

Master's degree thesis

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Corporate Social Responsibility-

A study on the relationship between motivation and
CSR activities

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Abstract

Corporate Social Responsibility (CSR) is not a new phenomenon. However, CSR has received increasing attention in the last decades from both academia and from businesses themselves. The general awareness in society to CSR combined with the complexities of globalization in business has made CSR a topic of high interest and importance.

The purpose of this study is to explore the nature of CSR in the maritime industry in Møre and Romsdal (M&R) and to investigate the relationship between motivation and CSR activities. Exploring the orientation of motivation is relevant as it concerns the why of actions. The thesis separates Motivation into Intrinsic and Extrinsic Motivation. Intrinsic Motivation is understood as engaging in CSR because it is the right thing to do while Extrinsic Motivation is understood as believing in the business case for CSR. Economic theory stresses that Extrinsic Motivation may crowd out Intrinsic Motivation. This implies that regulators must be careful of providing extrinsic incentives to firms in order to get them more engaged in CSR if Intrinsic Motivation is in fact their primary driver. Thus, exploring the orientation of Motivation is highly relevant. The thesis applies a qualitative method in the form of three interviews with key informants from the industry. Additionally a quantitative electronic survey was distributed to all maritime firms in M&R.

Overall, the data indicate that the nature of CSR in the maritime industry in M&R consists of firms who have high ethical standards and who perceive CSR as important. Customers, suppliers and employees are important stakeholder groups, which supports the notion of close relationships in the maritime cluster. Intrinsic and Extrinsic Motivation are positively related, implying that high levels of intrinsic motivation correlate with high levels of extrinsic motivation. However, CSR activities are found to have a stronger relationship with Intrinsic Motivation than Extrinsic Motivation. Additionally, Intrinsic Motivation is found to be a very strong predictor for CSR importance (i.e. the firms' rated level of how important CSR is in their firms).

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Chapter 1 Introduction

1.1 Background

The purpose of this study is to explore the nature of Corporate Social Responsibility (CSR) in the maritime industry in Møre and Romsdal (M&R) and its relationship with motivation. The awareness of firms' social responsibility is not a new phenomenon. However, in the last couple of decades, CSR has received massive attention from scholars, from national and international governments, from media and from the industry itself. As CSR perhaps in the past was optional, today's global and competitive business environment does not allow any firms to neglect the importance of social responsibility (Graafland & van de Ven, 2006; Nejati & Amran, 2009; Scherer & Palazzo, 2008).

In the following paragraphs, I will first introduce the maritime industry in M&R, being the context of this thesis. Furthermore, I will briefly discuss the relevance of the chosen topic before research questions are formulated. An overview over the methodological approaches applied in this thesis is then presented. Finally, an outline of the remaining chapters of the thesis is provided.

1.2 Context

The maritime industry in M&R is a particularly interesting context, being a well-known cluster with strong ties both nationally and internationally. The maritime cluster consist of many actors with strong internal relations both vertical and horizontal, and the cultural as well as the geographical distance is short (Jakobsen, 2008). Both M&R, Sogn og Fjordane, Hordaland and Rogaland have all a substantial maritime industry (Høgestøl, 2012). Thus, the M&R cluster is part of the larger maritime industry cluster in this region. In total turnover, shipping is the largest, with shipyards not far behind, and they are perceived to be the core of the cluster. See table 1 for greater detail. However, the suppliers, both service and equipment are very important, and many of them are world leading within their field (Høgestøl, 2012). M&R has a very strong shipyard industry, the strongest in the west region, as well as many robust equipment suppliers.

Table 1 Overview of the maritime cluster in M&R

Ship Consultants	Ship Yards
<ul style="list-style-type: none"> - 13 firms - Turnover: 0,98 billion NOK - Return on Sales: 18,1 % - Man-years: 520 	<ul style="list-style-type: none"> - 14 firms - Turnover: 16 billion NOK - Return on Sales: 3,4 % - Man-years: 4640 (2560 hired/ sub-entrepreneurs)
Shipping	Suppliers (Service and Equipment)
<ul style="list-style-type: none"> - 20 firms - Turnover: 14,9 billion NOK - Return on Sales: 13,8 % - Man-years: 8080 (4750 Norwegians) 	<ul style="list-style-type: none"> - 169 firms - Turnover: 22,8 billion NOK - Return on Sales: 3 % - Man-years: 8540

Source: Oterhals (2014)

The actors of the cluster have strong connections with each other (Jakobsen, 2008).

Illustration of the cluster links are presented in figure 1. The figure illustrates the mutual dependency between the actors, and the high degree of interaction between shipping, shipyards as well as the many suppliers. Jakobsen (2008) provides an analysis of the maritime

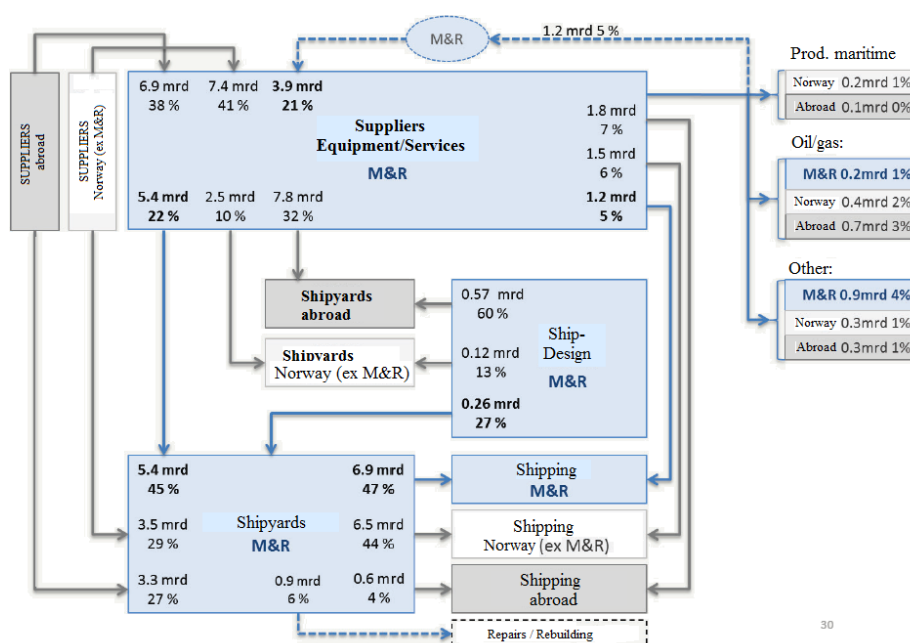


Figure 1 Maritime Cluster Relationships

Source: Oterhals (2014)

cluster in M&R based on a framework developed by Jakobsen (2003). The framework analyzes the cluster based on cluster dynamics, company sophistication, public policy, country attractiveness and long term relative industry performance. According to Jakobsen (2008), the cluster have both a vertical structure and a horizontal structure. The vertical structure is present due to the substantial degree of customer supplier relationships. The cluster however also has a horizontal structure due to local competition in every part of the value chain. Both geographical and cultural distance in the cluster is low, and the cluster is large measured by a Norwegian yardstick. The cluster has links both nationally and internationally, nationally by connection to a strong technology environment in Trondheim, and to national oil companies. A substantial part of total turnover, both among shipping, shipyards and suppliers comes from export. However, most of the companies are locally owned. The cluster is situated in a region who exhibits higher education institutions, such as Aalesund University College and Molde University College. The region also have solid research institutions such as Møreforskning. There is high degree of collaboration between the industry and the schools, in which both benefits. All in all Jakobsen (2008) categorizes the maritime cluster as strong and as a cluster that exhibits actors that complement and reinforce each other through vertical relations, as well as cultural and geographical closeness.

1.3 Relevance of topic

There is an increasing attention to CSR in shipping, demonstrated by the many shipping conferences addressing the topic (Skovgaard, 2014). Also in the Norwegian maritime industry, CSR has become a high-agenda issue. *Rederiforbundet* had for instance a conference¹ together with CSR Norge in Oslo autumn of 2014 addressing relevant CSR issues for the maritime industry specifically. Upcoming in May 2015, is a conference in Ålesund addressing Environmental or “Green” Shipping. The conference is a collaboration between Norges Rederiforbund, M&R Fylkeskommune, DNV-GL, Maritim Forum and Norsk Industri. The purpose of the conference is to create an understanding that shipping and maritime industry is part of the solution for solving environmental challenges, that the industry both has and is able to develop technology the world needs, and that Norway has the best foundation for creating an environmental shipping industry. Being a heavy energy industry, environment is a large portion of the maritime industry`s CSR challenge. Thus, such initiatives are highly welcomed, and show that the maritime industry is indeed concerned and engaged in CSR. The

¹ Link to video of the conference: <http://presenter.qbrick.com/?pguid=33cf3273-499a-40d7-9d73-01f0f6c4f8e5>

scope of this engagement in the majority of maritime companies in the cluster is however uncertain, and the thesis will contribute to this understanding. Scientific papers on CSR and shipping are to date limited (Skovgaard, 2014). The heightened attention to CSR issues in the industry itself, in addition to the industry being very internationalized, thus making it a very interesting context, should suggest that more studies will come.

Major organizations like OECD, UN and EU have also put CSR on the priority agenda. These organizations are however concerned that many firms consider CSR as relevant to big multi-national corporations only. Many scholars have also raised this concern, and suggest that the term itself is misguided, and should be replaced by a term in which all firms can relate (Jenkins, 2006; Nejati & Amran, 2009). Small and medium sized companies comprise the majority of businesses globally, and it has been estimated that “*SMEs have a greater environmental impact per unit than large firms and are the largest contributors to pollution, carbon dioxide emissions and commercial waste*” (Environment agency, 2003 cited in Baden et al. p 1). Thus, for CSR to be globally effective, it is vital that also SMEs are engaging themselves within these matters. As most of the companies in the maritime industry in M&R is small to medium sized, the context of the thesis is especially relevant.

A firm can however not be socially responsible by itself. A firm consist of individuals who makes decisions, small and big on a daily basis (Wood, 1991). Thus, a firm is dependent on the individuals in the firm to act on those social guidelines prepared by the firm (Wood, 1991). Why people act in the way they do relate strongly to their orientation of motivation (Ryan & Deci, 2000). An understanding of managers’ motivation for CSR is thus valuable as it enables a better understanding of why firms act the way they do. From economic theory, it is known that extrinsic motivation can crowd out intrinsic motivation (Baden, Harwood, & Woodward, 2009; Graafland & van de Ven, 2006). Thus, if most managers in the maritime industry are motivated by intrinsic motivation, understood as perceiving CSR as the right thing to do, and they are constantly being presented the win-win, business case for CSR understood as extrinsic motivation, it might crowd out their intrinsic motivation, thus leaving society worse off (Graafland, Kaptein, & Mazereeuw, 2010; Scherer & Palazzo, 2008). An understanding of CSR motivation, and more importantly how motivation relates to CSR activities, can give useful insights to both the industry itself, as well as to national and international authorities with regard to future legislation on these matters.

Thus, the formulated research questions for this thesis are:

1. What are managers' main underlying motivation for engaging in CSR?
2. How does motivation influence type of CSR activities?

1.4 Methodological approach

The thesis applies both a qualitative method in the form of three semi-structured interviews with key informants and a quantitative method in the form of an electronic survey addressed to all maritime firms in M&R. The main empirical contribution of the thesis is the quantitative survey. However, I see the preliminary qualitative interviews as essential for the quality of the thesis. Mainly because CSR is a term with a lot of ambiguity and it may be relatively little known among businesses in M&R. Getting an understanding of the knowledge of the industry was thus important to establish before a survey could be conducted. Additionally, good CSR for one industry may not necessarily be good CSR for another industry. It was therefore essential to get a better indication of which areas within CSR are most relevant for the maritime industry, so that the survey could have a stronger emphasis on these aspects.

1.5 Outline of the thesis

Chapter 2 elaborates on the theoretical background of CSR. First, the chapter introduces the concept of CSR and its main school of thoughts. Then the most relevant topics of CSR with regard to the thesis are addressed. Finally, relevant theories on CSR are discussed before hypothesis and a conceptual model are proposed. Chapter 3 addresses the Research Design and Data Collection. The findings of the qualitative pre-study are presented in Chapter 4. Chapter 5 presents the results of the quantitative survey. Chapter 6 discusses the findings of the quantitative data and provide suggestions as to what they mean to the industry. Finally, Chapter 7 states the limitation of this thesis. Practical implications and suggestion for future research are also presented before a short conclusion of main findings of the thesis is outlined.

Chapter 2 Theoretical Background

2.1 Introduction

CSR as a separate discipline has evolved gradually for the past 50 decades (Carroll, 1999). However, although some scholars and social activist groups in the 1960s claimed that responsibility of business went beyond profit, the significant social legislations in the 1970s were the key turning for the acceptance that firms had to take consideration and responsibility to society beyond the financial responsibility to its shareholders (Carroll, 1991). The accelerating trend of globalization has further rooted the acknowledgement of firms' responsibility for society, along with a recognition that negative externalities of firms has increased because of globalization (Scherer & Palazzo, 2008). Additionally the authors argue that the current CSR discussion incorrectly assumes that responsible firms operate under stable legal and political framework. The global framework is on the contrary fragile and incomplete, which makes it necessary for firms to contribute to the development and proper working of global governance (Scherer & Palazzo, 2008). Indeed, CSR have received massive attention both from scholars and from practitioners in the last decades. Still, the CSR discipline is fragmented, as a result of inconsistency, both in definitions applied, terminology used as well as choice of methodology (McWilliams, Siegel, & Wright, 2006).

2.2 Defining CSR

Despite the considerable attention to CSR in the last decades, there is still no common and general accepted definition of what CSR is (Carroll, 1991; Clarkson, 1995; Thomsen & Conyon, 2012). Additionally, many other similar terms operate alongside the CSR literature (Egri & Ralston, 2008; Fassin, Van Rossem, & Buelens, 2011), such as corporate social performance (Clarkson, 1995; Wood, 1991), corporate social responsiveness (Clarkson, 1995; Våland & Heide, 2005), corporate citizenship (Maignan & Ferrell, 2000), purchasing social responsibility (Carter & Jennings, 2004), corporate social and environmental responsibility (CSER) (Lynes & Andrachuk, 2008), corporate social irresponsibility (Murphy & Schlegelmilch, 2013; Müller, 2013; Windsor, 2013) and sustainability (Fauzi, Svensson, & Rahman, 2010). Elaborating on these constructs are beyond the scope of the thesis, but it is argued that essentially, all of them builds further on the CSR construct (Carroll, 1999). In addition to lack of common definition, some scholars argue that the term itself is inappropriate (Hemingway & Maclagan, 2004; Nejati & Amran, 2009). Despite of these

issues, CSR has proven to be a construct that have prevailed both in the literature and in practice. Thus, the term CSR will be applied throughout the thesis. Thomsen and Conyon (2012) define CSR as the way in which firms seeks to voluntarily align the interest of owners and other stakeholders with the long-term best interest of society. Lynes and Andrachuk (2008) define CSR as the voluntary commitment of a firm to contribute to social and environmental goals. McWilliams et al. (2006) define CSR as situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law. Davis proposed a CSR definition back in 1973, which has been widely cited in the literature: “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social [and environmental] benefits along with the traditional economic gains which the firm seeks” (Davis, 1973, p. 312). A newer definition is one proposed by World Business Council for Sustainable development, which describe CSR as the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large². The literature consist of numerous other definitions but due to space limitations, I choose not to elaborate any further. However, “most of the definitions express that the concept is voluntary, and expect the companies to do more than required by legislation. Furthermore, according to the most definitions, social responsibility is a broad endeavor covering many topics, such as human rights, labor-rights, environment, climate change, and anti-corruption” (Skovgaard, 2014, p. 514). Thus, although the wording of the definitions are different, it is reasonable to argue that the underlying theme of these definitions are similar. In line with the definitions presented above, the thesis interprets CSR as a commitment of firms towards society and the environment, which goes beyond compliance with rules and legislation.

2.3 CSR development

Fortune magazine performed a survey on social responsibility for businessmen in 1946, and surprisingly 93.5% of the businessmen in the survey agreed to the question of whether they had a moral obligation to society other than profit (Carroll, 1999). Firms’ awareness of their social responsibility probably existed long before this point in time as well. However, the seminal book *Social responsibility of Businessmen* by Howard Bowen in 1953 represent according to Carrol (1999), the first real formal contribution to the emergence of CSR as a

² <http://www.wbcsd.org/work-program/business-role/previous-work/corporate-social-responsibility.aspx>

scholar discipline. Milton Friedman is probably the most known opponent to CSR, who strictly believed that the only responsibility of business was to maximize profit (Friedman, 1970). Friedman argued that CSR was a signal of an agency problem within the firm because the task of the agent is to maximize profit for the principal, and that excess profit should be invested back into the company or paid to shareholders through dividends rather than be spent on philanthropy, no matter how worthy the cause might be. The principal should be able to decide what to do with their money, and not the agent. Friedman argued further that corporate executives who spends corporate money on social issues in fact becomes a public servant working in a free enterprise system. Friedman clearly thought that social issues should be left in the hand of the public, and not be performed by businesses. However, this strict view was bound to be challenged as the complexity and internationalization of business was increasing. Freeman is probably the most known advocate for the opposite view with his stakeholder perspective (Freeman, 1984). In general, CSR can be divided into these two schools of thoughts, the profit view and the wider responsibility view or put differently, the shareholder view and the stakeholder view (Schwartz & Carroll, 2003). Freeman argued that the firm has an obligation to all its stakeholders, not just the shareholders, and that the firm cannot ignore this responsibility. Stakeholders are understood as owners, suppliers, customers, employees, the community etc. However, the question of who the relevant stakeholders are may itself be a challenge, as the answer to the question may be very different depending on whom you are asking (Thomsen & Conyon, 2012). Bénabou and Tirole (2010) proposed an additional understanding of CSR, of which they separates CSR into three visions. First is the win-win scenario implying that a firm is doing well by doing good. Second is delegated philanthropy, meaning that the firm engages in CSR on behalf of stakeholders. This is in some cases necessary because it would be difficult, if not impossible for the stakeholders to do it themselves, due to information asymmetry and enormous individual transaction costs. Starbucks fair-trade coffee beans are one example of such delegated philanthropy. The third vision is insider-initiated philanthropy meaning that it is not stakeholder pressure that drives prosocial behavior but managers or board-members own desire to engage in philanthropy. According to Bénabou and Tirole (2010) these three views may be difficult to separate in practice. Thus, they argue that empirical research measuring CSR and profitability have been influenced by the fact that all three types of CSR has been measured in one construct. A possible effect on profitability by the first two CSR approaches may have been reduced by the inclusion of insider-initiated philanthropy (which in general is not recognized as beneficial to the firm). Indeed, scholars have claimed that research have failed to reach conclusive result as

to how CSR influence financial results (Husted & Allen, 2007). Additionally, it is argued that proof of causality is difficult to identify as too many variables influence financial performance, thus making it impossible to isolate the impact of CSR activities (Husted & Allen, 2007). However, the findings of an extensive meta-analysis of 52 studies suggest that the link between CSR and performance are greater than assumed by many scholars (Orlitzky, Schmidt, & Rynes, 2003). The main findings of the meta-analysis is that; (1) across studies, Corporate Social Performance (CSP) is positively related to Corporate Financial Performance (CFP), (2) the relationship tends to be bidirectional and simultaneous, (3) reputation are an important mediator of the relationship and (4) stakeholder mismatching, sampling error and measurement error explains a substantial portion of the cross-study variation in various subsets of CSP-CFP correlations (Orlitzky et al., 2003). Still, due to the complexity and uncertainty regarding CSR and financial performance and its measurement, I have made a deliberate choice to exclude financial performance as a variable from the thesis.

