders but also for its shareholders. Participating in CSR activities towards all the four key stakeholders generates satisfied stakeholder groups who make efficiency advances and cost advantages that finally enhance firm performance. Pleased workers show their satisfaction to the company by efficiency gains and lower training costs and turnover. Pleased consumers increase product sales through repurchase behavior, satisfied communities diminish the public relations cost, and environmental stewardship results in reputational advantages (Mishra and Suar 2010, Waddock and Graves 1997). Therefore, the findings show that the effective management of key

stakeholders boosts firm performance. When a company becomes responsive to stakeholders, it can guarantee higher performance in comparison with its rivals (Turban and Greening 1997). When a company increases socially responsible practices towards its stakeholders, consumers not only adore, appreciate, or respect that company but also identify with it. These identifications come to be so reliable and sustaining (Sen and Bhattacharya 2001) that consumers grow into brand representatives of the companies with enduring loyalty.

The qualitative analysis also supports the quantitative findings. All three respondents believed that engagement in CSR practices helps companies to build a better reputation and image as well as providing a good relationship with the suppliers and customers who care about such activities, which can finally lead to higher performance for the firms.

Research question 2:

Whether and how does organizational culture affect CSR?

H2, H3, and H4 were proposed based on this question. The findings show that the level of CSR activities can vary based on the type of organizational culture. First, hypotheses 2 and 4 surmised that organizations with a clan and market culture would engage in high CSR activities; however, the results did not support these hypotheses. The present results may be considered as a reflection of the cultural values of Norwegian society. The national culture of Norway is characterized by low power distance, individualism, and femininity values (Hofstede 2010). It has been argued that organizational cultures are a reflection of societal cultures, which eventually have an impact on the decision-making process and CSR orientation of business corporations in that country (Thanetsunthorn 2015). This effect may be more prominent for SMEs as they have no strong corporate culture. Thus, the pattern of relationships I found in this study may, in part, stem from the cultural characteristics of Norwegian society. For example, the weaker association between clan culture and CSR may stem from society's individualistic values. In a high individualistic society, people focus on their own interests and those of their immediate families, rather than the group interests (Hofstede 2010). Such values are contradictory to a clan culture, which is associated with "human relations" and group affiliations. This type of culture is more compatible with in-group collectivism cultural dimension in which individuals emphasize pride and relatedness with groups. Although Norway is characterized by femininity values representing a preference for cooperation, modesty, and quality of life (Hofstede 2010), such attributes are not necessarily embedded in-group identity, and Norwegians tend to maintain themselves as independent of groups.

Therefore, individualistic people in clan culture are less likely to possess ethically oriented behaviors towards different stakeholder groups, rather than themselves.

Why the relationship between market culture and CSR was not significant may also reflect the cultural emphasis in the country. Norway is a country where performance orientation is not high (Warner-Søderholm 2012). Performance orientation implies the degree to which a society underlines performance excellence and focuses on process improvements and outcomes. The market culture focuses on goal setting, centralized decision-making, performance, and profit, and thus is more compatible with a performance-oriented culture. Therefore, it is more likely that the relationship between market culture and CSR be more effective in a high-performance orientation country because they look at CSR as an instrument to their success. For example, in an organization characterized by market culture, the ethical behaviors may primarily be reinforced towards the customers to achieve market share goal resulting from a higher sales level.

The third hypothesis (H3) was the effect of adhocracy culture on CSR. The result indicated that adhocracy culture significantly increases CSR activities. This result also has a root in individualistic values of Norwegian society. An individualistic culture in the workplace encourages creativity and innovation, improves employee engagement, and inspires people to do their best (Goncalo and Staw 2006). These features are compatible with a company in which adhocracy culture dominates. Such organizations focus on entrepreneurial, innovative and creative work along with new product and service development, growth, change, and experimentation, which can finally result in more CSR practices.

Research question 3:

which organizational culture type is more strongly related to CSR?