2.4 CSR and context

Scholars are concerned over the lack of consensus regarding a CSR definition (McWilliams et al., 2006), while others argue that a common CSR definition is inappropriate as business context as well as the national CSR system influence the nature of CSR (Gjølberg, 2009; Matten & Moon, 2008). According to Matten & Moon (2008) a separation between implicit and explicit CSR is more suitable. They argue that implicit CSR consist of values, rules and norms, which result in requirement for organizations and is motivated by the expectations of role and contribution the company has to society. Explicit CSR on the other hand describes all activities on which the company assume responsibility and consist of voluntary corporate politics, programs and strategies. It is motivated by the perceived expectations of all stakeholders of the corporation. US corporations adopted an explicit CSR policy much earlier than their European counterparts did. However, this was not due to European companies being oblivious to social issues, but due to formal and informal institutional mechanisms, which eliminated the need to adopt an explicit CSR policy, as they were already a part of the legal framework or embedded in social norms and culture. However, the large organizational changes during the 80s, changes in formal and informal institutions, and the occurrence of government failures, especially in the east of Europe led to an emergence need to adopt explicit CSR policies in European companies as well (Matten & Moon, 2008). Following the argumentation by the authors, the CSR work in the maritime industry in M&R is highly influenced by Norwegian social norms and culture, as well as the legal framework in which

they are bound by. According to the analysis of Norway on the official Hofstede³ web-site⁴, Norway has an extremely low score on masculinity (the second lowest in the world). Generally speaking, Hofstede state that the predominant values in a country with low score on this dimension is caring for others and quality of life. The analysis of Norway says that “the softer aspects of culture are valued and encouraged such as leveling with others, consensus, “independent” cooperation and sympathy for the underdog. Taking care of the environment is important. Societal solidarity in life is important; work to live and DO your best”. Thus, some aspects of CSR may come natural to Norwegian firms. This may however be, as Matten & Moon (2008) argues, implicit, and some firms may not even be consciously aware that their actions are in fact, what the literature would refer to as CSR actions (Jenkins, 2006). Although discussing national differences in institutional theory is meaningful and relevant it is argued that institutional theory only address homogeneity and consensus and do not consider heterogeneity and contestation around the meaning and practice for CSR within institutional context (Blindheim, 2015). Additionally, Blindheim (2015) argues that a prerequisite of CSR theory, managerial discretion, is effectively reduced under institutional theory and claim that managers’ choices and corporate actions become structurally bound and highly institutionalized. Thus, he argues that institutional theory needs to be complemented in order to include intranational heterogeneity. He proposes a framework of identifying the scope of CSR issues, broad or narrow, as well as identifying the responsibility mechanism. The latter is split into Corporate and Collective in which “the key difference between corporate- and collective-level responsibility mechanisms is that while the former are situated *inside* an organization and issued with the authority that managers are granted within formal organizations, the latter are situated outside organizations and issued without the authority that managers are granted within formal organizations” (Blindheim, 2015, p. 11). A 2 by 2 matrix (table 2) illustrate what type of CSR you are dealing with. Broad scope, corporate responsibility is explicit expansionist CSR. Narrow scope, corporate responsibility is explicit contractive CSR. Broad scope, collective responsibility is implicit expansionist CSR and narrow scope, collective responsibility is implicit contractive CSR.

³ 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 and then the sixth dimension indulgence versus restraint.

⁴ <http://geert-hofstede.com/norway.html>

Table 2. Four Distinct CSR Models in relationship to responsibility mechanism and scope of CSR issues

Scope of CSR issues	Responsibility mechanism	
	Corporate	Collective
Broad	Explicit Expansionist CSR	Implicit Expansionist CSR
Narrow	Explicit Contractive CSR	Implicit Contractive CSR

Source: Blindheim (2015)

Explicit expansionist CSR and implicit contractive CSR correspond to the interpretation of implicit-explicit proposed by Matten & Moon (2008). Thus, it is the explicit contractive CSR and implicit expansionist CSR that is the addition to the original “model”, which he sees as a necessary re-orientation. He argues that this framework may help businesses to more clearly understand and envision the different institutional embedded alternatives available to the responsible company. A qualitative focus-group study conducted of 32 Norwegian managers supported the claim that Norway does not fit the uniform assumption in the cross-national literature (Blindheim, 2015). Further institutional context is not static but dynamic (Blindheim, 2010; Tolbert & Zucker, 1999), for instance the role of the Norwegian state vs the market is very different today than it was 20 years ago (Blindheim, 2015). Please see Blindheim (2015) for a thorough discussion of the institutional context. The relevance to the thesis is however the awareness that both institutional context, implied in the explicit-implicit framework, and institutional within differences is shaping and influencing the maritime companies in M&R. Thus, it is to expect that the firms in the sample, consisting of a wide variety of firms within the cluster, both have degrees of CSR homogeneity as well as CSR heterogeneity.

2.5 CSR and SMEs

Some scholars argue that the term “corporate” in CSR is misleading and it may imply that CSR are only relevant to Multi National Enterprises (MNEs) (Murillo & Lozano, 2006; Nejati & Amran, 2009). Much of the research have also focused on CSR in MNEs (Jenkins, 2006; Perrini, Russo, & Tencati, 2007). Thompson and Smith (1991), cited in Nejati and Amran (2009) give some insights in the reasoning of why SMEs and CSR research is rather limited. Based on a review of the current academic literature on CSR and SMEs they found that the CSR literature is oriented towards larger firms. Further, they found that most scholars have been in the impression that SMEs are too small and therefore lack the necessary resources to address emerging CSR issues. Finally, they found that SMEs have been encouraged to take a

more reactive role by avoiding irresponsible behavior rather than take a proactive stand towards CSR issues. The picture is however not black and white. Another study found that the level of commitment in SMEs is actually more integrated and broad than that in MNEs (Mousiolis, Zaridis, Karamanis, & Rontogianni, 2015). They argue that even though MNEs may have greater resources, they are restrained by bureaucracy and larger distance to the external environment. SMEs on the other hand is more flexible and more in touch with their business environments, and are thus in a better position to implement and integrate CSR policies. An analysis of 3680 Italian firms conclude that while larger companies are more likely to address environmental management, employment, local communities and controlling and reporting strategies, SMEs to a greater extent than larger companies recognized the importance of having responsible behavior in the supply chain (Perrini et al., 2007). An interesting find is that of Udayasankar (2008) which suggest a U-shaped relationship between firm size and CSR participation. Her study implies that both small and large firms are equally motivated to participate in CSR, while medium –sized firms are the least motivated. The article does however fail to explain how medium-sized companies are defined, making the proposition difficult to test in another sample.

The critique remain however, that conventional CSR theory assume that most companies are large and that these theories can be “scaled” down to fit SMEs (Jenkins, 2006). This is a very inappropriate solution according to Jenkins (2006) and he advocates the need for a new interpretation of CSR, which is more relevant to SMEs. He proposes that CSR as a term should be discarded when it comes to SMEs, and argues that a debate concerning “Business in the community” would sound more relevant to smaller companies. He argues further that many SME managers are already engaged in community related socially responsible activities, and that the challenge lies within how SMEs can promote and integrate these activities into the day-to-day operations of the company. Table 3 summarizes the main differences between SMEs and MNEs regarding CSR, adopted from Jenkins (2006).

Table 3. Main differences of SMEs and MNEs regarding CSR

Corporate CSR	Small Business CSR
Who	Who
Responsible to wide range of stakeholders	Responsible to fewer and/or different stakeholders
Perceived responsibility to society at large	Perceived responsibility to the local community
Importance of shareholders	SMEs often don't have shareholders
Why	Why
Protection of brand image and reputation	Protection of customer business
Pressure from consumers	Pressure from business customers down the supply chain
Shareholder 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
Emphasis on standards and indices	Emphasis on intuition and ad hoc processes
Key involvement for CSR professionals	No dedicated personnel for CSR programs
Mitigation of risk	Avoidance of risk
What	What
Prominent campaigns e.g. Cause Related Marketing	Small scale activities such as sponsorship of local football team
Publicity linked to CSR activities	Activities often unrecognized as CSR related

Source: Jenkins (2006)

Apart from the definitional CSR issue related to SMEs, some scholars also raise concern that the pressure to engage in CSR may be, to some SMEs, counterproductive (Baden et al., 2009). They argue for instance that CSR regulation may overshadow the voluntary aspect of CSR, thus reducing SMEs innovativeness and creativity. Further, they are concerned with the so-called ceiling-effect, meaning that regulation may actually impose lower standards than what the firms would impose on themselves. The well-known dislike for bureaucracy among SMEs is proposed as additional argument that regulation may not always be the answer. Also, psychological theory suggest that the instinctive protection of autonomy- “no one tells me what to do” may lead managers to rebel against ethical behavior if imposed on them (Michael, 2006 cited in Baden et al.,2009). Their study of how managers react to buyer pressure to demonstrate CSR activities showed that 25 % of 103 UK managers would be put off from tendering, meeting such demands. 12 % stated it would be counterproductive. However, it is worth noting that a majority of the managers stated that buyer pressure *would* act as an additional incentive to engage in CSR. The right approaches are therefore not clear-cut. However, it was indicated by the study that if buyer pressure was considered to be genuine, meaning that it was not a box-ticking exercise, but that suppliers were allowed to report their actual CSR effort and that this actually mattered in buying processes, suppliers would respond positively to buyer pressure. Thus, the authors argue that this method will operate synergistically with intrinsic motivation, rather than undermine it. The sample in the study was however rather small and one cannot assume generalizability to other populations. Still,

the findings are interesting, and the logic of the conclusions makes it reasonable to argue that the findings could be replicated in other SME contexts.

2.6 CSR- why and how?

Throughout the literature, four reasons are widely cited as reasons for engaging in CSR: moral obligation, sustainability, “license to operate” and reputation. Moral obligation refers to being a good corporate citizen and doing the “right” thing. Sustainability is primarily associated with the environment. The Brundtland commission defined sustainability as: “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*”⁵. “License to operate” is obviously mandatory to conduct business. It is however important to emphasize that both a formal license from the government and an informal permission from the community in which one operates are necessary. Finally, CSR is perceived as a way to strengthen a company’s reputation through image and brand building, and that a strengthened reputation can contribute to an increase in the value of the stock. An exploratory research of over 500 Norwegian managers investigating the primary reason why their companies engaged in activities that benefit society found that improve image, be recognized for moral leadership and serve long-term company interest was most cited. Avoid regulation and solve social problems better was the least relevant motives (Brønn & Vidaver-Cohen, 2009). Porter and Kramer (2006) argues that although many reasons to engage in CSR are legitimate, they often offer no advice to companies on how they shall approach the CSR challenge. Further, they are concerned with how being socially responsible has been seen as a contradiction to being profitable, when they should be perceived as interdependent. Society needs productive and profitable businesses, and business needs healthy societies. Secondly, they are concerned that this perceived contradiction cause companies to think of CSR in generic ways instead of tailored to each firm’s strategy. They argue that CSR can be a source of opportunity, innovation and a way to create a competitive advantage, but that many of these opportunities are lost because most CSR activities are disconnected from both the business and their strategy. The authors suggest a framework (figure 2) to identify the effect companies have on society, for better and for worse, and based on this information companies should decide on which social issues to address. No company can solve all problems of society, nor is it a company’s responsibility to do so, but according to the authors this

⁵ <http://www.worldbank.org/depweb/english/sd.html>

framework will contribute so that CSR will not be a zero sum game, but an opportunity to create value for both business and society. The interdependence between society and



Figure 2. Strategic CSR, Source: Porter and Kramer (2006)

a company are two-fold according to the authors. First is inside-out linkages, which can be explained as the influence a company's activities has on society. Second is outside-in linkages, which is how external conditions influence the firm. Inside-out linkages can be explored using the value chain framework (Porter, 1985). The value chain enables the firm to evaluate all their activities throughout the value chain and define their negative and positive impact on society. It is important to eliminate as many negative impacts as possible. It is also important to prioritize and decide on which issues that needs to be addressed and how. Outside-in linkages can be explored using the diamond model (Porter, 1990). Porter and Kramer (2006) acknowledge that the model may be too comprehensive for small firms, but argue that it is a good framework to use as guidance in order to explore which area of the diamond has biggest impact on the firm. Based on this information, the author proposes that a firm should decide on one or a few social initiatives that will benefit the business as well as the society. By using the value chain to identify the inside-out linkages and the diamond to identify the outside-in linkages a firm is in a good position to steer their CSR away from responsive CSR towards strategic CSR that benefit both society and the firm. Husted and Allen (2007) have however found in their work with US, Spanish, German and British multinationals in pharmaceutical, banking and telecom industries that top management is frequently skeptical to this kind of enthusiastic thinking proposed by Porter and Kramer (2006). According to the authors management within these companies have been asking for clearer evidence that such a positive value creation, competitive advantage opportunity

actually exist, and in what situations they are applicable. From this research, it is reasonable to draw conclusions that such skepticism may even be more profound in SMEs, as they may have even more difficulty imagining how CSR can become this source of value creation. Additionally it is argued that firms, especially those operating in unstable political environments who see CSR as an economic rationale, as a business case, implied to generate profit, will not contribute to social welfare, but rather worsen it (Scherer & Palazzo, 2008). Thus, Scherer and Palazzo (2008) raise a very critical concern to the positive value generating CSR proposed by Porter and Kramer (2006). It would however be interesting to study firms' positioning regarding the framework proposed by Porter and Kramer (2006). However, the skepticism raised above, combined with the difficulty of capturing the necessary constructs within a survey of this scope, made the topic unsuitable for this thesis.

2.7 CSR and motivation

A company's social responsibility is not conducted by an organizational actor, but by individuals who work in the firm and who make decisions every day, some small with little consequence and others big with great consequences (Hemingway & MacLagan, 2004; Wood, 1991). Ackerman (1975) cited in Wood (1991) argues that; (a) managers exist in an organizational and societal environment full of choices, (b) managers' actions are not totally prescribed by corporate procedures, formal job definitions, resource availabilities, or technologies and (c) managers are moral actors on the job as well as in other domains of their lives. He argues further that even though many firms have CSR guidelines or procedures within different areas; the manager always has a choice as to how to fulfill many of these responsibilities. A greater insight into the underlying motivation of managers may therefore give a good understanding of the CSR commitment within the firm, as exploring the orientation of motivation concerns the why of actions (Ryan & Deci, 2000). Compared to the large amount of CSR research, CSR and its relation to motivation is however to the best of my knowledge limited. An extensive literature search on CSR and motivation resulted in a handful of relevant articles (Brønn & Vidaver-Cohen, 2009; Graafland et al., 2010; Graafland & van de Ven, 2006; Lynes & Andrachuk, 2008; Nejati & Amran, 2009). Nejati and Amran (2009) found in their qualitative study of ten Malaysian SMEs that the firms practiced CSR due to personal beliefs and values, religious thoughts as well as pressure and encouragement from stakeholders. Graafland and van de Ven (2006) found in their study of 111 Dutch companies that although extrinsic or strategic motive and intrinsic motive were related, the

intrinsic motive, understood as the moral duty of companies towards society, had a stronger correlation with firms involvement in CSR. Brønn and Vidaver-Cohen (2009) found in their study of 500 Norwegian Managers that improved image, be recognized for moral leadership and serve long-term company interest was most cited as reasons to engage in CSR. This contradicts the research by Graafland and van de Ven (2006) that intrinsic motives had stronger relation to CSR commitment than extrinsic motives. However, as Graafland et al. (2010) points out, the Norwegian sample consisted primarily of large companies. Also in the Dutch study, larger companies did not have a stronger relation between Intrinsic Motivation and CSR involvement than with extrinsic motives. Thus, it is reasonable to expect that the relationship between intrinsic motives and CSR are more profound in smaller companies. Lynes and Andrachuk (2008) present a list of what they found frequently cited as motivations in the literature. These reasons were long-term financial strategy, Eco-efficiencies, competitive advantage, good corporate citizenship, image, delay or avoid regulatory action and stakeholder pressure. Broadly speaking, the different motivations cited above can be separated into two constructs. In line with Ryan and Deci (2000), the thesis divide motivation into intrinsic and extrinsic motivation. The authors explain intrinsic motivation as doing an activity for its inherent satisfaction rather than for some separable consequence. In the operational definition of intrinsic motivation it has been perceived as the free choice measure. In experiments researchers have studied the actions of individuals when they believe no one is watching. Thus, the experiment is able to conclude whether individuals perform an action because they want to, or if there are other reasons explaining their actions. Extrinsic motivation is on the other hand a construct that relates to whenever an action is performed in order to achieve some separate outcome. Although Ryan and Deci (2000) argue that the two types of motivations are contrasting they stress that they are not mutually exclusive. Thus, an individual may both be intrinsically motivated as well as being extrinsically motivated (Bénabou & Tirole, 2010; Ryan & Deci, 2000). In line with the understanding of Intrinsic and Extrinsic Motivation by Ryan and Deci (2000), Intrinsic Motivation in this thesis is understood as a firm engaging in CSR because it is the right thing to do. Extrinsic motivation is understood as the belief that CSR engagement will lead to a separable positive outcome for the firm, or in other words, that they believe that there is a business case for CSR. Exploring motivation is important for policy makers and societal groups that want to stimulate CSR (Graafland et al., 2010), and the authors argue that if extrinsic motives drive CSR, policy makers should implement institutional reforms that increase financial incentives. But if executives are motivated to conduct CSR activities based on intrinsic motives, policy makers

should be careful by providing financial incentives, because extrinsic motives may crowd out intrinsic motives (Frey & Jegen, 2001 cited in Graafland et al., 2010). An extensive content analysis of published EU documents from 2000-2011 regarding CSR related matters indicated however that the main driver of EU policy were performance motivation, focusing on the business case for CSR (Skovgaard, 2014). This is how EU depict CSR: “*Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society. The European Commission believes that CSR is important for the sustainability, competitiveness, and innovation of EU enterprises and the EU economy. It brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management*”⁶. Thus, the EU’s emphasize on the business case for CSR is obvious. However, the EU has given SMEs special attention in the last years, and they state that it is vital to global sustainability that SMEs are also engaged in CSR. In a special document addressing SMEs⁷ the EU recognizes that the CSR debate has been influenced by large multinational firms, that the term itself should be adjusted when addressing SMEs, that personal values and ethics are important and that support for CSR in SMEs should *seek to build on and respond to* these value-based motivations, not to replace or ignore them. Further the document states that CSR in SMEs is more customized to each firm’s context and political environment, and that SMEs feel a stronger responsibility for the local community in which they operate. The document also addresses how SMEs from the same cluster or sector often face the same social and environmental issues. Addressing these issues collectively can reduce the costs of action and result in improvements that an individual SME acting alone cannot achieve. The document is both interesting and logical (in the sense that the description of SMEs seem appropriate) and the argumentation seems to be in line with the empirical evidence in the literature. However, in the light of the Danish study regarding actual policies combined with how they depict CSR, there seems to be a level of inconsistency between actual policies and what they state as being important in other documents.

⁶ http://ec.europa.eu/growth/industry/corporate-social-responsibility/index_en.htm

⁷ http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/documents/eg_report_and_key_messages/key_messages_en.pdf

2.8 CSR and Theory

In order for a conscious business person to accept CSR, CSR should be framed in a way that embraces the entire range of business responsibilities (Carroll, 1991). As such, Carroll (1979) frames CSR into four kinds of social responsibilities, depicted in a pyramid: economic, legal, ethical and philanthropic (figure 3). He argues that although all four element has been present in business throughout times, ethical and philanthropic responsibilities in recent years has become more important. Aupperle, Carroll, and Hatfield (1985, p. 455), define the four