Based on the third hypothesis (H3), as I explained above, those companies which have adhocracy cultural behavior are more likely to implement CSR activities. When adhocracy cultural values dominate in a company, in such a situation, the company seeks to adjust flexibility to external uncertainty and changes and use many resources to gain unique knowledge and understanding to advance new products. For achieving such unique objectives in the market, companies need to maintain a good relationship and network with their primary stakeholders. They engage in CSR because such practices to a large extent considers stakeholders in the external environment. Firms with this culture type adhocracy may be more supportive to try new tasks, which can be favorable towards their stakeholders. This was

supporting the findings of Pasricha et al. (2018) as they suggest that the adhocracy culture (which was part of the organic culture) in their research significantly affects CSR practices. So, by engaging in CSR practices such firms can achieve a long-term relationship with their stakeholders which enables them to be more flexible and innovative in the market. This result is also compatible with the explanation of Cameron and Quinn (2011a) who claimed that adhocracy culture has high stress on external elements and allowing the external aspects to influence internal environments of the firm. This means that when firms realize that its practices can have substantial adverse effects on its surrounding (primary stakeholders) such as natural environment, for example through pollutant emissions or resource exploitation (Jennings & Zandber-gen, 1995), they tend to move beyond pollution control or prevention by relying on innovation to solve ecological and social issues (Linnenluecke and Griffiths 2010). Therefore, this finding also answers question number three, which indicates that among those three organizational cultures, only adhocracy culture is more likely to boost CSR practices.

Research question 4:

How does TFL affect CSR?

H5 has been made based on this question, which states that TFL has a positive relationship with CSR. Despite the high strategic importance of CSR, our understanding regarding micro-level organizational dynamics about CSR, such as the relationship between leadership styles and CSR, is still under-developed (Angus-Leppan et al. 2010). In this study, I found a positive relationship between TFL and CSR. This means that companies with greater TFL are more likely to engage in CSR practices. This finding is supported by the results of a few studies present throughout the literature, which showed that TFL and CSR are significantly positively linked (Waldman et al. 2006, Waldman et al. 2004, Groves and LaRocca 2011).

Nevertheless, it is noteworthy that this study seems to consider only strategically oriented CSR, not for more socially oriented CSR. This indicates that transformational leaders not only tend to focus on socially responsible corporate practices but also show a keen interest in the areas that are most useful to strategic concerns of the organization, such as the environment and product quality. Such an association can be linked to the characteristics of charismatic, individualized consideration, and intellectual stimulation displayed by transformational leaders. Charismatic leaders are characterized by values that emphasize altruism, justice, and humanistic notions of the greater good. Such values are, in turn, likely to boost the tendency to implement goals and strategies, especially those related to CSR. Indeed, Finkelstein et al. (1996) approved

that charismatic leadership could impact firm performance in one of several ways. For instance, the values of such leaders could influence strategic choices (e.g., CSR) through their effect on their field of vision, their understanding, and interpretation of information, and their strategic decision-making.

Moreover, intellectually stimulated leaders possess the ability to scan and broadly think about the environment and the way several organizational stakeholders may be served. The intellectual stimulation feature helps leaders to recognize that success in such an environment needs strong relationships with a variety of key stakeholders, as well as a perception that contains CSR. The result is impinged with the theory, as Waldman et al. (2004) suggest that such perspective increases followers' thinking about how to balance organizational goals with the desire to pursue CSR. For instance, leaders' ideas and questions are likely to stimulate followers' thinking about how socially responsible outcomes can be achieved while generating adequate returns for shareholders at the same time. These ideas and questions may encourage followers to reassess prior beliefs that improved performance can only be reached at the expense of CSR. That is, employees will view the matter of mixing strategy and CSR from another angle, in a way that CSR will be seen more as an opportunity, rather than a threat. Eventually, individualized consideration demonstrates consideration and empathy for employees' well-being and helps them enhance their potentials and skills, offer individual support, advice, and growth (Robertson and Barling 2013). According to Lepoutre and Heene (2006), such activities are part of the CSR practices, especially among SMEs. These scholars argue that the responsible SMEs are the ones who not only integrate fairness and honesty in their dealings with customers, business partners, and competitors but also who, create an equal developmental opportunities for their employees by participating them in various skill-enhancing training and workshops and providing training opportunities, health and education benefits for workers and their families. Therefore, all four dimensions of TFL can increase CSR activities and practices.

Additional findings

While the primary focus of this study was not on the indirect effect of TFL and organizational culture on NFP, this study provides some interesting insights regarding how TFL and organizational culture can improve firm performance by nurturing CSR activities. The study findings show that CSR can act as a mediator in TFL and firm performance relationship. Transformational leaders focus on team developments, raise moral, and instill employees with moral inspiration by managing and leading them to act purposefully (Burns 1978). In this regard, ethical values provide a basis for the behaviors performed by transformational leaders

(Bass and Riggio 2006). I believe that such leaders take into consideration various stakeholders while planning and designing their strategies because they are part of the environment that must be managed to succeed, and it is also a part of proper management in general. Therefore, transformational leaders use CSR as a tool to win the support of different stakeholders. Acting ethically can lead to a good reputation and image of a company that, in turn, will provide a firm with economic benefits (Hillman and Keim 2001). It can also help regarding establishing connections with employees, understanding employees' needs, which can contribute to attract and retain high-quality employees, and finally, good outcomes for the organization.

The study findings show that TFL has incremental predictive validity over our organizational culture in the explanation of CSR. This implies that TFL is a vital factor for shaping CSR beyond organizational culture. Without such a leadership style, the firm will not succeed in forming CSR practices. However, when the effect of TFL is removed from the SEM model, the indirect impact of adhocracy and clan culture on firm performance through CSR practices becomes significant. This implies that organizational culture is a substitute for TFL. In this matter, Schein (2010) claimed that organizational culture and leadership are two sides of the same coin. During the first stages of business creation, the leader of a company creates an organizational culture through his/her values, attitudes, and behaviors, and later organizational culture shapes and affects leadership behavior. If leaders want to have organizational renewal, they will nurture a culture that is open and beneficial to creativity, problem-solving, risk-taking, and experimentation (Bass 1999). Therefore, in the condition that TFL is not competent enough, this is the organizational culture that acts as a substitute for TFL and shapes CSR practices, which can finally lead to more favorable performance for the organization. In this condition, the firm should try to foster the organizational culture in a way to promote CSR practices by taking clan and adhocracy cultural characteristics into account. The organization should follow values regarding adaptation, innovation, risk-taking orientation and flexibility beside providing a teamwork orientation and friendly atmosphere in order to be successful in shaping CSR.

5.3   Differences in Interview and Survey Responses

The analysis of survey responses showed that among all three organizational culture types (clan, adhocracy, market), only adhocracy culture significantly affects CSR activities; however, the interviewees believed that organizations should have some characteristics of both adhocracy and clan culture in order to be effective. They believed that beside innovation, adaptability, and flexibility, organizations should have a friendly atmosphere that both managers and employees cooperate and admire teamwork orientation. Such characteristics give a hint that clan culture

may also be efficient for CSR practices. This is in contrast to what has been found in the quantitative part.

I believe that particular differences might have occurred due to the importance of clan culture just for these specific companies, and it may do not exist in other firms. Culture is a complex construct, and therefore, different types of culture may exist in companies simultaneously, and one type of culture may be dominant to the rest (Lee and Kim 2017). The interview's findings in this study indicate that these are the features that the particular firms perceive as the best and most appropriate way to operate. Such characteristics represent their underlying assumptions, beliefs, and values of the culture, and it is unique for them which may not necessarily exist in other companies as well. This is due to the fact that some cultures might be more appropriate in certain contexts and industries than others. Therefore, I believe that the matching culture or attribute to organizational goals for those particular companies is a mix of adhocracy culture and some of the clan cultural values.

5.4 Theoretical Implications

By examining the relationship between TFL and CSR practices, this study develops knowledge regarding organizational forces of CSR. while some studies have conceptualized different organizational antecedents to CSR, such as managers' mental frames and sense-making processes (Basu and Palazzo 2008) large-scale empirical studies of organizational factors of CSR are lacking (Waldman et al. 2006). This research bridges leadership literature and CSR literature to offer empirical evidence regarding the differential roles of TFL in the company's CSR practices. In fact, our findings have implications for theories of CSR and leadership. Because this study places TFL in the context of stakeholder theory (Bass and Steidlmeier 1999) and shows that transformational leaders are likely to display responsible leadership compared to others, promoting CSR practices that boost the welfare of secondary stakeholders.

There are a few studies on the impact of organizational culture on CSR. One of them is by Maignan and Ferrell (2001), who explored the influence of different organizational culture types, including market-oriented, human-oriented, and competition-oriented on CSR. However, in this study, I examined the CVF framework of Cameron and Quinn (2011b) (clan, market, and adhocracy), which is one of the useful and well-known categories regarding organizational culture. By doing so, we have operationalized the concept differently, and have employed different methodological approaches to the study through the various cultural dimensions. I also

found that the characteristics of adhocracy culture are more compatible with CSR than the other two cultural dimensions; nevertheless, there are little empirical findings to support this claim.

This study also examined the intermediary role of CSR in TFL/organizational culture and firm performance relationship, which expands our knowledge regarding the mechanisms underlying the link between TFL/organizational culture and outcomes. This is new, particularly in view of the concepts; thus, our findings could stimulate an additional research direction, furthering the instrumental role of CSR for such constructs.