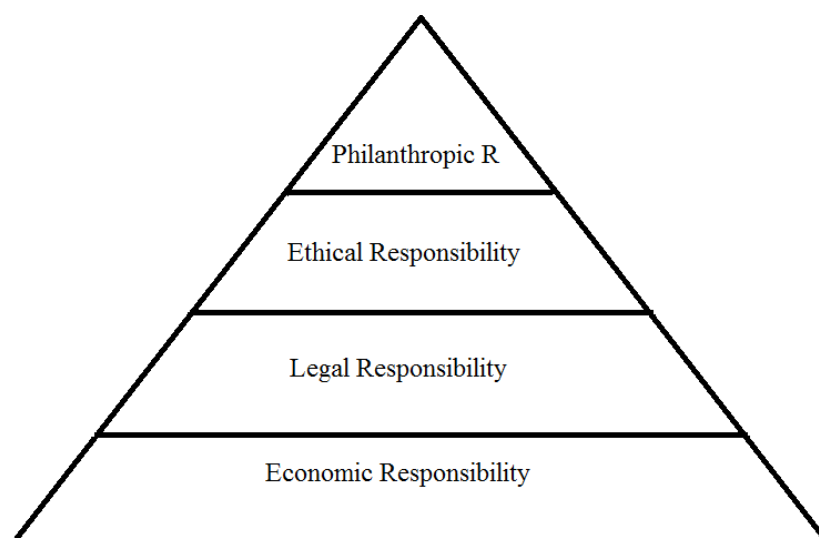


Figure 3. The CSR Pyramid. Source: Carrol (1991)

components as; “(1) *Economic responsibilities of business reflect the belief that business has an obligation to be productive and profitable and meet the consumer needs of society.* (2) *Legal responsibilities of business indicate a concern that economic responsibilities are approached within the confines of written law.* (3) *Ethical responsibilities of business reflect unwritten codes, norms and values implicitly derived from society; ethical responsibilities goes beyond mere legal frameworks and can be both strenuously undertaken and nebulously and ambiguously stated.* (4) *Discretionary responsibilities of business are volitional or philanthropic in nature, and, as such, also difficult to ascertain and value*”. Although the four areas seem straightforward in theory, in practice they may not always be as clear. The legal aspect is perhaps the most clear in theory. Obey the law. The question remains however, which law to obey? Is it ok for firms to do in Rome as the Romans do? The legal aspect is also somewhat problematic regarding the voluntary aspect of several CSR definitions (Gjølberg, 2009). With the increasing internationalization, firms often run into situations

where their operations are located in countries with other social standards than they have at home. Clearly, the legal responsibility in the pyramid is more complex in practice, and firms must have a clear stand on how to approach this. Many firms have neglected to identify their legal responsibility and have been targeted by media for their wrongdoing. Dagens Næringsliv had for instance StatoilHydro as their front-page article in June 2009 after a Norwegian manager threatened the Lithuanian authorities to perform mass-layoffs in the country if the government did not withdraw their proposal to ban night-time alcohol sale on gas stations. Considering the strict alcohol policy in Norway, one might question the judgment of this decision. Schwartz and Carroll (2003) support the criticism of the legal dimension ambiguity. They argue that the original model lacks a complete discussion and inclusion of criteria for assessing corporate activities falling into each of the domains. Thus, the authors offers some new insights regarding the dimensions. The legal responsibility is depicted as reflecting a view of “codified ethics”, meaning that the law implies some basic notions of fairness as established by lawmakers, and that it is business responsibility to comply with these laws. The authors break down legality into three categories, (1) compliance (2) avoidance of civil litigation and (3) anticipation of the law (see Schwartz and Carroll, 2003 for a more in-depth explanation of all four dimensions). Additionally, the authors address two issues with the original model. First, the graphical illustration of the pyramid, which may have suggested a hierarchical structure of the domains. Further, a pyramid may not have been suited to capture the overlapping nature of the domains. Secondly, philanthropy as a separate dimension may have been confusing and to some extent unnecessary. The separation between the ethical dimension and philanthropy dimension has been unclear, and some empirical research has also pointed to the fact that these two factors have emerged into one (Aupperle et al., 1985). It is however important to note that the CSR pyramid is a graphical representation and should not be viewed as a sequential order, but rather that all aspects should be fulfilled at all times (Carroll, 1999). “The CSR firm should strive to make profit, obey the law, be ethical and be a good corporate citizen” (Carroll, 1991, p. 43). Although Schwartz and Carroll (2003) open up the possibility of a 3-dimension construct instead of the original four, this thesis applies the 4-dimensional construct of CSR as illustrated by the original model. Philanthropy is strongly associated with community involvement, which is strongly rooted in the local culture in M&R. Thus, the inclusion of the fourth dimension seems appropriate. According to Carroll (1991) there is a natural fit between CSR and organizational stakeholders. Thus, Stakeholder theory is an important contribution to the literature in order to clarify to whom the firm is responsible, which is not so clear from the CSR pyramid. Stakeholders is also considered a

key component of SMEs' understanding of CSR (Jenkins, 2006). The stakeholder theory is probably one of the most applied CSR theories during the past decades, and perceived as a mainstay of management theory (Harrison & Freeman, 1999). At the core of stakeholder theory, it implies that the firm needs to pay attention to a wider group of stakeholders, opposed to the mere focus on shareholders. Stakeholder theory has however 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 in the 1960s (Freeman & McVea, 2001). Stakeholder theory was however further developed and formalized by Freeman (1984) as a response to the new and more challenging business environment facing firms. According to Freeman (1984) the traditional theoretical models was not suitable to deal with these new business environments. The idea was to move beyond the traditional economic management theories, and introduce a more practical guidance to managers as to whom a firm is responsible. The definition of a stakeholder is "any group or individual who is affected by or can affect the achievement of an organization's objectives" (Freeman & McVea, 2001, p. 4). However, in practice the question of who the relevant stakeholders really are, is not always as clear (T. Donaldson & Preston, 1995; Thomsen & Conyon, 2012). Thus, scholars have sought to better clarify who the relevant stakeholders are. One approach has been a theoretical framework of identifying stakeholder power, legitimacy and urgency (Mitchell, Agle, & Wood, 1997) which was later tested in an empirical research of managers' perception of stakeholders' legitimacy (Agle, Mitchell, & Sonnenfeld, 1999). They found strong support for their hypotheses, suggesting that the stakeholder attributes of power, legitimacy and urgency were related to stakeholder salience. The focus of stakeholder theory rest on two core questions (Freeman, Wicks, & Parmar, 2004). First, what is the purpose of the firm, and second what responsibilities does management have to stakeholders? The first question pushes managers to think and formulate how they create value and what brings their core stakeholder together. The second question pushes managers to articulate what kind of relationships managers want and need with their stakeholders in order to achieve the purpose of their business (Freeman et al., 2004). Although some shareholder ideologists have looked at stakeholder theory as a threat to economic freedom, it is important to emphasize that shareholders are indeed part of the group of stakeholders. Thus, the terms should not be seen as contradictions (Freeman et al., 2004). "Stakeholder theory assume that values are necessary and explicitly a part of doing business" (Freeman et al., 2004, p. 364). Thus, the authors argue for a rejection of the separation thesis, stating that ethics and economics can be separated. However, most empirical research have

measured social performance distinct from economic performance and have only studied whether firms that perform well on social performance also have performed well on more traditional economic measures (Harrison & Freeman, 1999). Thus, the authors urge researchers to move beyond this economic social typology and find more robust ways of measuring stakeholder effects than has been done to date. According to Wood (1991) the stakeholder analysis gave scholars a better understanding of how society grants and takes away corporate legitimacy. If stakeholders were not satisfied with a firm's performance, legitimacy may easily be withdrawn. Customers would stop buying the products, shareholders would sell their stocks, employees may quit or may not work to capacity, environmental advocates may sue, and government may reduce subsidies or impose unfavorable regulations. However, not everyone is embracing the theory. M. Jensen (2001) is skeptical about the wide acceptance of stakeholder theory and claims that the theory fails to address a clear objective of the firm. He argues that the theory implies a responsibility to multiple stakeholders without having to trade-off against the objective of the firm. This might according to the author lead to managerial confusion, conflict, inefficiency and even competitive failure. To accommodate this weakness with original stakeholder theory Jensen (2001) proposes what he calls Enlightened Stakeholder Theory, which acknowledge the basic structure of stakeholder theory but "accepts maximization of the long-run value of the firm as the criterion for making the requisite tradeoffs among its stakeholders" (M. Jensen, 2001, p. 5).

In addition to these highly established and accepted CSR theories, scholars have sought to explain CSR by applying other theories, such as stewardship theory (Aguilera, Rupp, Williams, & Ganapathi, 2007; L. Donaldson & Davis, 1991; Godos-Díez, Fernández-Gago, & Martínez-Campillo, 2011), legitimacy theory (Goodman, Castelo Branco, & Lima Rodrigues, 2006; Palazzo & Scherer, 2006) and the resource-based view of the firm (McWilliams & Siegel, 2010; McWilliams et al., 2006). Stewardship theory implies that agency problems are overstated and that the corporate executive essentially wants to do a good job and to be a good steward of corporate assets (L. Donaldson & Davis, 1991). Legitimacy has been seen as an important reason to engage in CSR as "*society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it*" (Davis, 1973, p. 314). The resource-based view of the firm implies that CSR strategies can be used to create sustainable competitive advantages. Among businesses, "triple bottom line" accounting has been widely embraced. Yet, it has received limited attention in academic press (Norman & MacDonald, 2004). The authors state that the basic idea behind

“triple bottom line” (TPL) is that the success of the firm cannot only be measured by their financial performance, but by their social/ethical and environmental performance. Norman and MacDonald (2004) are concerned over this widespread acceptance among businesses, and claim that the logic behind the term itself is misguided, as, according to the authors, no social bottom line exists. They argue that the term is vague and that firms can easily claim they have TPL accounting and report on ethical and environmental measures of their choosing, thus spurring the trend of publishing glossy CSR reports. The concerns raised by Norman and MacDonald (2004) are however heavily critiqued by Pava (2007). He claims that the very essence of Norman and MacDonald’s (2004) critique is flawed, and states that TPL advocates are well aware of the lack of a social bottom line, and claim that TPL reporting is a mere metaphor to remind businesses of the fact that corporate performance is multi-dimensional. Further, he argues that the difficulty addressed with measuring social and environmental performance is not only a concern within TPL but with the entire business ethics movement. Thus, rather than criticizing TPL reports, “*academics should understand the real import of TPL reporting and try to improve it*” (Pava, 2007, p. 108). Thus, it seems that CSR is a construct, which can be explained by the use of several theories, and viewed from different angles. The following paragraph will summarize the theoretical chapter. Further I will present the theories on which the thesis is based.

2.9 Summary

CSR is a term with a lot of ambiguity (McWilliams et al., 2006; Thomsen & Conyon, 2012), and to date, there is no accepted general definition on CSR (Carroll, 1991; Clarkson, 1995; Thomsen & Conyon, 2012). Others argue that the term itself is misguided, and should be replaced by a term in which all firms, small and large can relate (Hemingway & MacLagan, 2004; Nejati & Amran, 2009). Cross-national differences shape the nature of CSR in different countries, thus making explicit (formalized) CSR abundant in one country, but necessary in another (Matten & Moon, 2008). Additionally CSR may be shaped by within institutional differences, further complicating the transparency of CSR (Blindheim, 2015). Some scholars argue strongly for a win-win scenario of CSR, and argue that true benefit for the firm and society can only be achieved when the firm evaluates their impact on society as well as analyses how society impact them. Achieving this, a firm has moved from responsive CSR to strategic CSR, which is where true value is created (Porter & Kramer, 2006). Some scholars are on the other hand skeptical about this positive value generating CSR mindset

(Husted & Allen, 2007). It is argued that although it seems good in theory, in practice it is not easy for managers to see how this can be generated. Further it is argued that this link has yet to be proven (Husted & Allen, 2007). It is also argued that firms who operate in unstable political environments and who perceive CSR as an economic rationale may actually worsen society welfare rather than improving it (Scherer & Palazzo, 2008). CSR is as such highly diverse and dynamic, and a challenging task to take on for most firms, especially for SMEs who are restricted by fewer resources. So why do firms engage in CSR? What is the underlying motivation for CSR commitment? Is it as black and white as the shareholder and stakeholder view suggest? Or is motivation in fact influenced by both intrinsic and extrinsic factors (Graafland & van de Ven, 2006; Ryan & Deci, 2000). A Dutch study of 111 managers indicate that even though intrinsic and extrinsic motivation has a strong relationship, intrinsic motivation had a stronger correlation to CSR (Graafland & van de Ven, 2006). Will this also be true for Norwegian managers in the maritime cluster? Two arguments can be put forward for why motivation is both relevant and important to explore with regard to the CSR debate; (1) Because exploring the orientation of motivation concerns the why of actions (Ryan & Deci, 2000). Thus, motivation is an important indicator of actual CSR activities. (2) Because an emphasis on extrinsic rewards on individuals that are intrinsically motivated, may actually crowd out their intrinsic motivation (Frey & Jegen, 2001 cited in Graafland et al., 2010). Thus, knowledge of motivation can equip policy makers and non-governmental organizations (NGOs) to make better decisions as to how they should influence firms to be more socially responsible. However, an extensive content analysis of published EU documents from 2000-2011 regarding CSR related matters indicated that the main driver of EU policy were performance motivation, focusing on the business case for CSR, as a strategy a firm should pursue to gain an advantage (Skovgaard, 2014). Thus, it does not seem that intrinsic motivations are in fact taken into consideration when it comes to their actual policies. EU, being a powerful global political actor have large influence on policy makers also outside the member countries, thus, the action of EU are relevant to consider also with regard to Norway. The purpose of this thesis: exploring the underlying motivation for CSR and studying how motivation influence CSR activities is as such both relevant and important, and will be a positive contribution to the further development of the CSR literature and to practitioners.

Stakeholder theory and CSR pyramid are probably the most applied CSR theories during the last decades. Both of them have their strength and weaknesses as elaborated in 2.8. However, to the best of my knowledge most empirical studies applies only one of them. Given the

ambiguity of the CSR construct, this thesis will apply both. They will be tested both separately and combined to see whether choice of CSR measure (Stakeholder or Pyramid) matters with regard to Motivation (Extrinsic and Intrinsic). Thus, the thesis will address CSR both as a 6 dimensional construct and a 4 dimensional construct. The 6 dimensional stakeholder construct consist of *Employees, Customers, Suppliers, Environment, Community and Owners*. The 4 dimensional CSR pyramid construct consist of *Philanthropic Responsibility, Ethical Responsibility, Legal Responsibility and Economic Responsibility* (For simplification these four dimensions will be addressed as *Philanthropy, Ethic, Legal and Economic* throughout the rest of the thesis). For further operationalization of all constructs, see 3.3.

2.9.1 Hypotheses

Based on the theoretical review presented above, some hypotheses are formulated. Ryan and Deci (2000) argue that Extrinsic and Intrinsic Motivation are interdependent, and that an individual is both motivated by Intrinsic and Extrinsic factors. Thus, they are not mutually exclusive. Graafland and Van de Ven (2006) also found in their Dutch study that managers were both motivated by Intrinsic and Extrinsic factors. They found however that Intrinsic Motivation had a stronger relationship to CSR commitment than Extrinsic Motivation. Thus, H1, H2 and H2b are proposed:

H1: Extrinsic and Intrinsic Motivation are positively related.

H2: CSR activities (Stakeholder CSR) have a stronger relationship with Intrinsic Motivation than Extrinsic Motivation

H2b: CSR activities (Pyramid CSR) have a stronger relationship with Intrinsic Motivation than Extrinsic Motivation

In a Norwegian study of 500 managers Brønn and Vidaver-Cohen (2009) found significant differences regarding motivation between small and large firms, and that larger firms were more motivated by Extrinsic Motivation than Intrinsic Motivation. Graafland and Van de Ven (2006) also found in their Dutch study that SMEs were more motivated by Intrinsic Motivation. Thus, H3 and H4 are proposed.

H3: Larger firms are more motivated by Extrinsic Motivation than Intrinsic Motivation

H4: SMEs are more motivated by Intrinsic Motivation than Extrinsic Motivation

Scherer and Palazzo (2008) discusses the forces of globalization on CSR. They claim that the complexity of global businesses urges every internationalized firm to pay critical attention to social issues. This may imply that firms with higher degree of internationalization have a stronger relationship with CSR activities than less internationalized firms. Thus, H5 and H5b are proposed.

H5: Firms with high degree of internationalization have stronger relationship with CSR (Stakeholder CSR) than less internationalized firms

H5b: Firms with high degree of internationalization have stronger relationship with CSR (Pyramid CSR) than less internationalized firms

In an Italian study of 3680 firms Perrini et al. (2007) found that larger firms were more concerned with the Environment, while smaller firms were more concerned with having a responsible supply chain. Being a heavy energy industry, it is reasonable to expect that environment will be a CSR issue of primary importance. It will however be interesting to see if the Italian findings will be replicated in the Norwegian sample. Thus H6 and H7 are proposed.

H6: Larger firms are more concerned with the Environment

H7: Smaller firms are more concerned with a responsible supply chain

Table 4. Hypotheses

Hypotheses		Source
H1	Extrinsic and Intrinsic Motivation is positively related	Ryan and Deci (2000) Graafland and van de Ven (2006)
H2	CSR activities (Stakeholder CSR) have a stronger relationship with Intrinsic Motivation than Extrinsic Motivation	Graafland and van de Ven (2006)
H2b	CSR activities (Pyramid CSR) have a stronger relationship with Intrinsic Motivation than Extrinsic Motivation	Graafland and Van de Ven (2006)
H3	Larger firms are more motivated by Extrinsic Motivation than Intrinsic Motivation	Brønn and Vidaver-Cohen (2009)
H4	SME are more motivated by Intrinsic Motivation than Extrinsic Motivation	Graafland and Van de Ven (2006)
H5	Firms with high degree of internationalization has stronger relationship with CSR (Stakeholder CSR) than less internationalized firms	Scherer and Palazzo (2008)
H5b	Firms with high degree of internationalization has stronger relationship with CSR (Pyramid CSR) than less internationalized firms	Scherer and Palazzo (2008)
H6	Larger firms are more concerned with the Environment	Perrini et al. (2007)
H7	Smaller firms are more concerned with a responsible supply chain	Perrini et al. (2007)

2.9.2 Conceptual Model

Based on the hypotheses proposed a conceptual model is presented. Firm size and Internationalization are dummy variables. Both will be tested using two demographic variables each. Firm size is measured by both number of employees and by yearly turnover. Internationalization is measured by both export share and by global sourcing share (how much of sourcing is conducted from international suppliers). A further description of variables and which analysis is applied to test the hypotheses is presented in 3.3 Operationalization and in Chapter 5 Results.

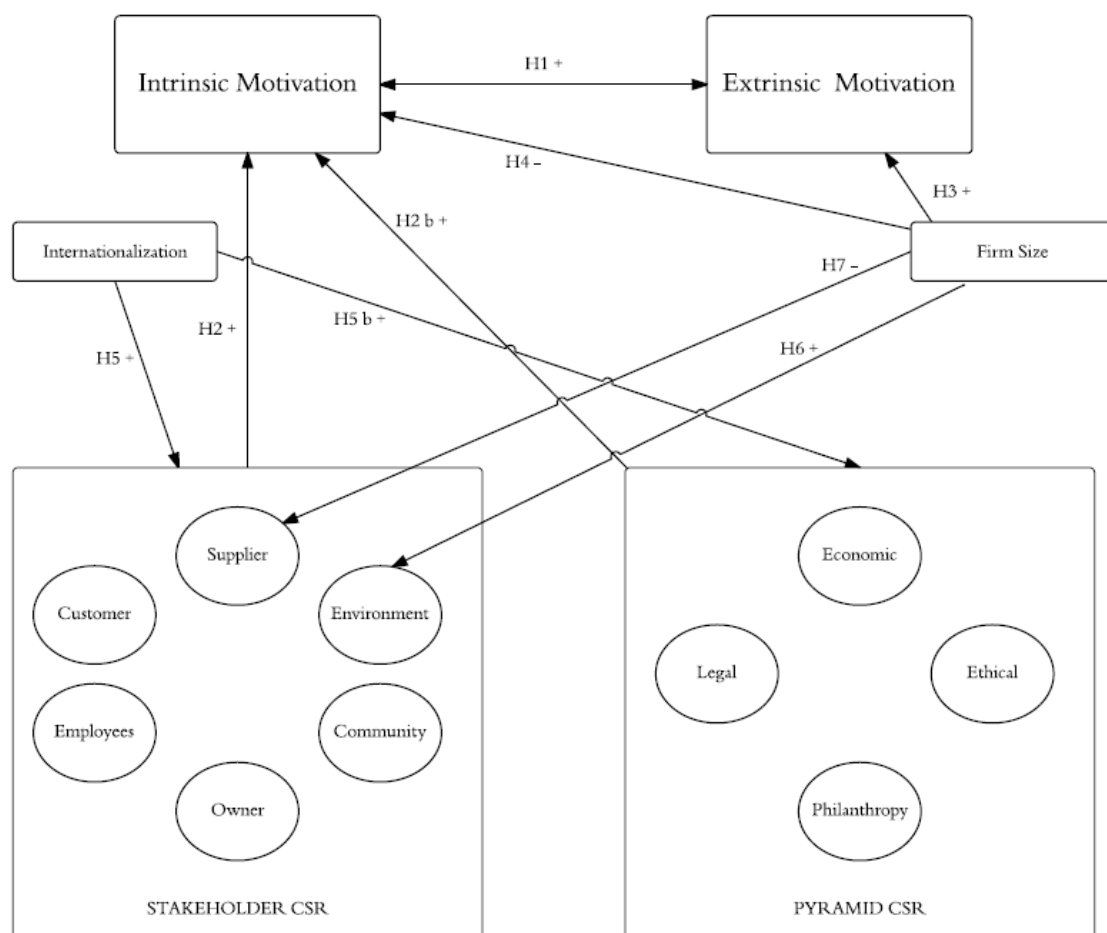


Figure 4. Conceptual Model

Chapter 3 Research Design and Data Collection

3.1 Research Design

Choice of research design depends on the purpose of the study as well as the formulated research question(s). Choice of methodology also depends on whether you choose to apply a deductive or an inductive approach (Okasha, 2002). Inductive approach is understood as from observations to theory while the deductive approach is understood as from theory to observation. In the inductive approach, observations are placed into patterns, which again form the basis for tentative hypotheses, which again lead to a theory. In the deductive approach, theory is the foundation for hypotheses formulations. The hypotheses are then tested through observations in which they will be either confirmed or rejected. It is however worth noting that although the methods seem separated in theory, they are not mutually exclusive (Gray, 2013) and are often applied within the same research study (Saunders, Saunders, Lewis, & Thornhill, 2011). Studies are often classified by their purpose, of which exploratory, descriptive or explanatory is the most common classifications (Gray, 2013).

Exploratory research is appropriate when the research problem is unclear, as the objective of exploratory research is to identify key issues and key variables. Exploratory research is broad in focus and very seldom provides definitive answers to specific research problems.

Exploratory research therefore may serve as a starting point for further research, because its goal is to explore different research topics with varying levels of depth. Ghauri and Grønhaug (2005) compare exploratory research with a detective trying to solve a murder, starting with investigating and collecting leads, and as more and more information is gathered, the clearer the picture gets, and at the end the detective has found the answer. They stress that for exploratory research, as in the example with the detective, flexibility is essential, as you need to adapt your research based on the information you collect. Descriptive research is applied when you want to provide an accurate description of observations of a phenomenon.