5.5 Practical Implications

CSR (policy, program, or process) can be seen as "strategic" when it provides considerable business-related benefits to the company (Burke and Logsdon 1996). Scholars have argued this perspective regarding CSR due to the low level of fundamental and moral basis (Margolis and Walsh 2003). This study changes a viewpoint of CSR from 'stakeholder-perception' to the 'business perception' by providing sensitive stakeholder guidelines to a broad variety of concerns related to stakeholders. Several concerns involved in the framework of CSR that I proposed in this thesis are not linked directly with profitability. For instance, guidelines about removing employee rights mistreat and treating employees equally do not have any immediate financial consequences. Instead, such indicators carry ethical concerns into the CSR argument. Hence, this thesis addresses the issue of combining the ethical and strategic domains in a CSR by considering stakeholder-sensitive and ethical matters in the framework; The study suggests that this perspective can be valuable not only for the company but also for its stakeholders, and this can result in a win-win situation for both parties (Mishra and Suar 2010).

This study emphasizes the importance of organizational leadership in a firm's CSR activities. In spite of the well-known belief that CSR is essential to company's capability to meet their stakeholder requirements and gain sustainable growth (Maon et al. 2009), many companies struggle to enhance socially responsible activities and maximize the social and business returns to their CSR (Porter and Kramer 2006). The reason might be the lack of knowledge regarding the antecedent of CSR and the factors that may play a substantial role in boosting CSR activities. Therefore, rather than just focusing on whether or not CSR leads to firm performance, this study discovers what factors lead to more socially activities such as TFL and organizational culture.

Our findings suggest that TFL plays an essential role in initiating and designing socially responsible activities. Therefore, the real challenge for managers and companies will be to grow themselves into "truly transformational leaders". TFL will subsequently be able to integrate the

creation of social, economic, and environmental aspects as a strategic core value within the firms. Thus, this thesis has implications regarding the leaders' employment conditions in SMEs. Because leaders are mostly responsible for the whole company's success, firms are persuaded to establish quality employment policies that consider ethicality beside evaluating other leadership attributes. This study offers critical implications to HR practitioners to recruit and train managers who can show the characteristics of TFL, which can facilitate the development of CSR activities, or it can help managers to support more critical understanding and acknowledgment of the concept of TFL within firms which increase firms' CSR.

Moreover, the result of this study may aid firms to pay more attention to the organizational culture as a factor which can influence the values and attitudes of employees toward CSR. Since an understanding of differences and similarities between subcultures can help firms to advance a range of more sophisticated and customized agendas for the successful implementation of CSR practices, and provide novel insights into how best to approach change management issues (Linnenluecke and Griffiths 2010). Concerning the current study findings, there is a high possibility of a demonstration of CSR by companies in which adhocracy cultural values are dominated. Hence, leaders should pay attention to their company's culture because culture may act as a critical driver to enhance pursuing CSR activities. It is essential to understand the culture of the firms in order to work toward progressing culture that is supportive of CSR.

5.6 Limitations of the Study

There are a number of limitations to this study. The first set of limitation emerges from the small sample size. Due to the previously mentioned difficulties, this study used a sample of 84 Norwegian SMEs, which makes statistical analysis challenging. For example, when it comes to industry types such as textile and telecommunication, only four companies were represented in such industries. Most of the statistical analysis advice a minimum of 20 respondents in each category. Thus, sample size both limits the robustness of the analysis as well as reducing the ability to generalize the findings to other populations. However, because the sample represents only SMEs in Norway following the classification by NHO, which categorizes the companies with fewer than 100 employees, we can rule out industry effects. Therefore, it is reasonable to say that the result of the analysis is representative of Norwegian SMEs. In order to enhance the robustness of the tests, bootstrapping was used. The result of the analysis did not change as a result of bootstrapping (significant relationships without bootstrapping were still significant compared to bootstrapping), which shows that the result of the analysis is robust. However, a larger sample could have captured more distinction of group differences regarding the

demographic variables, ownership and company age than what was identified in this thesis. Hence, the small sample size is a major limitation.