Descriptive studies allow the inclusion of several variables, and the objective of the data collection is to accurately describe basic information on the population at a particular point in time. The objective of much of descriptive research is to map the ground of a specific phenomenon, and can often be used when you are trying to identify patterns of different groups. Ghauri and Grønhaug (2005) argue that the research problem is structured and well understood in descriptive research and the key characteristics of this kind of research is

structure, precise rules and procedures. As in descriptive research, the research problem is also well understood and structured in causal research. Causal or explanatory research is conducted in order to identify the extent and nature of cause-and-effect relationships. The questions of how, what, when and where is relatively easy to establish, however, the question of why is much more difficult to answer (Ghauri & Grønhaug, 2005). To isolate cause(s) and with certainty conclude to what extent a cause(s) result in effect(s) is very challenging. However, studies may have multiple purposes, for instance both exploring and describing, but still, one purpose is usually dominant (Karlsen, 2007). The objective of this study is to explore the nature of CSR in the maritime industry and the underlying motivation of CSR. CSR has been the subject of much theoretical and empirical research in the last decades (Aupperle et al., 1985; Bénabou & Tirole, 2010; Carroll, 1979, 1991, 1999; Harrison & Freeman, 1999; Wood, 1991). However, research on CSR and shipping is limited (Skovgaard, 2014). The effect of motivation on CSR has also received limited attention in empirical research, with a few important exceptions (Brønn & Vidaver-Cohen, 2009; Graafland et al., 2010; Graafland & van de Ven, 2006; Nejati & Amran, 2009). Thus, the research intent of this thesis was specified as; what are managers' main underlying motivation for engaging in CSR and how does motivation influence CSR activities? Thus, the research design of this thesis is both exploratory and descriptive. Additionally the thesis attempt to confirm or reject findings from the qualitative study.

3.2 Data methodology

The thesis takes on multiple methods to address the research questions. Multiple methods are often used when the research method for one research question may be inappropriate for the second research question (Gray, 2013). The authors also argue that multiple methods are suited in order to be able to triangulate, understood as collecting data over different times or from different sources. Triangulation is also understood as combining research methods, such as case studies, interviews and surveys (Gray, 2013). First, the thesis applies a qualitative inductive method in the form of three interviews and secondly, a quantitative deductive method, in the form of an e-survey. However, it is important to emphasize that although the thesis uses triangulation, the qualitative interviews were not conducted with the purpose of answering a research question, but to gain a deeper understanding of the context with regard to the topic. This was seen as essential due to the uncertainty regarding the knowledge of CSR aspects in the industry as well as the uncertainty regarding terminology applied in the industry. The interviews were conducted as semi-structured interviews. 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 instance, you may omit some questions in some of the interviews based on the organizational context. Also, the order of questions may vary depending on the flow of the conversation. Additionally, other questions may be revealed as relevant during the interviews. Thus, the semi-structured interview is very flexible, and judged to be suitable to the thesis. Questionnaires are the most used data collection technique within surveys (Saunders et al., 2011). Despite its popularity, the authors argue that constructing a good questionnaire is more difficult than one might think. Opposed to other research techniques you are most likely not able to collect the data again, thus it is important to get it right. Saunders et al. (2011) propose the following advice in order to maximize response rate, validity and reliability in the data; (1) careful design of individual questions, (2) clear and pleasing layout of questionnaire, (3) lucid explanation of the purpose of the questionnaire, (4) pilot testing and (5) carefully planning and administration. A description of the development of the survey instrument is provided in 3.3.2.

3.3 Data Collection

3.3.1 Personal interviews

Three informants were chosen for the qualitative interviews. This was considered sufficient in order to serve the purpose of conducting the interviews; Getting a better understanding and knowledge of the industry regarding CSR, and thus get a better foundation to later develop the quantitative survey. Of the three informants, one is from shipping, one is from a shipyard, and one has long experience in the industry as a whole, acquired from different companies and from different positions within the industry. Two of the interviews were conducted at their respective companies facilities, while one was conducted at Aalesund University College. Prior to the interviews, I developed an interview guide (Appendix A), in order to ensure that all relevant topics were covered during the interviews. I used only open questions, which allow the respondents to define and describe a situation or event in their own words. “An open question is designed to encourage the interviewee to provide an extensive and developmental answer, and may be used to reveal attitudes or obtain facts” (Saunders et al., 2011, p. 337). Before the interviews, I sent an e-mail with information about the study, as well as the main topic areas I would cover during the interviews. Two of the respondents requested this information. In some cases, such information may prepare respondents too well, so that their

answers are more or less rehearsed. On the other hand, this preparation for the topic at hand before the actual interview may help the structure of the interview, and there are less need for follow-up questions. In this case, the purpose of the interview was to get as much knowledge as possible about the industry. Thus, preparation for the topic was rather an advantage in order to get as much information as possible during the interviews.

Table 5. Key informants

Name	Company	Position
Eldar Eilertsen	Previously worked for Koppnæs, Odim, Rem management Currently part time lecturer at Aalesund University College	Board director, owner, managing director
Liv Ingrid Ruset	Farstad Shipping	Corporate Liaison Officer
Lene Trude Solheim	Ulstein Group	Communication Director

3.3.2 Questionnaire

The starting point of the questionnaire was the knowledge I acquired from the interviews. However, although it might be tempting to formulate questions based on what you find interesting or on so-called “nice to know” questions, the development of items should originate in a well-structured research design; a clear purpose of the study, research questions and a conceptual model.

In order to improve the quality of the questionnaire and improve the quality of the output of the data, it was important that I found established items in the literature. Thus, I could make sure that the items included in the survey had already been tested for reliability and validity. Additionally, I had to have a clear understanding of how concepts were going to be measured. It is desirable to have at least 3-4 items measuring one concept. Even though I had collected a substantial amount of academic papers on CSR prior to developing the survey, only a few of them revealed the underlying items of their constructs. Thus, in order to find established items I made additional extensive literature searches in scholar.google.com, sciencedirect.com and ssrn.com which resulted in a handful of papers in which had items I could use (Fatma, Rahman, & Khan, 2014; Gallardo-Vázquez & Sanchez-Hernandez, 2014; Graafland & van de

Ven, 2006; Håvold, 2005; Maignan & Ferrell, 2000; Martínez, Pérez, & Rodríguez del Bosque, 2013; Nejati & Amran, 2009; Ofori, Nyuur, & S-Darko, 2014; Roy, Vyas, & Jain, 2013; Turker, 2009). The items are however, altered and adjusted to some degree, especially in wording to make them more similar and thus easier for the respondent to answer. The survey was developed at Esurveyspro.com, a computer internet-based program in which Aalesund University College has access. The program was very user-friendly, and I was able to develop the questionnaire as intended. Visually, the Likert scale was not pleasing. It was proposed by one of my lecturers that I could put the questions into matrix, so the length of the questionnaire looked smaller and visually better, so I did. Additionally he proposed that I randomized the order of the questions within the matrix. This will reduce order bias, and is considered to be a more scientific approach. First, I developed the survey in English, making only small alterations and adjustments from the original items to fit the context better. Although the industry is very international and most respondents would have no trouble following an English survey, I did not want to risk that respondents misunderstood the questions. Thus, the survey was translated to Norwegian. A teacher who has lived in the US for 6 years, and who has a Bachelor Degree in Business assisted with the translation. His knowledge was most helpful, and he made sure, in the extent possible, that the meaning of the questions were not lost in the Norwegian version. In order to ensure that the questionnaire is clear and understood in the way intended, a pilot study is recommended (Adams, Khan, Raeside, & White, 2007; Saunders et al., 2011). The time-frame did not allow a comprehensive pilot study. This was however not considered to be necessary. 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. Three respondents were considered sufficient to serve the purpose of conducting a pilot. The three respondents were chosen based on their complementary expertise. The first is a ship broker, and has substantial knowledge about the industry. The second is a CFO, and thus holds a position similar to the survey respondents. The third is a computer development manager whom could offer advice on layout and other technical aspects. 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, especially those regarding whether the firm obeys the law had only “one” right answer. Most likely firms would answer seven, even though it is not entirely true. My Supervisor also raised the concern that the wording of some questions would lead to obvious answers. The nature of the questions make it however difficult to formulate them in a way that

is not leading and all items were adopted from previous research. It is also reasonable to assume that most Norwegian firms obey the law, and at least do not break it intentionally. A different wording on the questions may thus not have revealed a different result. However, developing new items measuring the complexity of legal issue regarding CSR is desirable, and is thus a fruitful future research area. As mentioned in chapter 2, internationalization of firms has made legal consideration more elusive as firms often operate in countries with lower standards than their home country. New measures would also accommodate the critique of the original model (Schwartz & Carroll, 2003) who suggest that *legal* should be understood as “codified ethics”. The third respondent thought the layout with the matrix was a bit “messy.” However, the matrix was chosen, based on an advice from my lecturer in order to reduce the length of the questionnaire. Thus, the matrix format was kept. One commented that the question regarding export share was unclear. The respondent’s firm has however a very different organizational structure with several offices abroad than most maritime companies in the sample. Also, export share in the maritime industry is a rather common term. Thus, I also chose to keep this question without alteration. However, none of them had problems with 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 from my student e-mail address. This was a deliberate choice in order to increase the surveys legitimacy; opposed to using private e-mail account. In the e-mail, I 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. Under 10 minutes. The e-mail explicitly stated that the intended respondent was either the general manager, the owner, or for larger firms, the Communication Director. I sent the first e-mail on Thursday March 19. I got 22 useable responses. After one week, I sent a reminder e-mail, in which additional 20 respondents completed the survey. Because of the Easter Holiday I postponed the third reminder until Wednesday, the 8th of April. After the third reminder additional 14 respondents completed the survey. A fourth and final reminder distributed on April 13 generated a total of 65 completed responses. This gives a total response rate of 35%. Considering the normally low response rate on e-surveys (Adams et al., 2007) and especially B2B studies (Baruch, 1999), 35% is respectable. However, because the total population is not very large, number of respondents needs to be at a certain amount in order to conduct meaningful analysis. The sample of companies, being an interesting context for both students and research institutes,

may experience survey fatigue (Clark, 2008). I only received one e-mail from a manager, stating that he was extremely tired of such invitations and declined to participate. Still, possible research fatigue in the sample is worth noting, and next-year's master students should maybe consider choosing other research methods than survey if they choose to conduct research in the maritime industry.

An important consideration when using self-reporting data is the social desirability response bias (Treviño & Weaver, 2003 cited in Graafland et al., 2010). In order to reduce this bias I explicitly stated in the information e-mail that the survey was completely anonymous. Thus, the respondents had no reason to portray an improved image of their companies. Kaiser (1999) showed in their study of pro-environmental behavior that people are only marginally tempted to give socially desirable answers. Other studies have also indicated that self-reported behavior and actual behavior are strongly correlated (see Bernhard, 2000; Fuj, Hennessy, & Mak, 1985; Gatersleben, Steg, & Vlek, 2002; Warriner, McDougall, & Claxton, 1984 all cited in Graafland et al., 2010). There are however other method biases, which also needs to be addressed in the making of a survey (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Based on an extensive review of possible method biases authored by Podsakoff et al. (2003), the most relevant biases occurring in this study, in addition to social desirability response bias, is; item social desirability, common scale anchors, positive and negative item wording, item context effect, item priming effect, context-induced mood and predictor and criterion variables measured at the same point in time, using the same medium. See table 6 adopted from Podsakoff et al. (2003, p. 4) for a description of these biases.

Table 6. Possible biases occurring in surveys

item social desirability	Refers to the fact that items may be written in such a way as to reflect more socially desirable attitudes, behaviors, or perceptions
common scale anchors	Refer to the repeated use of the same anchor points (e.g., <i>extremely, always, never</i>) on a questionnaire.
positive and negative item wording	Refers to the fact that the use of positively (negatively) worded items may produce artifactual relationships on the questionnaire
item context effect	Refers to any influence or interpretation that a respondent might ascribe to an item solely because of its relation to the other items making up an instrument
item priming effect	Refers to the fact that the positioning of the predictor (or criterion) variable on the questionnaire can make that variable more salient to the respondent and imply a causal relationship with other variables
context-induced mood	Refers to when the first question (or set of questions) encountered on the questionnaire induces a mood for responding to the remainder of the questionnaire
predictor and criterion variables measured at the same point in time	Refers to the fact that measures of different constructs measured at the same point in time may produce artifactual covariance independent of the content of the constructs themselves
predictor and criterion variables measured using the same medium	Refers to the fact that measures of different constructs measured with the same medium may produce artifactual covariance independent of the content of the constructs themselves.

Source: Podsakoff et al., (2003)

There are methods of reducing the above-mentioned biases (Podsakoff et al., 2003), such as counterbalancing the question order. This may reduce both priming effects, item-context mood and other question context biases. However, the authors also raise the concern that such a solution may disrupt the logical flow of the survey. Although I was meticulously aware of the biases incurring by questions order, I chose to have a logical order of the questions. Thus, items measuring a construct were grouped together so that the respondents could easily follow the survey (the question within each matrix was however randomized as earlier described). I

was concerned that a disrupted order would be annoying to the respondents and increase the completion time of the survey, thus possibly reduce the number of completed questionnaires. Motivation, being the dependent variable was particularly important, thus, after advice from a lecturer, these items were introduced early in the questionnaire. However, both of these decisions may have led to a predictor and criterion variables bias, and must be taken into consideration in the analysis. Many surveys include the option of “do not know” or “not applicable” (Adams et al., 2007). However, there is a balance to be struck whether this will give respondent an escape route, or whether the exclusion of such alternative will make respondent just tick a box, without it actually be relevant or correct. However, I evaluated all questions to be relevant and answerable to all respondent, and thus, I did not include such an option. This was neither raised as a concern in the pilot study.

The study does not measure actual CSR performance. However, managerial values seem to have a strong relationship with CSR performance (Agle et al., 1999). A GLOBE study of 15 countries revealed that CEO leadership in the form of vision and integrity was a driver of how subordinate managers view the importance of CSR in their decision-making (Waldman et al., 2006). Another study by S. M. Jensen and Luthans (2006) found that the perception of leaders` authenticity had strong impact on employees attitudes. Thus, the answers of top management, in which this study was addressed, should serve as an indication of each firm`s actual CSR performance.

3.4 Operationalization

“Most often empirical attributes or events that are represented by concepts cannot be observed directly” (Frankfort-Nachmias & Nachmias, 1992, p. 31). Therefore, the empirical existence of a concept needs to be interpreted. Operationalization of the constructs is part of this interpretation. An operational definition describe the activities in order to establish empirically the existence, or degree of existence, of a phenomenon described by a concept (Frankfort-Nachmias & Nachmias, 1992). The authors explain an operational definition as a bridge between the conceptual-theoretical and the empirical-observational. They explain further that an operational definition describe what to do and what to observe. The thesis addresses two different constructs of CSR, based on two different CSR theories. Although the literature on how to measure CSR has evolved rapidly, there is still no generally established

method (Turker, 2009), and additionally CSR is a contested concept (Gjølberg, 2009). Thus, the thesis measures CSR by both stakeholder theory and the CSR Pyramid, resulting in two separate CSR constructs. This enables the study to explore whether choice of measure method with regard to CSR will reveal different relationships to the dependent variable, which provides a more robust analysis. CSR Motivation consist of two constructs, Extrinsic and Intrinsic motivation. Thus, overall, four constructs are applied: Stakeholder CSR, Pyramid CSR, Extrinsic Motivation and Intrinsic Motivation. All items, except the demographics at the beginning of the survey, were measured on a 7-point Likert scale ranging from 1- strongly disagree to 7- strongly agree. An explanation of the constructs is offered in the table below. A full list of items used in the questionnaire can be found in Appendix D.

CSR was defined to respondents as the responsibility a firm takes towards society and the environment, which goes beyond the requirements of the law. CSR was measured based on stakeholder theory applying six dimensions (*Employees, Customers, Owner, Suppliers, Community and Environment*) and by the CSR pyramid applying four dimensions (*Economic, Legal, Ethical and Philanthropy*). Measuring CSR using different theories has, to the best of my knowledge not been done in one sample before, with the exception of Maignan and Ferrell (2003). This enables the study to a better understanding of CSR than if only one construct was applied.

3.4.1 Stakeholder dimensions

Community is the extent to which the firm considers social and environmental issues in the community to be their concern and responsibility. *Community* was operationalized with 6 items from Fatma et al. (2014), Martínez et al. (2013) and Maignan and Ferrell (2000). The questionnaire items read; (6) Our company is concerned with improving the general well-being of society, (7) Our company engage in philanthropy contributing to such causes as art, education and sport, (8) Our company gives adequate contribution to charities, (9) Our company encourages its employees to participate in voluntary activities, (10) Our company is committed to improving the welfare of the communities in which we operate and (11) Our company plays a role in society that goes mere beyond mere profit generation.

Employees are the extent to which the firm perceives employee welfare as important. Employees are seen as an important stakeholder group, and studies show that employee satisfaction is an important antecedent for employee loyalty which again has a positive impact

on company performance (Eskildsen & Nussler, 2000; Harter, Schmidt, & Hayes, 2002). It is not unreasonable to draw conclusions that a firm which consists of satisfied employees have a good corporate culture where one cares for each other. This is a good starting-point for good CSR policies, thus making the employee dimension highly relevant with regard to CSR.

Employees was operationalized with 6 items from Turker (2009), Håvold (2005) and Martínez et al. (2013). The questionnaire items read; (21) Our company encourages our employees to develop their skills and careers, (22) Our company is primarily concerned with our employees' needs and wants, (23) Our company implements flexible policies to provide a good work & life balance for our employees, (24) Our company provides a fair treatment of employees (without discrimination, regardless of gender, race, origin or religion), (25) Our company has well established instructions for employees about health and safety conditions, (26) Employees are given enough training to do their work task safely and (27) Communication about safety issues is good in our company.

Environment is the extent to which the firm considers environmental issues and challenges to be within their responsibility. *Environment* was operationalized with 5 items from Fatma et al. (2014), Turker (2009) and Maignan and Ferrell (2000). The questionnaire items read; (28) Our company exploits renewable energy in a productive process compatible with the environment, (29) Our company participates in activities which aim to protect and improve the quality of the natural environment, (30) Our company makes investments to create a better life for future generations, (31) Our company implements special programs to minimize its negative impact on the natural environment and (32) Our company has set goals to reduce our consumption of natural resources.

Suppliers are the extent to which the firm considers suppliers' actions and conduct to be of their concern and whether the firm considers long-term mutual beneficial relationships to be the ideal. *Suppliers* was operationalized using four items from Graafland and van de Ven (2006) and Gallardo-Vázquez and Sanchez-Hernandez (2014). The questionnaire items read; (33) Our company controls the quality of suppliers' products, (34) Our company controls the labor standards of suppliers and ensures they are in compliance with legal requirements, (35) Our company controls the environmental standards of the products and production processes of suppliers and ensure they are in compliance with legal requirements and (36) Our company strives to enhance stable relationships of collaboration and mutual benefit with our suppliers.

Customer is understood as the extent to which the firm considers and protects customer interests beyond their legal requirements, and to what extent they deem customer satisfaction as important. Customer satisfaction is known to be positively related to profitability (Anderson, Fornell, & Lehmann, 1994), which suggests that *customer* is an area of which firms deem important. *Customer* was operationalized using 5 items from Fatma et al. (2014), Turker (2009) and Maignan and Ferrell (2000). The questionnaire items read; (47) Our company respects the rights of our customers beyond the legal requirement, (48) Our company provides full and accurate information about its products to our customers, (49) Our company has established procedures to comply with customer complaints, (50) Our company treats our customers honestly and (51) Customer satisfaction is highly important to our company.

Owners are the extent to which owner interest, understood as safe-guarding economic interest are the primary goal. *Owners* are operationalized using 4 items from (Fatma et al., 2014; Maignan & Ferrell, 2000; Martínez et al., 2013). The questionnaire items read; (41) Our company keeps a strict control over the costs, (42) Our company is concerned to fulfill its obligation vis a vis its owners, (43) Our company obtains the greatest possible profit and (46) Our company has been successful at maximizing our profits.

3.4.2 CSR Pyramid Dimensions

“Economic responsibilities of business reflect the belief that business has an obligation to be productive and profitable and meet the consumer needs of society” (Aupperle et al., 1985, p. 455). Thus, *Economic* is operationalized as the degree to which the firm considers their economic responsibility in the form of cost control, profit maximization and responsible economic behavior. *Economic* is operationalized using 6 items from Maignan and Ferrell (2000), Martínez et al. (2013) and Fatma et al. (2014). The questionnaire items read; (41) Our company keeps a strict control over the costs, (42) Our company is concerned to fulfill its obligation vis a vis its owners, (43) Our company obtains the greatest possible profit, (44) Our company is committed to ensure its survival and success in the long-term and (46) Our company has been successful at maximizing our profits.

“Legal responsibilities of business indicate a concern that economic responsibilities are approached within the confines of written law” (Aupperle et al., 1985, p. 455). Thus, *Legal* is operationalized as the extent to which the firm sees legal regulation as absolute. *Legal* was operationalized using 5 items from Maignan and Ferrell (2000). The questionnaire items read; (34) Our company controls the labor standards of suppliers and ensures they are in compliance with legal requirements, (35) Our company controls the environmental standards of the products and production processes of suppliers and ensure they are in compliance with legal requirements, (37) Our company seeks to comply with all laws regulating hiring and employee benefits wherever we operate, (38) Our company always pays its taxes on a regular and continuing basis, (39) Our company complies with legal regulations completely and promptly.

“Ethical responsibilities of business reflect unwritten codes, norms and values implicitly derived from society; ethical responsibilities go beyond mere legal frameworks and can be both strenuously undertaken and nebulously and ambiguously stated” (Aupperle et al., 1985, p. 455). Thus, Ethical responsibilities are implicit and may be unclear. Additionally it may depend on context and operational environment. Safety was revealed as a very important CSR issue in the maritime industry in the interviews. Although much of safety issues are statutory, the ethic dimension is supposed to reflect actions taken beyond legal requirement. Thus, *Ethical* is operationalized as the extent to which safety is actually being sufficiently trained and communicated. *Ethical* was operationalized using 3 items from Håvold (2005). The questionnaire items read; 25) Our company has well established instructions for employees about health and safety conditions, (26) Employees are given enough training to do their work task safely and (27) Communication about safety issues is good in our company.

“Discretionary responsibilities of business are volitional or philanthropic in nature, and, as such, also difficult to ascertain and value” (Aupperle et al., 1985, p. 455). *Philanthropy* is operationalized as the extent to which the firm actively contributes to philanthropic activities such as art, education or sport. *Philanthropic* is operationalized using 3 items from Maignan and Ferrell (2000) and Fatma et al. (2014). The questionnaire items read; (6) Our company is concerned with improving the general well-being of society, (7) Our company engages in philanthropy contributing to such cause as the art, education and sport and (8) Our company gives adequate contribution to charities.

3.4.3 Motivation

Intrinsic Motivation is the extent to which the firm perceives CSR as the right thing to do. Intrinsic Motivation was operationalized with 5 items from Graafland and van de Ven (2006), Roy et al. (2013), Jenkins (2006) and a quote from Liv Ingrid Ruset in Farstad Shipping. The questionnaire items read; (12) To behave in a responsible way is a moral duty of businesses towards society, (13) Our company engages in CSR because it is the right thing to do, (14) As a Norwegian company, we see it as our moral duty to be front-runners of CSR activities, (15) Our company engages in CSR because we are committed to being good corporate citizens and (16) Our company believes in ethical ways of doing business.

Extrinsic Motivation is the extent to which the firm believe in the business case for CSR, meaning that CSR in the end pays off. Extrinsic Motivation was operationalized with 4 items from Graafland and van de Ven (2006), Ofori et al. (2014) and Roy et al. (2013). The questionnaire item read; (17) Our firm`s effort with respect to CSR will have a positive influence on our financial result in the long term, (18) Our firm`s effort with respect to CSR will have a positive influence on our corporate reputation, (19) Our firm`s effort with respect to CSR will have a positive influence on employee motivation, (20) Our firm`s effort with respect to CSR will help our company to explore new customers and new markets.

Table 7. Overview over constructs and its dimensions

Construct	Dimension	Measure assesses	Key references	Items
6 dimension CSR (Stakeholder Orientation)	Employee	Degree to which the firm considers the well-being of employees to be their responsibility	Turker (2009), Håvold (2005), Perez et.al (2013)	6
	Customer	Degree to which the firm considers customer interests to be their responsibility	Turker (2009), Fatma et al. (2014), Maignan and Ferrell (2000)	5
	Supplier	Degree to which the firm considers the actions of suppliers to be within their social responsibility and to what extent the firm considers mutual benefit and collaboration to be the ideal relationship	Van de Veen and Graafland (2006), Gallardo-Vazquez et al. (2014)	4
	Community	The extent to which the firm	Fatma et al. (2014),	6

		considers the local community to be within the scope of their social responsibility	Perez et.al (2013), Maignan and Ferrell (2000)	
	Owner	Degree to which the firm considers the owners financial interests	Fatma et.al (2014), Maignan and Ferrell (2000), Perez et.al (2013)	4
	Environment	Degree to which the firm considers a responsibility towards preservation of the environment and a responsibility towards future generations	Fatma et.al (2014), Turker (2009), Maignan and Ferrell (2000)	5
4 dimension CSR (Pyramid)	Economic Responsibility	Degree to which the firm considers their economic responsibility in the form of cost control, profit maximization and responsible economic behavior	Fatma et.al (2014), Maignan and Ferrell (2000), Perez et.al (2013)	6
	Legal Responsibility	Degree to which the firm obeys the law	Maignan and Ferrell (2000)	
	Ethical Responsibility	Degree to which the firm has a high ethical business conduct	Van de Veen and Graafland (2006), Perez et.al (2013)	4
	Philanthropic Responsibility	Degree to which the firm contributes to philanthropic activities, such as art, education or sport	Maignan and Ferrell (2000), Turker (2009), Fatma et al. (2014)	6
Motivation	Extrinsic Motivation	Degree to which the firm believes in the business case for CSR meaning that their CSR efforts will lead to a separable positive outcome for the firm	Van de Veen and Graafland (2006), Ofori et al. (2014), Roy et al. (2013)	4
	Intrinsic Motivation	Degree to which the firm engages in CSR because they consider it to be the “only” right thing to do	Quote from Liv Ingrid Ruset in Farstad Shipping, Van de Veen and Graafland (2006), Roy et al. (2013), Nejati and Amran (2009)	5

3.5 Validity and Reliability

3.5.1 Introduction

“Measurement is closely tied to the idea of operational definitions.....and more specifically measurement is a procedure in which one assigns numerals-numbers or other symbols-to empirical properties (variables) according to rules” (Frankfort-Nachmias & Nachmias, 1992, p. 148). These numbers may have differences in scores, which is a result of (1) Real differences in the aspect of the property being measured or (2) unreal differences influenced by the measure itself. All differences other than real differences are termed measurement errors and are a result of imperfection of the measuring procedure. These errors may be random, meaning that they affect the usage of the measuring instrument in different ways, or they may be systematic errors, which means that they are produced whenever the measuring instrument is used and are constant between cases and studies (Frankfort-Nachmias & Nachmias, 1992). In order to reduce the occurrence of these measurement errors attention needs to be paid to validity and reliability (Saunders et al., 2011).

3.5.2 Validity

Validity is concerned with whether you are measuring what you intended to measure (Frankfort-Nachmias & Nachmias, 1992). In able to be certain that the measure in fact does measure what it is supposed to, a researcher must provide supporting evidence. According to Frankfort-Nachmias and Nachmias (1992) this certainty can be supported by assessing three types of validity: (1) Content validity, (2) empirical validity and (3) construct validity. Content validity consist of face validity and sampling validity. Face validity is more or less a subjective judgement by the researcher of whether the measure appears to be measuring what it intends to measure. Sampling validity ensures that the measure covers the broad range of areas within the concept under study⁸. The measures applied in the thesis are derived from a strong theoretical foundation, additionally qualitative interviews were conducted in order to ensure that relevant aspect of CSR with regard to the context were included in the survey. Empirical validity concerns the relationship between the measuring instrument and the measurement outcome. It is assumed that if a measuring instrument is valid there should be strong relations between the results produced by the instrument and other variables (Frankfort-Nachmias & Nachmias, 1992), such as for instance the relationship between SAT

⁸ <https://www.uni.edu/chfasoa/reliabilityandvalidity.htm>

scores and graduation scores. Empirical validity or predictive validity is however in most cases difficult to assess in full scale, which is also the case for this study. Thus, one often has to rely on published empirical studies. Empirical validity with regards to the thesis will be further commented on in the results chapter 5. Construct validity is used to ensure that the measure measures what it is supposed to measure (the construct), and not other variables. Thus, the thesis has adapted existing measures from the literature in order to ensure strong construct validity.

3.5.3 Reliability

Reliability is concerned with whether the data collection techniques or analysis procedures will give consistent findings (Adams et al., 2007; Saunders et al., 2011). This can be assessed by asking (1) will the measures yield 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., 2011, p. 156). Each measurement consists of two components, a true component and an error component, and reliability is defined as the ratio of the true-score variance to the total variance in the scores as measured (Frankfort-Nachmias & Nachmias, 1992). One form of testing reliability is the test-retest method, meaning that consistency is measured between the responses of an individual at two point in time (Hair, Black, Babin, & Anderson, 2014). This was however not a viable option for the thesis. However, it is reasonable to assume that the respondents' answers would be replicated, at least in a short timeframe. CSR is however as established a dynamic construct, implying that firms' awareness and thus motivation for engaging in CSR may change over time. Another and more commonly used measure of reliability is however, internal consistency, which applies to the consistency among the variables in summated scales (Hair et al., 2014, p. 123). The thesis has adopted established measures for all constructs. Thus, all items have already been tested for reliability and validity, which makes the findings of the thesis more robust. It also increases transparency in how raw data is analyzed. The summated scales in the thesis are however, following the guidelines from Hair et al. (2014), tested for reliability by checking item-to-total correlations, which should exceed 0,5 and inter-item correlation, which should exceed 0,3. Further Cronbach's alpha (CA) is assessed, which inform 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., 2014).

3.6 Statistical Methods

The Statistical Package for the Social Sciences (SPSS) version 22 is used to analyze the results from the data collection. Confirmatory factor analysis, correlation analysis, independent sample t-test and multiple regression have been applied to test the proposed hypotheses. Confirmatory factor analysis has been applied in order to verify that all items load on the specified number of factors as intended. Correlation analysis has been applied in order to check the correlation between Intrinsic and Extrinsic motivation, and also to check the correlation between Extrinsic and Intrinsic Motivation versus the two CSR constructs. T-test has been applied in order to check for group differences. Multiple regression analyze the relationship between the dependent (criterion) variable and several independent (predictor) variables. Thus the regression models will analyze the relationship between the dependent variable Motivation (i.e. Intrinsic and Extrinsic) and the independent variables in the stakeholder dimensions: Employee, Customer, Supplier, Community, Environment and Owner and in the CSR pyramid dimensions: Economic, Legal, Ethical and Philanthropy. A further description of the analysis and its assumptions is given in chapter 5.

Chapter 4 Qualitative pre-study

4.1 Introduction

The purpose of this chapter is to give a broader understanding of the context in question, CSR in the maritime industry in M&R. The qualitative interviews were conducted in order to get a deeper insight into the industry with regard to CSR. Main questions were: How do they interpret CSR, who influences them to be active in CSR, which topics within CSR are most relevant in the maritime industry and what are the industry's main challenges and opportunities ahead with regard to CSR. First, I will give a short summary of the information gathered in the interviews. A more detailed transcript of each interview can be found in Appendix B. Then I will summarize the main pre-study findings, and finally propose some additional hypotheses to be tested in the quantitative data.

4.2 Interviews

Both Mrs. Ruset and Mrs. Solheim were familiar with the CSR term (the English term). However, they thought this was not the case for the industry in general. Both Mrs. Ruset and Mrs. Solheim consistently used the Norwegian word “samfunnsansvar” (SA) instead of “Bedriftens sosiale ansvar” (BSA) as a label of CSR. Thus, SA was judged to be a more appropriate term for the survey. This was also clear from the interview of Mr. Eilertsen where the word “bedriftens sosiale ansvar” seemed to capture only internal issues, such as how a firm should treat their employees. Mr. Eilertsen was very honest, revealing that during his time as a manager, social issues had not been a priority, and he recalled several incidents he wished he had handled differently as a manager. The timeframe he refers to is the 70s and 80s but also to some extent in the 90s. However, he stated that things had changed for the better, and the general awareness to social issues has increased, both in the maritime firms and in the society in general. In his opinion legal regulation has influenced this development remarkably, for instance with regard to labor rights. Environment and safety is evaluated by all three informants as highly relevant CSR topics in the maritime industry. Additionally, Mrs. Ruset and Mrs. Solheim points to sponsorship, being an important CSR area in the industry. Both Mr. Eilertsen and Mrs. Ruset state that both information and communication is essential. Mr. Eilertsen stresses the importance of everyone moving in the same direction and that strong and clear management is vital in order to succeed, in addition to a clear strategy and vision. *Farstad* has a strong focus on two-way communication, and an accessible top

management. Further they focus on the importance of every employee being able to operationalize what the values of Farstad means in their own day-to-day work. All employees have for instance a 2-day session where they are introduced to the company and the company values. They [top management] see it as essential that every employee get an ownership of the company. Thus, the employees are more likely to feel loyalty and behave according to Farstad`s value in their work. Mrs. Solheim also points to the top management as a guiding star for the entire organization. *Ulstein* is however more cautious as to how they communicate their social activities. They are concerned that over-communication may be counterproductive as not every employee is necessarily as engaged with these matters. Thus, they have for instance chosen management to be the primary target group for *Ulstein`s* code of conduct. Management was seen as the most appropriate target group as they travel more and are more in contact with customers, and may thus come into more situations that demands ethical judgement. All employees are however informed through e-mail or their nearest supervisor that these guidelines are implemented (formalized in 2008-2009). According to Mrs. Ruset and Mrs. Solheim management and owners have been the primary influence on the firm`s engagement to CSR issues. However, both *Ulstein* and *Farstad* are family companies where management and owners are somewhat overlapping. Both firms have very active owners, which makes it difficult to say which of these matters most. It is however, as Mrs. Solheim points out the owners` money and thus interest, you as an employee are given the responsibility to protect. Thus, the owners seem to have most influence over the CSR vision, while management is the one to execute it. Mr. Eilertsen also points to the role of the government in the development of social awareness. This is supported by the two other informants. Although they state it in different ways, the underlying theme of the perception of future challenges with regard to CSR in the industry is to be able to ensure that every employee feel ownership to CSR and that CSR in fact is something that concerns them [all employees].

4.3 Interview discussion

The three interviews were very different. Both because the informants are very different, but also because there is a degree of learning throughout the process of the interviews. It was difficult to judge how strictly I should follow the interview guide I had prepared. A semi-structured interview allows however respondents some degree of freedom (Saunders et al., 2011). In many instances when the informants elaborated further on a topic they answered many of my questions, without me having to explicitly ask them.

The greatest learning from the interview with Mr. Eilertsen was that I realized that I had to be very careful of using terms and words and assume that the respondent will interpret them the way I do. Although this is both obvious and logical, it became much more apparent to me in the interview. When I said “bedriftens sosiale ansvar” he only thought of it in terms of employees, and how a firm treats their employees. I had to bring up other subjects in order to steer the conversation beyond employee policies. Thus, for the survey, I needed every question to be as explicit as possible. Still, even when the word “samfunnsansvar” is used, an explanation for the meaning of the word must be provided. It became apparent that Mr. Eilertsen had a rather pessimistic view of the industry. Although he emphasized that during the last decades social responsibility has been placed higher on the agenda, he believes that most companies will do only what is required. In situations where they can choose, they will go for the cheapest alternatives, even though it may not be the most environmentally friendly. Although this is only one man`s opinion, it is reasonable to assume that he may represent the view of many senior managers out there which may influence their engagement with CSR. The second interview was with Liv Ingrid Ruset. I saw a presentation⁹ she did at a CSR conference in Oslo, arranged by “Rederiforbundet” and CSR Norge. It was clear from the presentation that CSR is an area in which Mrs. Ruset is very devoted. She was very prepared for the interview, and I did not ask many questions. Because she was so structured, and stayed within the topics I had sent, this solution worked. However, one should carefully evaluate what to send an informant beforehand, as you might lose some control over the interview. *Farstad* seems to be a company that has a very strong commitment to CSR. It was evident in the interview that Mrs. Ruset was proud of the company and the owners. This is a family-run company, where the owners are still very active. The chairman is one of the majority owners, and even though most of management is external, the values of the owners are the guiding principles in the organization. The values and principles of top management and owners may thus be an indication of how a company engages in CSR. This is also discussed and supported in the literature (Godos-Díez et al., 2011). Every employee is personally introduced to Farstad`s code of practice, the employees can ask questions, and every employee must try to operationalize what the content means to them and in their day to day work. It is clear that they work actively to create a culture in *Farstad*, and that it is important to the company that all employees take ownership and feels that they are part of the “Farstad family”. Thus, the

⁹ <http://presenter.qbrick.com/?pguid=33cf3273-499a-40d7-9d73-01f0f6c4f8e5>

aim is that every employee will make good decisions, and be conscious that when they work, they represent Farstad and Farstad`s values.

“*What do you do when no one is watching*”?

According to Mrs. Ruset, this is where true commitment to CSR begins. That all employees throughout the organization makes good social decisions, *also* when no one is watching them. Mrs. Solheim consider sponsorship to be a major part of *Ulstein`s* CSR commitment. *Ulstein* is a cornerstone company in a relative small community. Their presence has been and still is very important in the community. They are the employer of many people locally, and a driving- force for the migration of people from abroad as well as from other regions of Norway. They see this as an important part of their CSR commitment. They contribute to further developing the local community, both by the people who live there, because they work in *Ulstein*, and because *Ulstein* contributes every year with substantial financial support to a wide array of cultural and sporting activities in the region. They spread their sponsorship funds on many recipients. To some this may sound like a sponsorship without direction and with little vision. The literature, for instance Porter and Kramer (2006) suggest that a company should choose social issues that are connected to core business, and concentrate on issues that will have best impact, both for the company and for the society. However, *Ulstein`s* decision must be seen in their context. As a cornerstone company their vision of social responsibility surrounds the broader local community in which they operate, regardless of a direct connection to the company. Thus, this is the right choice for them, although the strategy might seem generic to outsiders. Opposed to *Farstad*, *Ulstein* has chosen to communicate code of practice primarily to the management group. Their perception is that these issues are most prevalent for them. *Farstad* on the other hand has a clear strategy that every employee in the company should be presented these guidelines personally, and understand what they mean in their day-to-day work.

Farstad and *Ulstein* have as such very different approaches regarding CSR communication. However, would the strategy be successful if *Ulstein* did what *Farstad* does, or the other way around? Porter (1996) argues that a strategy always should be customized to each firm, and stresses that what is strategic for some firms are in fact a generic strategy to others. A Danish study about CSR reporting found that in firms where CSR are communicated too “loudly” they may be questioned about their sincerity (Morsing, Schultz, & Nielsen, 2008). However,

it is important to emphasize that the Danish study revealed that the basis for trustworthy CSR communication is the involvement and commitment of employees to the corporate CSR policies. Thus, they argue that CSR policies without employee commitment are the ones that raise skepticism concerning the sincerity. Following the proximity of Danish and Norwegian culture may indicate that such a finding would be replicated in a Norwegian sample.

4.4 Main Findings

CSR is an area in which the maritime industry in M&R is increasingly becoming aware of and concerned with. However, the term CSR (both the English term and to some extent the Norwegian term “samfunnsansvar”) may be relatively be little known, and the survey must to the greatest extent possible be very explicit and provide an explanation for how “samfunnsansvar” should be interpreted. Environment, safety and sponsorship (*philanthropy* and *community*) are areas in which are highly relevant CSR issues in the maritime industry. The main findings are summarized in the table below.

Table 8. Main findings of the qualitative interviews

	Mr. Eilertsen	Mrs. Ruset	Mrs. Solheim
Familiar with the CSR term	No	Yes	Yes
Interpretation of CSR	Human Compassion, taking care of each other.	Engaging in CSR is a moral obligation towards society. To behave in an ethical way and show an interest beyond making profit	As a cornerstone company, they have always felt and engaged in CSR, and see CSR as an overall term. Thus the primary CSR of <i>Ulstein</i> is to keep people employed
Primary sources of influence on firms engagement in CSR	- Government - Statoil (being a very powerful actor in the industry has “led” the way) - Management	- Top management - Owners	- Top management - Owners - Government
Most relevant CSR aspects in the industry	- Health - Environment - Safety Communication and information is essential for these three to work	- Sponsorship - Environment - Safety Strong focus on information and two-way communication	- Sponsorship - Environment - Safety
Main challenges to come with regard to CSR	To have an overall vision and ensuring that communication and information in the firm is effective. Getting every employee to move in the same direction	Ensuring that all managers at all levels in all regions live and communicate the values of <i>Farstad</i>	Making sure that CSR is not just a “hyped” term, and something you do to get your “back” free

4.5 Additional hypotheses to be tested

A triangulation enables the study to statistically analyze whether findings from the qualitative interviews are supported in the population, thus making results more robust. Given that all three respondents mentioned the same CSR areas as highly relevant in the maritime industry, three additional hypotheses are proposed.

Table 9. Additional hypotheses to be tested

Hypotheses		Source
H8	Environment is an important CSR area in the maritime industry	Mr. Eilertsen, Mrs. Ruset, Mrs. Solheim
H9	Philanthropy (i.e. sponsorship) is an important CSR area in the maritime industry	Mrs. Ruset, Mrs. Solheim
H10	Safety is an important CSR area in the maritime industry	Mr. Eilertsen, Mrs. Ruset, Mrs. Solheim

Thus, an updated conceptual model is presented. H8, H9 and H10 are highlighted in grey. The relationship versus Motivation will be investigated, however the hypotheses merely state that these areas are in fact important in the industry. Thus, no links (between variables) are presented, and the responses on the Likert scale will be assessed. (H9 is represented by both *Community* dimension and *Philanthropy* dimension).