The second limitation of this study is the use of self-reported data instead of multisource or objective data. We must be aware of the possibility that firms try to describe themselves better than what they really are. Though, research shows that self-reporting is a good indicator of actual performance (Graafland et al. 2010) and that respondents are only slightly drawn to give socially desirable answers. I also try to tackle these potential biases by having a mixed methodical analysis (both quantitative and qualitative). Also, the respondents were made aware that the survey was completely anonymous. Therefore, there should be no incentive for representing themselves "better" than what they are. A visual review of the data collected appears to support this, i.e., there were differences in the data, which means the respondents had not chosen only at the high end of the scale. We also used Harman's single factor method (Harman 1976) by checking whether the variance in data loads significantly to a single factor or not. This is the standard method to show if there is social desirability. Based on the finding from this method, I also found that there are no biases in the answer of respondents.

Third, this study considered four dimensions - employees, customers, environment, and community, which may capture a narrow conceptualization of CSR. Although this is consistent with the earlier literature and was supported by our qualitative findings, they are not the only stakeholders of a firm, and other primary stakeholders could be included, such as suppliers and investors or secondary stakeholders such as the media (Maignan and Ferrell 2001).

Lastly, this study relied on a single respondent from each firm. Due to the importance of the respondent's perception of CSR practices in the firm and the effect of such practices, a better approach may have been to survey multiple respondents from each firm. This could help us to get an in-depth understanding of the effect side of TFL and organizational culture in shaping CSR practices. However, scholars have noted that surveys often suffer from a low response rate (Rea and Parker, 1992) and in particular that the subject matter of CSR often results in low response rate (Rea and Parker 1992) may also be true to SMEs (Graafland et al. 2003). Because it would be very difficult to reach multiple respondents from each firm and within the SMEs context, it may be hard to find various informed respondents on CSR issues. Nevertheless, we tried to solve this limitation by using a mixed-method approach (both qualitative and quantitative).

5.7   Future Research

To provide a more detailed understanding of the effect of CSR, future research may consider all relevant stakeholders rather than focusing on the knowledge of managers. For instance, future research may consider the information about the influence of CSR on employee attraction, motivation, and retention directly from employees. Also, the effect of CSR on customer attraction and loyalty could be evaluated from the perspective of the company's customers and so forth. Such approaches would require numerous detailed information from each firm, and a case study approach may provide the best method of achieving such information. For instance, a multiple case study which compares firms and divisions within those companies regarding their participation in CSR. These companies could be considered to separately identify the roles of the leadership style, organizational culture, and the board of directors in formulating and implementing CSR. Research beside these lines could help provide a deeper understanding of linkages between leadership style, organizational culture, and CSR across levels of an organization.

Although TFL beside adhocracy and clan culture influenced firm performance indirectly through CSR in this study, our attention was on the direct effect of such variables in this study. Thus, future research can focus on the indirect effects of TFL/organizational culture on firm performance through CSR. I also suggest additional quantitative and qualitative research that directly evaluate the role of leadership qualities in CSR formulation and implementation. More generally, further work on how other attributes, beyond TFL impact CSR policies and practices, would help a richer understanding of this crucial but underexamined internal driver of CSR.

Furthermore, I found a hint of clan cultural characteristics beside adhocracy culture in my qualitative analysis as an antecedent of CSR practices. Thus, there is a need for additional research for clarification on whether clan culture is an interface to CSR in the Norwegian context.

Finally, I stated that the pattern of relationships I found in this study might be a reflection of the cultural values of Norway, but I did not include cultural variables in this study. Future studies should examine whether certain cultural value dimensions have contingency impacts on the relationship between TFL/organizational culture and CSR.

5.8   Conclusion

This study explored the nature of CSR in Norwegian SMEs and its relationship with firm performance. The thesis further introduced two drivers TFL and organization culture as

antecedents of CSR. The main finding of this study showed that 1) CSR positively affects firm performance, implying that a high level of CSR can lead to more favorable firm performance. 2) TFL is a booster for CSR practices, which means that in a company that TFL dominates we can see more CSR activities. 3) Among all three different organizational cultures (adhocracy, clan, market), adhocracy positively and significantly affects CSR, which indicates that organizations with adhocracy cultural characteristics are more likely to have greater CSR engagements.

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APPENDIX A

Table 15.KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0,818
Bartlett's Test of Sphericity	Approx. Chi-Square	2641,778
	df	820
	Sig.	0,000

Table16. Communalities

	Initial	Extraction
Material and labor efficiency or productivity	1,000	0,427
New product/service innovation	1,000	0,267
Employee development and training	1,000	0,338
Customer satisfaction	1,000	0,432
Workplace relations	1,000	0,443
Employee health and safety	1,000	0,493
Customer response time	1,000	0,221
Employee satisfaction	1,000	0,473
Develop, support and train employees	1,000	0,196
Policies covering health and safety at work	1,000	0,393
Treat employees equally	1,000	0,416
Offer adequate remuneration	1,000	0,394
Concern with employees' needs and wants	1,000	0,550
Set fair prices for products/services	1,000	0,434
Provide full and accurate information about the products/services to our customers	1,000	0,589
Implement fair sales practices	1,000	0,454
Respect consumer rights beyond the legal requirements	1,000	0,620
Resolve customer complaints in a timely manner	1,000	0,472
Reduce energy and natural resources consumption	1,000	0,249
Adopt measures for ecological design in product/services	1,000	0,139
Prevent waste	1,000	0,370
Preference for green products in purchasing	1,000	0,318
Dispose of waste correctly	1,000	0,281
Help the community through charitable donations, and educational and cultural contributions	1,000	0,407

Contribute to the economic development of the region	1,000	0,544
Communicate openly and honestly with the local community	1,000	0,615
Contribute to campaigns and projects that promote the well-being of society	1,000	0,542
Create jobs for people in the region	1,000	0,568
I show determination when accomplishing goals	1,000	0,407
I communicate high performance expectations	1,000	0,405
I articulate a compelling vision of the future	1,000	0,509
I transmit a sense of mission	1,000	0,386
My company has a family-like atmosphere	1,000	0,193
My company considers solidarity and a feeling of oneness as important	1,000	0,309
My company considers working as a team as important	1,000	0,275
My company encourages change and innovation	1,000	0,299
My company fairly compensates innovation	1,000	0,196
My company gives more incentive to creative persons than sincere ones	1,000	0,179
My company emphasizes competitive actions and achievement	1,000	0,238
My company believes ability related to a task is the most important requirement for employees	1,000	0,058
My company evaluates employee performance on the basis of actual outcomes	1,000	0,126

Extraction Method: Principal Component Analysis.

Table 17. Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	15,225	37,135	37,135	15,225	37,135	37,135
2	2,995	7,305	44,440	2,995	7,305	44,440
3	2,725	6,647	51,087	2,725	6,647	51,087
4	2,173	5,299	56,386	2,173	5,299	56,386
5	1,911	4,661	61,047	1,911	4,661	61,047
6	1,625	3,963	65,010	1,625	3,963	65,010
7	1,478	3,605	68,615	1,478	3,605	68,615
8	1,232	3,005	71,621	1,232	3,005	71,621
9	1,048	2,555	74,176	1,048	2,555	74,176
10	1,014	2,473	76,649			

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11	0,851	2,075	78,724					
12	0,647	1,578	80,302					
13	0,636	1,552	81,855					
14	0,631	1,540	83,395					
15	0,578	1,410	84,805					
16	0,531	1,295	86,100					
17	0,480	1,170	87,270					
18	0,467	1,140	88,410					
19	0,444	1,084	89,494					
20	0,425	1,036	90,530					
21	0,397	0,968	91,498					
22	0,355	0,867	92,365					
23	0,339	0,828	93,192					
24	0,324	0,791	93,983					
25	0,298	0,728	94,711					
26	0,263	0,643	95,353					
27	0,251	0,613	95,966					
28	0,222	0,541	96,507					
29	0,202	0,492	96,999					
30	0,195	0,477	97,476					
31	0,166	0,404	97,879					
32	0,155	0,377	98,256					
33	0,126	0,308	98,565					
34	0,115	0,280	98,845					
35	0,101	0,246	99,091					
36	0,091	0,222	99,313					
37	0,086	0,209	99,522					
38	0,065	0,158	99,680					
39	0,054	0,133	99,813					
40	0,048	0,117	99,929					
41	0,029	0,071	100,000					

Extraction Method: Principal Component Analysis.

Table 18. Rotated Component Matrix[a]

	Component								
	1	2	3	4	5	6	7	8	9
Customer response time	0,821								
Employee satisfaction	0,748								
New product/service innovation	0,699								
Employee development and training	0,684								0,445
Customer satisfaction	0,650								
Material and labor efficiency or productivity	0,611								
Workplace relations	0,548								
Employee health and safety	0,503								
Implement fair sales practices		0,764							
Resolve customer complaints in a timely manner		0,732							
Respect consumer rights beyond the legal requirements		0,724							
Set fair prices for products/services		0,687							
Provide full and accurate information about		0,642							