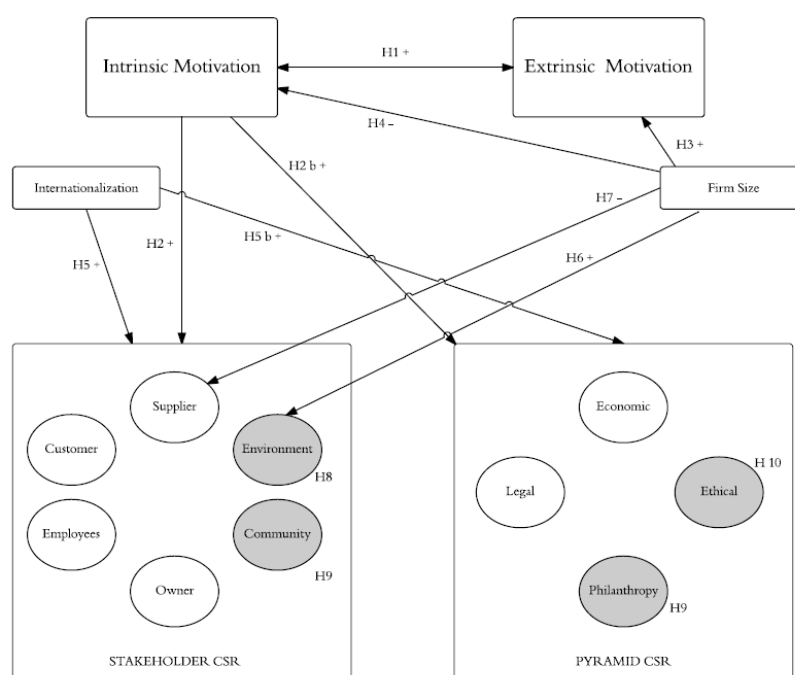


Figure 5. Conceptual model including additional hypotheses

Chapter 5 Results from quantitative data

5.1 Introduction

This chapter contains the analysis performed in SPSS based on data collected from the survey. Different analysis and techniques are applied in order to answer the research questions and the proposed hypotheses. The chapter will summarize the analysis and briefly comment on the results. A discussion on the findings will be given in chapter 6.

5.2 Sampling Characteristics

The survey collected information regarding type of company, number of employees, total turnover, export share and share of international sourcing. This section summarizes the demographic information from the respondents.

Møreforskning, who have used the sample in previous research on the maritime industry, provided the sample. The list from Møreforskning was also compared to a list of firms provided by Arnfinn Ingjerd from Maritimt Forum. 73 firms, members of Maritimt Forum were evaluated as relevant respondents and were cross-checked vs the list from Møreforskning. According to Mr. Ingjerd the list from Møreforskning included firms which he deemed irrelevant to the maritime cluster. As such, the sample was re-examined and a few firms were excluded. These firms were classified as being in the marine sector, not the maritime. Additionally research institutions, schools, NGO`s and municipalities were removed. The population is as such disputable, and one should for future studies carefully evaluate the criteria for being classified in the maritime cluster. The questionnaire was distributed to 185 respondents. 65 respondents completed the survey, giving a response rate of 35% which is considered respectable for B2B studies (Baruch, 1999).

Suppliers makes up 78,5 % of the total sample while shipyard and shipping make up respectively 6,2 % and 15,4% of the sample. SMEs are categorized as firms with less than 100 employees, in line with the definition by the Norwegian government and NHO, and make up 81,5 % of the sample while large companies (over 100 employees) make up only 18,5 % of the sample. Turnover was recoded into a dummy of firms with annual turnover below and above 169 mill. NOK and make up respectively 75,4 % of the sample while annual turnover below 169 mill NOK make up 24,6% of the total sample. Export share is also recoded into a

dummy variable of firms below and above 30% export share and make up respectively 60% and 40% of the sample. International sourcing has been recoded into a dummy with same percentage as export share, which is below and above 30% international sourcing. And they make up respectively 56,9 % and 43,1 % of the sample. The reason for this simple classification of firms (2 categories) was made due to sample size. Thus, in a larger sample size one could compute more categories and better reflect differences between firms that for instance are highly internationalized versus firms that have little internationalization.

A dummy variable is an independent variable used to account for the effect that different levels of nonmetric variables in predicting the dependent variable (Hair et al., 2014). Thus, the dummies can be applied in regression analysis to see whether they contribute to the understanding of the dependent variable or not. Dummies are also suitable in t-tests to identify significant group differences.

Although overall response rate is good, the total sample size in number of respondents is rather small. Thus, caution must be taken with regard to the interpretation of the analysis. This will however be further addressed in chapter 6 and in limitation of the thesis addressed in chapter 7.

Table 10. Sampling Characteristics

Measure	Item	Frequency	Percentage
Type of company	Shipyards	4	6,2
	Shipping	10	15,4
	Supplier	51	78,5
Number of employees (Firm size)	SME (under 100)	53	81,5
	Large (over 100)	12	18,5
Turnover	Below 169 mill NOK	49	75,4
	Over 169 mill NOK	16	24,6
Export share	Under 30 %	39	60
	Above 30 %	26	40
International sourcing share (Global sourcing)	Under 30 %	37	56,9
	Above 30 %	28	43,1

5.3 Factor Analysis

“Factor analysis is an interdependence technique whose primary purpose is to define the underlying structure among the variables in the analysis” (Hair et al., 2014, p. 92). A factor analysis can have either an explanatory or confirmatory perspective. The first is understood as “taking what the data gives you”, while the researcher in the second approach have a preconceived idea of the actual structure of data based on theoretical support or prior research. The theoretical foundation in chapter two on stakeholder theory, the CSR pyramid and motivation give a clear indication of which variables should be grouped together. Thus, the factor analysis in the thesis is applied to confirm that the theoretical assumptions on variable groupings are correct. The result from the factor analysis is then used to build summated scales. Using summated scales rather than a single indicator capture more of the complexity of the concepts at hand as well as giving a more valid measure for each concept (de Vaus, 2014). Thus, summated scales are computed and will be applied to test the hypotheses. It is recommended that instead of running separate factor analysis, all variables should be included in one factor analysis, as the purpose of a factor analysis is to group variables that is correlated. However since stakeholder dimensions and CSR pyramid dimensions are overlapping constructs and some of the items in the survey are applied to measure dimensions on both constructs I conducted separate factor analysis. Due to the small sample size separate factor analysis is also making the ratio of items to sample size more appropriate. For this reason motivation items was also conducted in a separate factor analysis. Thus, three factor analysis were performed. All three factor analysis were performed with both Varimax and direct Oblimin rotation which is respectively an orthogonal (correlated) factor solution and oblique (uncorrelated) factor solution. The first assume that the variables are uncorrelated which in most instances is not true (Pallant, 2013). It is however easier to interpret than the oblique rotation. Since the items were not considered to be uncorrelated I ran both analysis. However, the factor solutions were identical. Thus, I will only report the Varimax rotation (full factor loadings are presented in Appendix E). The initial analysis indicated that elimination of some items would enhance the fit. Thus, some items were removed. From *Owner* and *Economic* the following items were taken out: (1) our company keep a strict control over the costs, (2) Our company is concerned to fulfill its obligation vis a vis its owners and (3) our company is committed to ensure its survival and success in the long-term. From *Employees* the following items were taken out: (1) our company is primarily concerned with our employee`s needs and wants and (2) our company implement flexible policies to

provide a good work & life balance for our employees. Thus, *Owners* and *Economic* only have 2 items, which is unfortunate. In future studies this dimension should be carefully examined and possible be subjected to a sample study to ensure that items included in fact represent the construct. Removal of these items did however offer a stronger representation of the data, and Cronbach Alpha (CA) and inter-item correlation were considered acceptable for all dimensions, well above the lowest limit of acceptability of 0,6 (Hair et al., 2014). The lowest dimension was *Employees* with a CA of 0,711. Comparing with other studies the results of CA is also acceptable (Aupperle et al., 1985; Fatma et al., 2014). In the study by Aupperle et al. (1985) the CA in CSR pyramid dimensions are slightly stronger than in the present thesis. In the study by Fatma et al. (2014) the stakeholder dimensions CA results are almost the same, or stronger in the present thesis. Thus, I judge empirical validity to be acceptable.

The first factor analysis with stakeholder dimensions was significant at 0,000 and had a Kaiser-Meyer-Olkin (KMO) of 0,752. After removal of some items as previously mentioned, all items grouped as expected. Reliability analysis of each factor was conducted, of which the results were satisfactory. *Environment* had a CA of 0,893, *Community* had a CA of 0,861, *Customers* had a CA of 0,854, *Suppliers* had a CA of 0,792, *Owners* had a CA of 0,767 and finally *Employees* had a CA of 0,711. The second factor analysis with Pyramid CSR was also significant at 0,000 and had a KMO supporting the appropriateness of running a factor analysis. Internal consistency was checked by running a reliability analysis. *Economic* had a CA of 0,767, *Legal* had a CA of 0,888, *Ethical* had a CA of 0,764 and *Philanthropy* had a CA of 0,784. Finally, a factor analysis with motivation items was conducted. The KMO at 0,851 supported the appropriateness of running factor analysis and was significant at 0,000. The items loaded as expected on the two factors. Reliability analysis was performed and Intrinsic Motivation had a CA of 0,869 and Extrinsic Motivation had a CA of 0,909. Thus, the results of the three factor analysis and the reliability of the scales are satisfactory.

Table 11. Factor and Reliability Analysis

Measures	Items	Cronbach's alpha	KMO	Sig.
<i>Factor analysis 1: Stakeholder Dimensions</i>				
Environment	5	0,893	0,752	0,000
Community	6	0,861		
Customers	4	0,854		
Suppliers	4	0,792		
Owners	2	0,767		
Employees	3	0,711		
<i>Factor analysis 2: CSR Pyramid Dimensions</i>				
Economic	2	0,767	0,691	0,000
Legal	3	0,888		
Ethical	3	0,764		
Philanthropy	3	0,784		
<i>Factor analysis 3- Motivation</i>				
Intrinsic	5	0,869	0,851	0,000
Extrinsic	4	0,909		

5.4 Correlation analysis

The Pearson correlation is a symmetric measure of a linear correlation between two interval-level variables which indicates the strength and direction of the relationship (de Vaus, 2014, p. 359). H1 stating that Intrinsic and Extrinsic Motivation are positively related was tested using bivariate correlation analysis. The analysis showed that Pearson's correlation between Intrinsic and Extrinsic Motivation is 0,597. The correlation is significant at the 0,01 level. The result indicates a strong and positive relationship as suggested by Ryan and Deci (2000) and Graafland and van de Ven (2006). They argued that although Extrinsic and Intrinsic Motivation are distinct they are not mutually exclusive, meaning that an individual can both be intrinsically motivated as well as being extrinsically motivated which is supported in this study.

Table 12. Correlation Analysis, Intrinsic and Extrinsic Motivation

Correlations			
		Intrinsic Motivation	Extrinsic Motivation
Intrinsic Motivation	Pearson Correlation	1	,597**
	Sig. (2-tailed)		,000
	N	65	65
Extrinsic Motivation	Pearson Correlation	,597**	1
	Sig. (2-tailed)	,000	
	N	65	65

** . Correlation is significant at the 0.01 level (2-tailed).

Further Correlation analyses were applied in order to investigate the relationship between Intrinsic and Extrinsic Motivation versus the two CSR constructs (Stakeholder CSR and Pyramid CSR). H2 proposed that Intrinsic Motivation was more strongly related to CSR activities (H2 Stakeholder CSR and H2b Pyramid CSR) than Extrinsic Motivation. The correlation analysis revealed that Intrinsic Motivation significantly correlated with several dimensions. The dimensions had the following Pearson`s correlations (of which were significant at the 5 % level. These are also highlighted in blue in the table presented below): *Environment (0,451)*, *Employees (0,350)*, *Community (0,649)* and *Philanthropy (0,614)*. *Customer* just made significance of 0,048 with a correlation of 0,246. The strength of the correlation is as such rather small. Extrinsic Motivation significantly correlated *with Supplier (0,338)*, *Environment (0,468)*, *Community (0,420)* and *Philanthropy (0,384)* (also highlighted in blue in the table below). In the dimensions where both have significant relationships, Intrinsic Motivation have stronger correlations than Extrinsic, except for *Environment* where Extrinsic Motivation has a marginally larger Pearson correlation. In both *Community and Philanthropy* the Pearson correlation to Intrinsic Motivation is much higher (0,649 and 0,614 versus 0,420 and 0,384) than the correlation to Extrinsic Motivation. Thus, the result indicates that Intrinsic Motivation and CSR activities have a stronger relationship than Extrinsic Motivation and CSR activities. Thus, hypotheses H2 (Stakeholder CSR) and H2b (Pyramid CSR) are confirmed.

Table 13. Correlation, Intrinsic and Extrinsic Motivation versus CSR

		INTRINSIC MOTIVATION	EXTRINSIC MOTIVATION
Owner	P. Correlation	0,113	0,177
	Sig.	0,369	0,159
Customer	P. Correlation	0,246	0,032
	Sig.	0,048	0,801
Supplier	P. Correlation	0,118	0,338
	Sig.	0,347	0,006
Environment	P. Correlation	0,451	0,468
	Sig.	0,000	0,000
Employee	P. Correlation	0,350	0,091
	Sig.	0,004	0,469
Community	P. Correlation	0,649	0,420
	Sig.	0,000	0,000
Economic	P. Correlation	0,113	0,177
	Sig.	0,369	0,159
Legal	P. Correlation	0,221	-0,093
	Sig.	0,077	0,460
Ethical	P. Correlation	0,100	0,141
	Sig.	0,428	0,264
Philanthropy	P. Correlation	0,614	0,384
	Sig.	0,000	0,000

5.5 Independent-samples T-Test

Independent-samples T-tests were applied in order to test for significant differences between groups as proposed in hypotheses H3, H4, H5, H6 and H7. T-tests are suitable when you only have two groups in your data. Dummy variables, as explained in 5.2 are used as grouping variables in the analysis. The analysis assumes that the dependent variable is measured at the interval level. Furthermore, it is assumed that the sampling is random and the observations of the data are independent of each other. Finally, it is assumed that the data is normally distributed and that the variability of the scores for each group is similar. However, SPSS provide an alternative result if the last assumption of equal variance is not met. Checking for normality the Shapiro-Wilks test revealed that assumption of normality was violated in the dependent variables Intrinsic and Extrinsic Motivation. Thus I transformed the variables as suggested by Pallant (2013, p. 97). Data was transformed using LG10 (K-old variable) where $K = \text{largest possible value} + 1$. Normality was re-checked running explore analysis, in which both variables now met the assumption of normality (sig. 0,200). The Log variables are very

difficult to interpret. Thus, the transformed variables will be used in order to validate the result.

H3 proposed that larger firms are more motivated by Extrinsic Motivation than Intrinsic Motivation and H4 proposed that SMEs are more motivated by Intrinsic Motivation than Extrinsic Motivation and were tested using independent sample t-test. Levene's test of equality was 0,061 for Intrinsic Motivation and 0,027 for Extrinsic Motivation. Thus, I report the equal variance assumed for Intrinsic and equal variance not assumed numbers for Extrinsic Motivation. Intrinsic Motivation was significant at 0,041 with a t of -2,083. Extrinsic Motivation was significant at 0,003 with a t of -3,272. The negative t-value indicate that the mean of group 0 is smaller than group 1, which implies that the mean both for Extrinsic Motivation and Intrinsic Motivation is smaller in SMEs opposed to in large firms. Bootstrapping based on 1000 bootstrap samples was conducted in order to validate the findings further. Bootstrapping is a technique that resamples from the original data set (Chernick, 2011). The analysis with bootstrapping also indicated significant group differences, thus the results are robust. The T-tests were also conducted with Turnover as grouping variables (as this can be another way to divide small and large firms). Turnover was coded as firms with below and above 169 mill NOK in yearly turnover. The analysis revealed significant group differences, which bootstrapping technique supported. As with Firm size (number of employees), group 1 (above 169 mill NOK) had larger mean than group 0 (below 169 mill NOK). The analysis showed that SMEs have larger mean for Intrinsic than Extrinsic, respectively 5,30 and 4,51. However, this was also true for large firms, although with much smaller difference with respectively 5,96 and 5,41. Thus H3 is not supported while H4 is supported.

H5 and H5b stating that more internationalized firms have stronger relationship with CSR activities (stakeholder and Pyramid) than less internationalized firms was tested in two t-tests. One with Export share as grouping variable, and one with Global sourcing as grouping variable. The test revealed that in the analysis with Global sourcing as grouping variable, supplier showed significant group differences. Supplier was significant at 0,031 with a t of -2,203, meaning that group 1 (above 30% global sourcing) had higher mean than group 0 (below 30% global sourcing). Also performing bootstrapping, supplier remained significant. However, none of the other dimensions in either stakeholder CSR or Pyramid CSR had significant group differences. Thus, H5 is not supported.

H6 stating that large firms are more concerned with environmental issues than smaller firms was tested with firm size as grouping variable. Equal variance was assumed and the difference was significant at 0,034 with a t of -2.173. This supports the hypotheses that larger firms are more concerned with the environment opposed to SMEs.

H7 states that small firms are more concerned with a responsible supply chain and was tested with Firm size (number of employees) as grouping variable, and supplier as test variable. Equal variance was not assumed, and the analysis indicated significant group differences at 0,010, which was supported with bootstrapping (sig=0,009). T was -2,713 meaning that group 1 (large firms) had higher mean than SMEs. Thus H7 is not supported.

H8, H9 and H10 were hypotheses proposed based on the finding of the qualitative study. The hypotheses stated that Environment, Philanthropy and Safety are important CSR issues in the maritime industry, and were identified as very important and relevant issues by all three informants. Support for the hypotheses would suggest that the rated level of importance on each of these dimensions would be very high on the Likert scale. However, when examining descriptive statistics in all dimensions in both stakeholder and Pyramid CSR, *Environment* and *Philanthropy* have only a mean of 4,44 and 4,34, the lowest means of all dimensions. Safety which was measured in the *ethical* dimension has a mean of 5,93. On a scale from 1-7, a mean of 5,93 is high, which indicate support of H10. However, H8 and H9 are not supported.

5.6 Multiple Regression

Multiple regression analyze the relationship between the dependent (criterion) variable and several independent (predictor) variables. Each independent variable is weighted by the regression analysis procedure to ensure maximal prediction from the set of independent variables (Hair et al., 2014, p. 157). The set of weighted independent variables forms the regression variate, which is a linear combination of the independent variables that best predicts the dependent variable (Hair et al., 2014). “*The technique is only sensitive to certain types of relationships between variables and is based on various statistical assumptions*” where the most important include (1) it is only sensitive to linear relationships between variables, (2) It does not automatically detect interaction effects, (3) It assumes that the

variance in the dependent variable is constant (homoscedasticity), (4) It assumes that the independent variables are uncorrelated, as highly correlated variables may inflate R^2 and it is difficult to distinguish the separate effects of the independent variables and (5), It assumes that variables are measured at the interval level (de Vaus, 2014, p. 324 and 325). Checking whether these assumptions are met is therefore an essential part of the analysis. Some of these assumptions can be tested as part of conducting the regression analysis such as multicollinearity. Homoscedasticity can also be tested by checking the residuals of the regression. In this case we want to keep the H_0 , which would mean that the residuals are normally distributed. As such we want the statistic to be low and significance to be high. Linear relationships are checked by running descriptive analysis. The variables all indicate linear relationships, although several of the variables are negatively skewed to the right. The dependent variables as already established were not normally distributed and were transformed as described in 5.5. Assumption 5 is also met as both dependent and independent variables are measured at the interval level. Scholars are however in disagreement as to how stringent these assumption needs to be met in order to trust the result of the regression. Some claim that failing to meet the assumptions has limited impact on results while other claim it has large impact (Pallant, 2013). Thus, I run regression analysis with both transformed and untransformed variables. The analysis indicates that transforming variables do not have any impact on the regression variate. The Beta changes slightly. However, the overall result is the same. Thus, I will report the regression analysis using the untransformed variables. However, running both transformed and untransformed variables show robustness of the tests. I ran several regression analysis as the thesis applies two dependent variables: Intrinsic and Extrinsic Motivation. Additionally the independent variables are also tested using two different CSR constructs: Stakeholder CSR and Pyramid CSR.

Model 1 shows multiple regression with Intrinsic Motivation as Dependent variable and *Economic, Legal, Ethical* and *Philanthropy* as independent variables. The model is significant at 0,000. The adjusted R^2 is 0,377 meaning that 37,7% of the variance in the dependent variable Intrinsic Motivation is explained by the model. The Variance Inflation Factor (VIF) indicates that the data are not impacted by multicollinearity. Only *Philanthropy* is significant at the 5 % level with a t-value 6,091.

Model 2 is multiple regression with Extrinsic Motivation as Dependent variable and *Economic, Legal, Ethical* and *Philanthropy* as Independent Variables. The model is

significant at 0,000. The adjusted R^2 is 0,155 meaning that 15,5% of the variance in the dependent variable Extrinsic Motivation is explained by the model. Only *Philanthropy* is significant at the 5 % level with a corresponding t value of 3,220.

Model 3 is multiple regression with Intrinsic Motivation as Dependent variable and *Owners, Employees, Customers, Suppliers, Environment and Community* as Independent Variables. The model is significant at 0,000. The adjusted R^2 is 0,480 meaning that 48% of the variance in the dependent variable Intrinsic Motivation is explained by the model. *Customers* and *Community* are significant at the 5% level with corresponding t values of respectively 2,405 and 5,705.

Model 4 is multiple regression with Extrinsic Motivation as Dependent variable and *Owners, Employees, Customers, Suppliers, Environment and Community* as Independent Variables. The model is significant at 0,000. The adjusted R^2 is 0,264 meaning that 26,4% of the variance in the dependent variable Extrinsic Motivation is explained by the model. *Environment* and *Community* are significant at the 5% level with t-values of respectively 2,490 and 2,157.