the products/services to our customers									
Contribute to the economic development of the region			0,812						
Contribute to campaigns and projects that promote the well-being of the society			0,810						
Help community through charitable donations, and educational and cultural contributions			0,752						
Communicate openly and honestly with the local community			0,732						
Create jobs for people in the region			0,691						
I communicate high performance expectations				0,737					
I show determination when accomplishing goals				0,722					
I transmit a sense of mission				0,703					
I articulate a compelling vision of the future				0,623					
Develop, support and train employees					0,799				
Offer adequate remuneration		0,413			0,712				
Concern with employees' needs and wants					0,686				
Treat employees equally		0,423			0,645				
Policies covering health and safety at work					0,631				
Adopt measures for ecological design in product/services						0,810			
Reduce energy and natural resources consumption						0,773			
Preference for green products in purchasing						0,757			
Prevent waste					0,408	0,629			
Dispose of waste correctly						0,555			
My company considers working as a team as important							0,717		
My company has a family-like atmosphere	0,437						0,699		

Item										
My company considers solidarity and a feeling of oneness as important								0,679		
My company evaluates employee performance on the basis of actual outcomes									0,806	
My company emphasizes competitive actions and achievement									0,761	
My company believes ability related to a task is the most important requirement for employees									0,650	
My company gives more incentive to creative persons than sincere ones						0,454				0,654
My company fairly compensates innovation										0,638
My company encourages change and innovation										0,460

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

Table 19. Outer VIF Values

Variables	VIF
Adhocracy_cult1	1,207
Adhocracy_cult2	1,250
Adhocracy_cult3	1,296
CSR_Commu2	4,412
CSR_Commu2	5,598
CSR_Commu3	4,062
CSR_Commu3	5,456
CSR_Commu4	4,352
CSR_Commu4	5,987
CSR_Commu5	2,924
CSR_Commu5	3,827
CSR_Cust1	2,311
CSR_Cust1	3,068
CSR_Cust2	2,626
CSR_Cust2	3,637
CSR_Cust3	3,102
CSR_Cust3	3,489
CSR_Cust4	4,608
CSR_Cust4	5,594

CSR_Cust5	3,265
CSR_Cust5	4,056
CSR_Emp1	1,645
CSR_Emp1	2,044
CSR_Emp2	2,209
CSR_Emp2	3,249
CSR_Emp3	2,907
CSR_Emp3	3,515
CSR_Emp4	2,744
CSR_Emp4	3,617
CSR_Emp5	2,633
CSR_Emp5	3,434
CSR_Envir1	2,243
CSR_Envir1	3,170
CSR_Envir2	1,741
CSR_Envir3	1,998
CSR_Envir3	2,666
CSR_Envir4	1,991
CSR_Envir4	2,808
CSR_Envir5	1,838
CSR_Envir5	2,392
Clan_Culture1	1,800
Clan_Culture2	1,942
Clan_Culture3	1,468
Market_cult1	1,731
Market_cult2	1,276
Market_cult3	1,622
NFP1	1,988
NFP2	1,892
NFP3	2,102
NFP4	2,196
NFP5	1,968
NFP6	1,916
NFP7	2,312
NFP8	2,989
TFL1	2,126
TFL2	2,220
TFL3	1,759
TFL4	2,060

Table 20. ANOVA to test the difference between Norwegian SMEs' CSR based on industry

Source	N	Mean	Comparing Size of company	Mean difference	sig
Service	38	4.9434	Manufacturing	-.3204	.582
			Others	-.5007	.435
Manufacturing	29	5.2638	Service	.3204	.582
			Others	-.1803	.723
Others	17	5.4441	Service	.5007	.435
			Manufacturing	.1803	.723

N is the number of respondents

*The mean difference is significant at the 0.05 level

Table 21. ANOVA to test the difference between Norwegian SMEs' CSR based on firm age

Source	N	Mean	Comparing Size of company	Mean difference	sig
1-10 year	11	5.3955	11-30 year	.5681	.387
			31-50 year	-.5007	.435
			Above 51 year	.1135	.801
11—30 year	31	4.8274	1-10 year	-.0163	.982
			31-50 year	.1135	.801
			Above 51 year	-.4546	.543
31-50 year	17	5.4118	1-10 year	.5007	.435
			11-30 year	.5844	.346
			Above 51 year	.1298	.794
Above 51 year	25	5.2820	1-10 year	-.1135	.801
			11-30 year	.4546	.543
			31-50 year	-.1298	.794

N is the number of respondents

*The mean difference is significant at the 0.05 level

APPENDIX B

Survey questionnaire

Thank you for participating in this survey. The purpose of the data collection is related to my master's thesis at NTNU Aalesund. The goal is to capture your thoughts and attitudes towards the effect of Corporate Social Responsibility on Firm Performance. The survey measures "Non-financial performance" and "Corporate social responsibility" and the role of "Leadership" and "Organizational culture" in this regard. The survey will take 10 minutes to complete.
Due to confidentiality reasons, we ask that you do not put your name on this survey.