Table 14. Multiple Regression Analysis

Dependent variable	Predictor Variable	Beta Coefficient	t	Significance level	VIF	Adjusted R ²
Model 1: Intrinsic Motivation	Economic	0,024	0,229	0,229	1,112	0,377
	Legal	0,202	1,836	0,071	1,240	
	Ethical	-0,021	-0,187	0,853	1,329	
	Philanthropy	0,604	6,091	0,000	1,012	
Model 2: Extrinsic Motivation	Economic	0,116	0,959	0,342	1,112	0,155
	Legal	-0,206	-1,611	0,112	1,240	
	Ethical	0,180	1,359	0,179	1,329	
	Philanthropy	0,372	3,220	0,002	1,012	
Model 3: Intrinsic Motivation	Owners	-0,040	-0,417	0,678	1,152	0,480
	Employees	0,102	0,944	0,349	1,433	
	Customers	0,221	2,405	0,045	1,434	
	Suppliers	-0,179	-1,676	0,099	1,411	
	Environment	0,198	1,676	0,099	1,722	
	Community	0,578	5,705	0,000	1,263	
Model 4: Extrinsic Motivation	Owners	0,040	0,344	0,732	1,152	0,264
	Employees	-0,127	-0,992	0,325	1,433	
	Customers	-0,081	-0,630	0,531	1,434	
	Suppliers	0,180	1,410	0,164	1,411	
	Environment	0,350	2,490	0,016	1,722	
	Community	0,260	2,157	0,035	1,263	

The regression models were also tested with control variables (Firm size i.e. number of employees, annual turnover, global sourcing share and exportshare). The control variables did however not have any significant relationships with the dependent variables, nor did they change the overall result of the regression analysis. Thus, the control variables did not contribute to the understanding of the variance in Intrinsic or Extrinsic Motivation. I also ran regression analysis including both CSR constructs in the same analysis. Due to multicollinearity *Economic* and *Philanthropy* was excluded from Pyramid CSR. Including both constructs did however only marginally improve R^2 . The survey included a so-called all in all question, which is a type of sum-up question. The question was formulated as: “In our company CSR is very important”. To check whether motivation could explain the variance in rated CSR importance a regression analysis was conducted with the “all in all question” as the dependent variable and Intrinsic and Extrinsic as independent variables. The model was significant at 0,000 and had an adjusted R^2 of 0,700.

5.6 Summary

The data from the survey was analyzed using SPSS. First, factor analysis was conducted to confirm number of factors as well as item loadings. A few items were excluded to improve the result. Factor analysis confirmed the construct as suggested by theory. Motivation was divided into Extrinsic and Intrinsic Motivation. Stakeholder Dimensions loaded on 6 factors: *Employees, Customers, Suppliers, Owners, Environment* and *Community*. CSR pyramid loaded on 4 factors: *Economic, Legal, Ethical* and *Philanthropy*. Summated scales were made based on the factor analysis, and these were applied in the remaining analysis.

Bivariate Correlation analysis was used to investigate the correlation between Intrinsic and Extrinsic Motivation. The analysis showed a strong and positive relationship as indicated by previous studies (Graafland & van de Ven, 2006; Ryan & Deci, 2000). Thus H1 was confirmed. H2 proposed that CSR activities have stronger relationship with Intrinsic Motivation than Extrinsic Motivation. Correlation analysis revealed significant relationship between both Intrinsic and Extrinsic Motivation versus CSR dimensions. Intrinsic had stronger correlation than Extrinsic, and correlated to more dimensions than Extrinsic. Thus, H2 and H2b are confirmed. H3 and H4 tested whether larger firms are more motivated by Extrinsic Motivation than Intrinsic Motivation and whether SMEs are more motivated by Intrinsic Motivation than Extrinsic Motivation. The t-test revealed significant group differences. Large firms had higher mean than SMEs in both Extrinsic and Intrinsic

Motivation. Still, SMEs had higher mean for Intrinsic than Extrinsic Motivation which also was true for large firms. Thus H3 was rejected while H4 was confirmed. H5 which proposed that firms with high degree of internationalization have stronger relationship with CSR than less internationalized firms was also tested using t-test. Only supplier revealed significant group differences, where large firms had a higher mean than SMEs. In this analysis global sourcing was applied as grouping variable. However, applying export share as grouping variable indicated no significant group differences. Thus, the hypotheses are not supported.

H6 proposed that larger firms are more concerned with the Environment, which was confirmed in the t-test. H7 which stated that smaller firms are more concerned with a responsible supply chain was not supported. The t-test revealed significant group differences, but in another way than proposed. Large firms had actually a higher mean for supplier than SMEs. Examining descriptive statistics of Environment, Philanthropy and Safety (measured in *ethical*) (Appendix E), all proposed as important and relevant CSR issues in the maritime industry, revealed that *Environment* and *Philanthropy* does not have rated level of importance above the other dimensions. In fact the mean of *Environment* and *Philanthropy* is respectively only 4,44 and 4,34, the lowest means of all dimensions. Safety has a mean of 5,93. On a scale from 1-7, a mean of 5,93 is high, which indicate support of H10. However, H8 and H9 are not confirmed.

Table 15. Results from hypotheses testing

Hypotheses		Results
H1	Extrinsic and Intrinsic Motivation is positively related	<i>Supported</i>
H2	CSR activities (stakeholder CSR) have a stronger relationship to Intrinsic Motivation than Extrinsic Motivation	<i>Supported</i>
H2b	CSR activities (pyramid CSR) have a stronger relationship to Intrinsic Motivation than Extrinsic Motivation	<i>Supported</i>
H3	Larger firms are more motivated by Extrinsic Motivation than Intrinsic Motivation	<i>Not supported</i>
H4	SMEs are more motivated by Intrinsic Motivation than Extrinsic Motivation	<i>Supported</i>
H5	Firms with high degree of internationalization have stronger relationship with CSR than less internationalized firms	<i>Not supported</i>
H5	Larger firms are more concerned with the Environment	<i>Supported</i>
H7	Smaller firms are more concerned with a responsible supply chain	<i>Not supported</i>
H8	Environment is an important CSR area in the maritime industry	<i>Not Supported</i>
H9	Philanthropy (i.e. sponsorship) is an important CSR area in the maritime industry	<i>Not Supported</i>
H10	Safety is an important CSR area in the maritime industry	<i>Supported</i>

Chapter 6 Discussion

6.1 Introduction

The purpose of this study was to investigate the nature of CSR in the maritime industry in M&R and its relationship with Motivation. Motivation was deemed relevant, because exploring the orientation of motivation concerns the why of actions (Ryan & Deci, 2000). Thus, motivation can serve as an indication of firms' actual CSR performance. Additionally exploring motivation is important because insight into firms' orientation of motivation for CSR equip policy-makers, NGO and even the industry itself with the necessary knowledge they need in order to be able to influence firms to be more engaged with CSR.

The hypotheses proposed in this thesis can be divided into three categories. First, hypotheses H1, H2, H2b, H3 and H4 concerns different aspect of Intrinsic and Extrinsic Motivation. Second, hypotheses H5, H5b, H6 and H7 concerns various group differences among maritime firms and finally, hypotheses H8, H9 and H10 concerns key important CSR areas in the industry.

6.2 Discussion

Previous research indicate that Intrinsic and Extrinsic Motivation are positively related (Graafland & van de Ven, 2006). Thus an individual may both be intrinsically motivated as well as being extrinsically motivated (Ryan & Deci, 2000). This was supported in the thesis as Intrinsic and Extrinsic was positively correlated with a Pearson Correlation of 0,597, which indicate a quite strong relationship between the variables. Cohen (1988) cited in Pallant (2013) suggest that $r=0,10$ to $0,29$ is small, $r=0,30$ to $0,49$ is medium and that $r=0,50$ to $1,0$ is large. Thus, H1 was confirmed. Intrinsic Motivation was understood as engaging in CSR because it is the right thing to do, while Extrinsic Motivation was understood as firms believing in the business case for CSR, i.e., that engaging in CSR will lead to some separable positive outcome for the firm. The positive correlation between the two variables mean that as one variable increases, so does the other variable. The amount of shared variance by the variables can be found by squaring the correlation ($0,597 \times 0,597 = 0,356$). Thus, 35,6% of the variance in Intrinsic and Extrinsic Motivation is shared. Although having a relatively large amount of shared variance, which supports that they are not mutually exclusive, the results

indicate as suggested by Ryan and Deci (2000) that the two types of motivation are also contrasting. Thus, it is meaningful to discuss *both* type of motivations and their relationship with CSR.

H2 and H2b suggested that CSR activities (Stakeholder CSR and H2b Pyramid CSR) have stronger relationship with Intrinsic Motivation than Extrinsic Motivation. The correlation analysis revealed several significant relationship with both Extrinsic and Intrinsic Motivation. However, the strength of the relationships was much stronger with Intrinsic Motivation, which also had more significant relationships, respectively with *Environment, Employees, Customer, Community and Philanthropy*, than Extrinsic Motivation. Extrinsic Motivation had significant relationships with *Supplier, Environment, Community and Philanthropy*. *Supplier* did not have any significant relationship with Intrinsic Motivation, and *Environment* had a slightly larger correlation with Extrinsic than Intrinsic Motivation. Overall, the results suggest that Intrinsic Motivation explain better the variance in CSR activities, opposed to Extrinsic Motivation. What is interesting to note is that *Employees* and *Customers* have only significant relationships with Intrinsic Motivation (and not with Extrinsic Motivation). From empirical research we know that both customer satisfaction and employee satisfaction is associated with increased profit (Anderson et al., 1994; Eskildsen & Nussler, 2000; Harter et al., 2002), which should suggest that these dimensions were related to Extrinsic Motivation. However, the correlation with *Customer* is very small (0,246). Still, the lack of correlation with Extrinsic Motivation may suggest that firms should be better acquainted with this link, that customer satisfaction and employee satisfaction can be sources of opportunities. However, knowing that Extrinsic Motivation can crowd out Intrinsic Motivation (Baden et al., 2009; Graafland et al., 2010; Graafland & van de Ven, 2006; Scherer & Palazzo, 2008), one must carefully balance the need to introduce a business case for CSR with respect to *Employees* and *Customers* and make sure that Intrinsic Motivation and Extrinsic Motivation is working synergistically instead of as contradictions.

One should give adequate explanations as to why things are done. Why is it good? One should not implement policies without making sure that they [firms] understand why.

Eldar Eilertsen.

Environment has medium strength relationship with both Intrinsic and Extrinsic Motivation (0,451 and 0,468), suggesting heightened acknowledgement of paying attention to

environmental issues can both be explained by Intrinsic and Extrinsic Motivation. This implies that firms are concerned with the environment because it is the right thing to do, but also because there are benefits connected with being environmental friendly. CEO of Ulmatec Pyro, this year's winner of the Innovation reward in M&R, states in an interview with Sunnmørsposten¹⁰ that tax reductions has been important incentives for the firm in being able to invest in innovation¹¹.

In a challenging industry, which is not particularly green to begin with, it is important that we try to be as environmental friendly as possible and that we meet all national and international rules and regulations.

Lene Trude Solheim

Thus, *Environment*, which was also identified as an important CSR issue in the maritime industry among the key informants, is an area in which national and international governments should consider more incentives to further encourage and facilitate "green innovations". Regarding *Philanthropy* and *Community* the correlation was quite strong with Intrinsic Motivation (0,614 and 0,649) and medium with Extrinsic Motivation (0,384 and 0,420). Thus, Intrinsic Motivation seems to be a stronger motivation for these kinds of activities.

If you only do it to make profit, you run the risk of raising eyebrows

Lene Trude Solheim

Ulstein is for instance cautious as to what they communicate both internally and externally regarding their CSR activities, as they believe that over-communication on these matters may be negative for the firm. Overall, this suggests that philanthropy or community involvement are areas in which the firm engages because it is the right thing to do. In the interviews with both *Farstad* and *Ulstein* it was apparent that the informants were very proud of what their firms contributed to the society. Thus, although they may believe that philanthropy pays off, as also the correlation with Extrinsic Motivation suggests, Intrinsic Motivation is a better explanatory of the action of these activities. Additionally it seems to be an area, based on the

¹⁰ <http://www.smp.no/naeringsliv/article10921951.ece>

¹¹ Ulmatec has developed a technology that produce and exploit the heat generated in ships in an environmental way.

quote by Mrs. Solheim, where an emphasis on extrinsic motivation may crowd out the intrinsic motivation. It may also suggest that the strategic CSR as proposed by Porter and Kramer (2006) where firms should identify social issues that are connected to their core activities may actually be of negative impact to the firms, as this could be perceived as actions performed only to benefit the firm themselves. However, this must be seen in light of the Norwegian culture of low *power distance*¹² and a strong foundation of social democracy, which influences our social orientation. Thus, other countries, especially those with high cultural distance from Norway may have a very different opinion regarding this matter. Regarding hypotheses H2 and H2b proposed, the result indicate that CSR activities are better indicators of Intrinsic Motivation and have stronger relationship than with Extrinsic Motivation.

H3 suggested that larger firms are more motivated by Extrinsic Motivation than Intrinsic Motivation while H4 suggested that SMEs are more motivated by Intrinsic Motivation than Extrinsic Motivation. Independent t-tests revealed significant group differences, in support of H4 while H3 was not supported. This contradict the findings of Brønn and Vidaver-Cohen (2009) in a Norwegian study of 500 managers. However, the sample in the thesis is rather small, and also very unbalanced between SMEs and Large firms, which make it difficult to conduct meaningful group differences analysis. Although bootstrapping was conducted in order to make the analysis more robust, the limitation of sample size is substantial. H4 was however supported in line with the findings of Brønn and Vidaver-Cohen (2009) and Graafland and van de Ven (2006) which suggest that SMEs are more motivated by Intrinsic Motivation than Extrinsic Motivation. This implies that authorities should carefully consider regulations and policies regarding CSR with respect to SMEs and make sure that Intrinsic Motivations are not undermined. Although the EU states in one of their documents¹³ concerning SMEs that “Support for CSR in SMEs should seek to build on and respond to these value-based motivations, not to replace or ignore them”, an extensive analysis of actual EU policies regarding CSR indicate that they are only influenced by Extrinsic Motivation (Skovgaard, 2014). Thus, it seems that policy-makers have yet some work to do in order to understand how they can encourage SMEs to get more involved in CSR activities.

¹² One of the dimensions of cultural difference proposed by Hofstede

¹³ http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/documents/eg_report_and_key_messages/key_messages_en.pdf

H5, H5b, H6 and H7 concern various group differences among maritime firms. H5 proposes that firms with high degree of internationalization have stronger relationships with CSR (Stakeholder CSR) than less internationalized firms. H5b proposes that firms with high degree of internationalization have stronger relationships with CSR (Pyramid CSR) than less internationalized firms. H6 states that larger firms are more concerned with the environment while H7 states that smaller firms are more concerned with a responsible supply chain. As previously stated, being able to analyze group differences concerning firm size is difficult as the sample size is so small. Thus, this is a major limitation of this thesis. Regarding H5 of stakeholder dimensions, *supplier* was significant, and showed that firms with over 30 % global sourcing (this category accounted for 43,1 % of the sample) had a larger mean than firms below 30% global sourcing. The items measuring *suppliers* concerned issues such as suppliers' labor standards, environmental standards, the quality of the products and whether developing long-term relationships with mutual benefits was important to the firm. Thus, the finding of the t-test may indicate that these factors are more important for firms, which source more products from abroad than firms who source from domestic suppliers. The strong links both vertically and horizontally in the cluster suggesting that they are mutually dependent on each other as argued by Jakobsen (2008) may be a reason why these issues are less of a concern among domestic suppliers. They already trust that quality standards, labor and environmental standards are to the expected standard. There were however, no significant relationships between degree of internationalization and the other CSR dimensions, which means that the hypotheses are not supported. Even though the hypotheses were not supported, it is not unreasonable to expect that highly internationalized firms, especially those who operate in countries with lower social standards and regulations than we have in Norway to a larger extent needs to pay attention and respond to social issues. The lack of any evidence to support such group differences in the maritime firms may be contributed to the small sample size and as a result, a relatively modest degree of internationalization (only below and above 30%). A larger sample could have divided the firms into more categories, and as such been able to capture firms, which are highly internationalized. The t-test showed that larger firms had significantly higher mean for *Environment* than SMEs, which supported H6. However, large firms make up only 12 firms in "firm size" (above 100 employees) and 16 firms in "turnover" (above 169 mill NOK in yearly turnover). Thus, one must be careful of generalizing the finding. Bootstrapping was conducted in order to make the analysis more robust. Yet, the "support" of the hypotheses must consider the stated limitation of sample size. Regarding H7 the t-test indicated significant group differences between SMEs and large firms

but in the opposite direction than what was proposed in the hypotheses. *Large firms* had significantly higher mean for *supplier* than SMEs. However, as with H6 sample size is a major limitation, which makes discussion on group differences less meaningful.

H8, H9 and H10 were hypotheses proposed based on the finding of the qualitative study. The hypotheses stated that environment, philanthropy and safety are important CSR issues in the maritime industry, and were identified as very important and relevant CSR issues by all three informants. Support for the hypotheses would suggest that the rated level of importance on each of these dimensions would be very high (6 or 7 on the Likert scale). However, when examining descriptive statistics in all dimensions in both stakeholder and Pyramid CSR, environment and philanthropy does not have level of importance above the other dimensions. In fact the mean of *environment* and *philanthropy* is respectively only 4,44 and 4,34, the lowest means of all dimensions. However, what is worth noting is that the three informants in the interviews all represent large companies, and also belong to type of company of which these areas may be more profound, especially regarding environment. Smaller firms may perceive environment issues as too big to take on (Perrini et al., 2007) or perceive that the largest negative impact on the environment comes from larger firms. The reason is however uncertain and in depth interviews of smaller firms may be better able to explore and describe the challenges smaller firms faces regarding CSR, as well as the motivation and reasons for why they act the way they do. Thus, case studies involving smaller firms may be an interesting venue for future research on SME`s and CSR. Additionally, given that suppliers make up the largest part of the sample, a supplier, and preferably a smaller firm should have been represented as an informant. This would have provided a more complete picture of the industry with regard to CSR, and this is a clear limitation of the qualitative interviews. Safety which was measured in the *ethical* dimension has a mean of 5,93. On a scale from 1-7, a mean of 5,93 is high, which indicate support of H10. However, it is worth noting that *Legal* has a mean of 6,56, *Customer* a mean of 6,52 and *Employees* has a mean of 6,01, meaning that these three dimensions have all higher means than *Safety*. It was somehow expected that *Legal* would have high scores, as the wording of the items unfortunately may lead the respondents to the “right” answer as suggested both in the pilot study and by my Supervisor. Thus, as already stated in chapter 3, for future studies one should re-examine this dimension in order to accommodate the new and broadened understanding of *legal* as suggested by Schwartz and Carroll (2003). They depict *legal* as reflecting a view of “codified ethics”, meaning that the law implies some basic notions of fairness as established by lawmakers, and

that it is business responsibility to comply with these laws. Thus, they break down legality into three categories, (1) compliance (2) avoidance of civil litigation and (3) anticipation of the law. This is a much more comprehensive understanding of legal, and seem to capture the complexity of global business, especially point (3), in contradiction to the previous understanding, “obey the law”. Items measuring *Customer* concerned issues like treating their customers honestly, respecting customers` rights beyond legal requirements, whether they provided full and accurate information about their products or not and whether customer satisfaction was highly important. Considering that customer satisfaction is strongly connected to profitability (Anderson et al., 1994), it is pleasing to see that firms in the maritime cluster seem to take their customer responsibility seriously. However, wording of the items related to *customer* may have been influenced by items social desirability, which refers to the fact that items may be written in such a way as to reflect more socially desirable attitudes, behaviors, or perceptions (Podsakoff et al., 2003). Additionally, item context effect may have been in play which refers to any influence or interpretation that a respondent might ascribe to an item solely because of its relation to the other items making up the instrument (Podsakoff et al., 2003). Thus, these biases must be considered when discussing these numbers. *Employee* was another dimension that had a very high mean (6,01). Items measuring this dimension concerned various aspect of employee welfare. In my opinion, the wording of the items measuring *employees* does not seem to be affected by the biases which affected *customer*. However, one must always consider the possibility that other factors influence the results. Employees as an important stakeholder group were however highlighted several times during the interview with *Farstad*.

The fact that the employees are really listened to makes a difference. And this is where true corporate social responsibility begins.

The employees are our most valuable asset. We start here. This is very important. When you meet a co-worker around the world....the CEO takes the time to talk to them, and he is genuinely interested in the employees. Everyone is important.

Enormous possibilities are ahead if you are able to engage all your employees on behalf of the company.

If we are able to build a good reputation by having engaged employees who wants the best, without being controlled, then we are able to build good CSR, because in the end, this is where you end up: What do you do when no one is watching? It is about doing the right thing, individually and by seeing what is going on around you: colleagues, suppliers and other external encounters.

Thus, as both the qualitative and the quantitative data suggest, employee welfare is important to maritime firms, and as such an important stakeholder group. Empirical research indicate that a firm cannot be socially responsible by itself as it consists of individuals who makes decisions, small and big on a daily basis, and they [all type of employees] always have the choice not to act (Wood, 1991). Thus, the argumentation by Mrs. Ruset regarding the importance of engaging all employees seems both valid and important. This is key learning, not only to maritime firms, but applies to all types of firms. Because in the end, it is the employees that are executing the plans. Thus, engaged employees seem vital with regard to successful CSR.