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PART 1 – Demographics

Question 1

Are you female or male?

☐ Female ☐ Male

Question 2

Age ____ (in years)

Question 3

What kind of education do you have?

Undergraduate university (bachelor´s degree) ☐

Postgraduate university (master´s degree) ☐

PhD ☐

Other: _____

Question 4

Experience level (years)?

5 or under ☐

6-10 ☐

11-15 ☐

16 or over ☐

Question 5

Management level?

Top management ☐

Middle management ☐

Lower-level management ☐

Question 6

Type of company?

Private ☐

Public ☐

Question 7

In which industry the company operates?

Foods, processed agricultural or marine products ☐

Aviation & Automobile ☐

Manufacturing ☐

Banking & Finance ☐

Marketing & Communication ☐

Building & Construction ☐

Pharmaceutical industry ☐

Chemical Industry ☐

Service ☐

Education ☐

Sports & Tourism ☐

Engineering ☐

Telecommunication ☐

Health Care ☐

Textile ☐

Information Technology ☐

Management & Consulting ☐

Other: _____

Question 8

How many employees work for the company?

1-20 ☐

21-50 ☐

51-100 ☐

Over 100 ☐

Question 9

Age of the firm (in years)? _____

Part 2- Non-financial performance

Please answer these statements for 3 years of the company's operation from 2016 to 2018. on a scale from 1-7 where 1 is "Very low", 4 is "Average" and 7 is "Very high".

1- Material and labor efficiency or productivity
2- New product/service innovation
3- Employee development and training
4- Customer satisfaction
5- Workplace relations
6- Employee health and safety
7- Customer response time
8- Employee satisfaction

Part 3 - CSR

Please answer these statements on a scale from 1-7 where 1 is "It is not implemented", 4 is "It is partially implemented" and 7 is "It is fully implemented".

CSR towards employees

1- Develop, support and train employees
2- Policies covering health and safety at work
3- Treat employees equally
4- Offer adequate remuneration
5- Concern with employees' needs and wants

CSR towards customers

1- Set fair prices for products/services
2- Provide full and accurate information about the products/services to our customers

3- Implement fair sales practices
4- Respect consumer rights beyond the legal requirements
5- Resolve customer complaints in a timely manner

CSR towards the environment
1- Reduce energy and natural resources consumption
2- Adopt measures for ecological design in product/services
3- Prevent waste
4- Preference for green products in purchasing
5- Dispose of waste correctly

CSR towards the community
1- Help community through charitable donations, and educational and cultural contributions
2- Contribute to the economic development of the region
3- Communicate openly and honestly with the local community
4- Contribute to campaigns and projects that promote the well-being of the society
5- Create jobs for people in the region

Part 4 - Leadership style
Please lead your own leadership style based on a scale from 1-7 where 1 is "Never", 4 is "sometimes" and 7 is "Frequently, if not always"
1- I show determination when accomplishing goals
2- I communicate high performance expectations
3- I articulate a compelling vision of the future
4- I transmit a sense of mission

Part 5 - Organizational culture
Please answer these statements on a scale from 1-7 where 1 is ""strongly disagree", 4 is "Neither agree nor disagree" and 7 is ""strongly agree".
1- My company has a family-like atmosphere
2- My company considers solidarity and a feeling of oneness as important
3- My company considers working as a team as important
4- My company encourages change and innovation
5- My company fairly compensates innovation
6- My company gives more incentive to creative persons than sincere ones
7- My company emphasizes competitive actions and achievement
8- My company believes ability related to a task is the most important requirement for employees
9- My company evaluates employee performance on the basis of actual outcomes

APPENDIX C

Interview Questionnaire

1. What is CSR from your point of view?
2. Is CSR more a voluntary activity or strategy in the Norwegian context?
3. What elements can influence engagement in CSR?
4. To what extent CSR activities differ among Norwegian SMEs and MNEs?
5. What characteristics should leadership have to encourage CSR within the firm?
6. What characteristics should organizational culture have to influence firms' engagement in CSR?

Dates of Interviews

Participant A   27 August 2019

Participant B   27 August 2019

Participant C   25 September 2019

Mehrnaz Moghaddam