“For CSR to be successful, it needs to be self-going. It is a failure if I am the only one who has an opinion about it, or feel ownership”

Liv Ingrid Ruset

But where does motivation for CSR fit in? What is the underlying motivation for being engaged with CSR? And how does motivation influence type of CSR activities? These questions were analyzed using various models of multiple regression. Intrinsic and Extrinsic Motivation is highly correlated as H1 confirmed. The regression models indicated however that both stakeholder CSR and Pyramid CSR were better predictors of Intrinsic Motivation than Extrinsic Motivation. Stakeholder CSR explained 48% of the variance in Intrinsic Motivation versus only 26,4% for Extrinsic Motivation. Pyramid CSR explained 37,7% of the variance in Intrinsic Motivation versus only 15,5% of Extrinsic Motivation. Combining both constructs increased R² only marginally (*Economic* and *Philanthropy* was not included as multicollinearity with *Owners* and *Community* was too high). Thus, it does not seem that including two constructs of CSR contributed particularly to the understanding of CSR and motivation. Two of the dimensions are very similar as stated. Thus, the constructs have a substantial overlap. *Legal* and *Ethical* are the two dimension in Pyramid CSR, which are not

represented in Stakeholder CSR. However, these variables have very little correlation with either Intrinsic or Extrinsic Motivation. Safety issues, which were measured in the *ethical* dimension, have a high degree of regulation in Norway.

Safety you have to know. There is no way around.

Eldar Eilertsen

Thus, its relationship to motivation may not be as relevant or interesting in a Norwegian sample, as moral standards, work ethics and legal standards are relatively high¹⁴, which may imply that firms perceive these issues as mandatory, not something one does because it is the right thing to do or because it is believed that it will pay off. On the other hand, the items measuring these constructs may be too generic and thus are not able to separate ordinary effort from extraordinary effort. The new proposed definition of *legal* by Schwartz and Carroll (2003) who interprets *legal* as “codified ethics” may be a more appropriate way of defining “legal” as it may be able to distinguish firms’ true efforts with regards to the legal complexities which international business involve. Overall, multiple regression analysis indicates that stakeholder CSR is a more comprehensive way of understanding the complexity of CSR than Pyramid CSR. However, this may be attributed to the way these items have been measured. In present state, Pyramid CSR seem too generic. Thus, for future studies, instead of using established measures based on the pyramid one should consider developing new ones, which better capture the reality of CSR today. Thus, measures need to be able to distinguish those firms who perform average from those firms who, as proposed in the definition of CSR, goes *beyond* what is required. Stakeholder CSR can be narrowed and broadened based on which stakeholders you choose to incorporate. Thus, the theory may be better able to find variations in who important stakeholders are depending on industries and contexts. As such, the biggest challenge with stakeholder theory seems to be which stakeholders to include in order to present a complete picture of CSR. The framework by Agle et al. (1999) where they identify stakeholder power, legitimacy and urgency may be appropriate in order to identify the relevant and important stakeholder group for a particular context.

The survey included a so-called all in all question who sums up the topic at hand. The item read: In our company, CSR are very important, and are as such an indicator of CSR

¹⁴ <http://geert-hofstede.com/norway.html>

importance in the respective firms. A multiple regression analysis with CSR importance as dependent variable and Intrinsic and Extrinsic Motivation as independent variables resulted in an adjusted R^2 of 0,70, meaning that 70% of the variance in CSR importance can be explained by the two types of Motivation. Intrinsic Motivation is significant at the 5% level while Extrinsic Motivation is only significant at the 10 % level. Intrinsic Motivation uniquely explains 35,52 % while Extrinsic Motivation uniquely explains 1,4% of the variance in CSR importance. Given that the two variables are highly correlated, the shared variance are statistically removed when they are both included in the model. Running two regression analysis with Intrinsic Motivation as independent variable alone give an adjusted R^2 of 0,689 while a regression with only Extrinsic Motivation as independent variable give an adjusted R^2 of 0,344. In these regressions, they are both significant at 0,000 level. Overall, the result indicate, that Intrinsic Motivation is a far more important explanatory factor of the variance in CSR importance. As such, the drive to do the right thing play a substantial role in manager`s motivation to be engaged in CSR. However, it is important to keep in mind that Extrinsic Motivation and Intrinsic Motivation are positively related. This implies that extrinsic incentives in certain situations are necessary in order to ensure that all firms take the necessary measures regarding various social issues. *Environment* may be such an area, as the correlation with Extrinsic Motivation in this thesis suggests. Being environmental friendly are often associated with high financial costs of innovation, in which firm`s should be encouraged to take on, by for instance giving tax reductions.

Industry organizations and regulators should co-operate to establish appropriate incentives, which have the best impact, both for the firms and to society. One must consider that SME`s may need other incentives and approaches regarding CSR policies than larger firms. However, caution must be taken regarding incentives, knowing that extrinsic focus may crowd out intrinsic motivation (Baden et al., 2009; Graafland et al., 2010; Graafland & van de Ven, 2006; Scherer & Palazzo, 2008). The quantitative data suggest that *community* and *philanthropy* has strong relationship with Intrinsic Motivation. Thus, making economic incentives for sponsorship may not be ideal. On the other hand, the data suggest that *Environment* and *Supplier* are areas in which regulation and/or incentives may be appropriate, and such may contribute to higher standards. However, an important aspect of policies regarding CSR is to make sure that the incentives don`t lead to a ceiling effect (Baden et al., 2009) implying that in the attempt to increase CSR standards they are instead reduced as firms may have established higher standards for themselves without the regulation.

Overall, the data indicate that the nature of CSR in the maritime industry in M&R consists of firms who have high ethical standards and who perceive CSR as important. Customers, suppliers and employees are important stakeholder groups, which supports the cluster analysis of close ties in the maritime industry (Jakobsen, 2008).

Chapter 7 Implications and Conclusion

7.1 Introduction

In the following sections I will discuss some of the most important limitations of this study. Secondly, practical implications and implication for future research will be addressed. Finally, a short conclusion of the main findings will be presented.

7.2 Limitation of the study

One major limitation of this study is sample size. Although the response rate in percentage was acceptable (35%), the number of respondents are only 65, which makes statistical analysis challenging. For instance, when it comes to firm size the thesis has split the sample into SMEs and large firms, following the classification by NHO of SMEs being firms with fewer than 100 employees. As such, only 12 firms represent the large firm category. Most of 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 represent firms from only one industry we can rule out industry effects. Thus, it is reasonable to say that the result of the analysis is representative of the maritime industry in M&R. The sample demographics compared to actual population (Based on data presented by Oterhals (2014) in table 1) show that 50% of shipping firms is included, 28,5 % of shipyards and 38,9 % of suppliers¹⁵. Given the geographical and cultural proximity to the maritime industry in Sogn & Fjordane, Hordaland and Rogaland (Jakobsen, 2008), it is reasonable to assume that the findings of this study may be generalized to the maritime industry in these regions. In order to increase the robustness of the tests, bootstrapping was applied. The result of the analysis did not change as a result of bootstrapping (significant relationships without bootstrapping were still significant with bootstrapping) which indicates that the result of the analysis is robust. However, a larger sample could have captured more nuances of group differences regarding the demographics variables than what was identified in this thesis. Thus, the small sample size is a major limitation.

¹⁵ In table 1 suppliers in the maritime industry are listed as 169 firms. However, due to evaluation of relevant companies, the questionnaire was distributed to 131 suppliers. Thus $51/131 = 38,9\%$ of suppliers are represented in the sample

Another limitation of this study is the use of self-reported data instead of actual data. Thus, one must be aware of the possibility that managers try to portray themselves better than what they really are. However, research indicate that self-reporting is actually a good indicator of actual performance (Graafland et al., 2010), and that respondents are only marginally tempted to give social desirable answers (Kaiser, 1999). The respondents were also made aware that the survey was completely anonymous. Thus, there should be no incentives for portraying themselves “better” than they are. A visual inspection of the data collected seem to support this, i.e. there was variation of the data meaning that the respondents had not ticked only in the high end of the scale. However, one should be careful as to make absolute conclusions as the sample size is small, and the respondents may have been influenced by various biases which have influenced their answers (potential biases was discussed extensively in 3.3.2, thus I will not rehearse them again here).

Furthermore, one has to consider the possibility that only firms who are engaged in CSR or at least are positive to the concept of CSR have responded to the survey. Descriptive statistics indicate a negative skewness to the right. However, as mentioned, the variation in answers indicate a balanced sample of firms.

Another limitation is that the interviews did not include a supplier firm. Thus, their ideas of CSR, their challenges and opportunities regarding CSR were not taken into consideration. Considering that suppliers make up the largest portion of the sample, this is unfortunate. Additionally, the informants did all represent large companies. Thus, a smaller firm`s perspective is missing. This is also very unfortunate, and is a clear limitation which has made the finding of the qualitative study unbalanced, and it may also have influenced the development of the survey. Relevant CSR aspects regarding SMEs may as such be missing in the survey.

7.3 Practical Implications

Intrinsic Motivation for CSR seem to be more important than Extrinsic Motivation. Thus, this needs to be reflected in governments` policy-making. Safety are however very important, but did not correlate with either types of motivation. This might indicate that motivation is of less importance with regard to safety. Safety is perceived as a somewhat mandatory area in the

industry. Mr Eilertsen did also argue that legal regulation has been the primary driver for the development of higher labor standards. Thus, for those areas in which a certain extent of CSR is necessary, legislation might be the answer.

Given the similar findings in Graafland and van de Ven (2006) regarding the positive correlation between Intrinsic and Extrinsic Motivation as well as the fact that Intrinsic Motivation and CSR are more highly related, suggests that this is of practical implication beyond the maritime industry in M&R. As such, policy makers need to pay attention to Intrinsic Motivation and make sure that Intrinsic and Extrinsic Motivation are working in synergy, instead of as contradictions. Thus, they need to understand how motivation influence different type of CSR activities.

7.4 Implication for Future Research

This thesis applies (primarily) a quantitative method in the form of an electronic survey. Surveys have their limitations, and although the present study has given a description of the nature of CSR in maritime firms in M&R, case studies may give a more in-depth knowledge of CSR work within firms. For instance, a study exploring the relationship between CSR attitude among managers and employees may reveal whether managers' ideas of CSR are truly reflected in their employees.

This thesis has attempted to contribute to the understanding of CSR and motivation. Academic literature on this topic is scarce, and more studies would contribute to the understanding further. For instance, whether high motivation for CSR is related to CSR success and further, whether this is related to financial performance. Although the link between CSR and financial performance have been addressed thoroughly, the motivation aspect with regard to financial performance is to the best of my knowledge unexplored.

Additionally, Pyramid CSR seem to be a narrow way of measuring CSR. In future studies one should reassess the items applied in the pyramid and make sure that they incorporate today's complexity of international business. The new and expanded understanding of the CSR Pyramid by Schwartz and Carroll (2003) is as such a good starting-point.

7.5 Conclusion

The purpose of this study was to explore the nature of Corporate Social Responsibility (CSR) in the maritime industry in Møre and Romsdal (M&R) and its relationship with motivation. The thesis separated Motivation into Intrinsic Motivation, i.e. engaging in CSR because it is the right thing to do and Extrinsic Motivation, i.e. believing in the business case for CSR.

The main findings of the study are that (1) Intrinsic and Extrinsic Motivation are positively related, implying that high levels of intrinsic motivation correlate with high levels of extrinsic motivation. (2) CSR activities are better predictors of Intrinsic Motivation than Extrinsic Motivation, implying that Intrinsic Motivation and CSR activities are strongly related and (3) Intrinsic Motivation is an important predictor of CSR importance, i.e. high level of Intrinsic Motivation is strongly related to firm`s rated level of how important CSR is in their firms.

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Appendix

Appendix A: Interview guide

(This is only provided in Norwegian)

Intervjuguide

(I de tilfeller det står BSA vil jeg si det sosiale ansvaret eller det å ta sosialt ansvar)

Begrep/språk

- Hva mener du ligger i begrepet bedriftens sosiale ansvar (BSA)?
- Er dette et begrep som blir brukt i bransjen? Hvilke andre ord eller begrep blir brukt?
- Opplever du at dette er noe bransjen er opptatt av?
Ja: på hvilken måte? Nei: Hva tror du skal til for å engasjere?

Firmaspesifikt:

Aktiviteter/omfang/kommunikasjon/påvirkning/suksessfaktorer/utfordringer

- På hvilken måte mener du at dere tar ansvar utover det som er pålagt gjennom lover og regler?
- Hvordan blir BSA kommunisert til de ansatte?
- Opplever du at de ansatte i «navnet på bedriften» er opptatt av bedriften sitt sosiale ansvar?
Ja: På hvilken måte? Nei: Hva tror du skal til for å engasjere?
- Måler dere at de tiltakene dere iverksetter blir fulgt opp? På hvilken måte?
- Vil du si at BSA er en del av den daglige driften i selskapet? På hvilken måte?
- Hva vil du si er mest utfordrende med BSA i «navnet på bedriften»?
- Vil du si at dette er utfordrende for bransjen i sin helhet, eller er dette spesielt for dere?
- Hva vil du si er det området dere har lykkes best med i forhold til BSA i «navnet på bedriften»?
- Er dette et område som de fleste andre i bransjen også arbeider med?

Dersom ja: Var dere tidlig ute i forhold til resten av bransjen med å arbeide med dette området?

Oppfølging, dersom ja: hvorfor anså dere dette som viktig?

Dersom nei: Hva var årsaken til at dere begynte med dette senere enn andre bedrifter i bransjen?

- Hvem vil du si har mest påvirkningskraft i forhold til «navnet på bedriften» sitt BSA arbeid? (F.eks. eiere, ledelsen, ansatte, leverandører, kunder, myndigheter, forventninger fra samfunnet etc.)

Ytre:

Indre:

- Hvilke faktorer vil du si har vært mest viktig/avgjørende i forhold til det dere har oppnådd med BSA i «navnet på bedriften»? (Om vanskelig å svare, gi eksempel som f.eks. støtte fra eiere, ledelsen, engasjement fra ansatte)
- Vil du si at dette er avgjørende også for andre bedrifter i bransjen? Dersom uklart svar om årsak, spør hvorfor?

Om bransjen:

- Hvilken type sosialt ansvar vil du si er spesielt aktuelt i den maritime bransjen? Kan du f.eks. si de 3 områdene du mener er mest aktuelt og viktigst? (F.eks. Åpenhet,

Menneskerettigheter, Helse, Miljø, Sikkerhet, Arbeidsvilkår, korrupsjon, sosial bidragsyter der en opererer)

- Hvorfor er dette spesielt viktig?
- Hva er status på disse områdene pr. i dag. Hva har man lykkes med?
- Hvilke utfordringer vil du si bransjen fortsatt står overfor på disse områdene?
- I forhold til det sosiale ansvaret som bransjen tar pr. i dag. Hvem vil du si har hatt mest innflytelse på denne utviklingen? (Dersom vanskelig å svare- gi eksempel: Eierne, ansatte, leverandører, bransjeforeninger, forventet av samfunnet, myndigheter etc.)

(Dersom de ramser opp alle: Hvem vil du si har hatt mest innflytelse?)

- På hvilken måte har disse hatt innflytelse?
- Hva mener du kan bidra til at bedrifter i den maritime bransjen skal få mer eierskap til BSA?
- Dersom myndigheter ikke blir nevnt i forgående spørsmål. Hva mener du myndighetene kan gjøre for at flere bedrifter skal få mer eierskap til BSA?
- Dersom det ikke kommer frem av de to forgående spørsmålene. Hva mener du bransjen selv kan gjøre for at flere bedrifter skal få større eierskap til BSA?

Kort oppsummert:

- Når man sier at en bedrift har lykkes med å ta sosialt ansvar. Hva legger du i det?
- Hva tror du er kritiske suksessfaktorer i forhold til å lykkes med å ta sosialt ansvar i en maritim bedrift? (Gjerne 2-3 faktorer)

Appendix B: Transcripts of interviews

Relevant information from the interviews with regard to the thesis are presented.

Interview with Eldar Eilertsen

Mr Eilertsen has worked in the maritime industry for decades and exhibit high knowledge, gained from his experience in various companies and positions. He also currently lecture part-time in international business at Aalesund University College. Mr Eilertsen was however not interviewed as a representative from one maritime company. Therefore the interview questions was somewhat altered opposed to the other two informants, which is in line with the guidelines by Saunders et al. (2011).

The first question addressed what the term CSR, in his opinion, means. The Norwegian term I chose for this question was “bedriftens sosiale ansvar”. His immediate response was human compassion. He admitted that during his many years in the industry, this had not been an area, which had received much attention. He remembers many situations as a manager he now wish he had handled differently. He did not show the degree of human compassion that he should have. It was much focus on profit, and little focus on the welfare of the employees. He do however state that much have changed since the 70s and 80s. During the last decades employee welfare has become more and more important. This development has in his opinion gradually evolved together with a general increased awareness in the society regarding social issues. Legal regulations to protect employee`s rights, such as insurance policies has also gradually become stricter and stricter. CSR as a term is in his opinion not a word that the industry uses. He do however believe that the maritime industry, as a global player, has been forced to pay attention to social issues as a part of business. The oil and gas industry is a strong driving force for the maritime industry, the maritime cluster therefore needs to be seen in this context. The oil and gas industry has been in the forefront on these issues, and as such, the maritime industry has followed. It is however apparent in the interview that the Norwegian term “bedriftens sosiale ansvar” may be too narrow. Mr. Eilertsen connect this wording to employees rights and welfare only. I have to mention other aspects of CSR specifically to get the conversation in other directions, such as environment. This is an important discovery for the development of an electronic survey. I cannot assume that the respondents will interpret words in the same way I intend them to be interpreted. Thus, to the highest degree possible, questions in the survey should be so clear that the need for

interpretation is limited. When it comes to environment, Mr. Eilertsen believes that most companies only do what is required of them, even though some would claim to have green ships. In the recent years, environment has become higher on the agenda, in which some have taken responsibility, such as building gas-powered vessels. However, most companies, in his opinion, will go for the more convenient alternatives. The three most important areas of CSR in the maritime industry according to Mr. Eilertsen is health, environment and safety. In addition to these areas, communication and information, is key. This is true for all organizational life, but he stresses that this is important in order for the whole company to behave and act in the same way. If they are not informed, they don't know. If you don't have proper communication throughout the organization, people will not be aware. He uses the metaphor of the dog sled. You need to get them all to walk in the same pace and in the same direction. Information and communication from the leader is thus essential.

Interview with Liv Ingrid Ruset

Mrs. Ruset think of “bedriftens sosiale ansvar” or “samfunnsansvar” as a moral duty. It is the right thing to do. It is a form of Norwegian aid. Norwegian companies are expected to take responsibility and be in the forefront. To Farstad, there is no question regarding *if* they should take responsibility. Regarding the industry, in her opinion, there has been a shift from a more passive approach with mainly sponsorship, and where companies have been contempt with that, towards a more active and more conscious approach, where companies engages in CSR for a reason. Farstad look upon CSR as an investment. In general, they split CSR into three areas. 1-Sponsorship. Not necessarily connected to core business. 2-Communication. Internal and External. Focus on communication with employees and their families. 3-Environment. The physical environment. The maritime industry is an industry with high energy use. Thus, it is important to reduce cost and be environmental friendly at the same time.

“It is easy to only think in terms of sponsorship when it comes to CSR. It is however, a much broader field”

All of these three areas are important to Farstad, but according to Mrs. Ruset some of them are more or less self-going. It is a natural part of their business. For instance, how they take care of their employees. Safety is a natural part of their Health Environment Safety Quality (HESQ) work. With regard to the environment, they have built 32 new vessels, and they have had strong focus on innovations that reduce the energy usage. They had for instance a double

baptism in Bergen this fall (2014) where the vessels can connect to shore supply when they are in the port. This is particularly good for Bergen, which has so vast problems with pollution, especially in the winter. Also, with regard to NOX emissions, they set much higher standards to themselves, than what is required by regulation. They perceive innovation as an important CSR issue, and they do not take patent on their innovations, such as for instance the shark jaw, an innovation back in the 70s that made anchor handling much safer opposed to the old “pelican hook”. According to Mrs. Ruset, Karl Johan Bakken, the CEO, often says, “We compete when we have to, but collaborate when we can”. In their opinion, this is why the cluster in M&R is so strong. The maritime companies have recognized that they are co-dependent on each other, and thus work towards making each other good.

“For CSR to be successful, it needs to be self-going. It is a failure if I am the only one who has an opinion about it, or feel ownership”

Farstad has used much resources on what they call a value program. All employees are personally introduced to this, during a two-day session, where top management are present. Their focus areas are as Mrs. Ruset puts it; “not rocket science”. However, they use much effort in trying to operationalize them. All employees needs to take a position on “What does this mean? What does it mean to you”? and “what does it mean to the company”? This awareness of the issues is essential in Farstad’s opinion. In this way, all employees get an active ownership. The two-day session of which the employees get access to the CEO, can ask him questions and engage in dialogues about what concern they might have are rather unique, and they believe that this is essential in building the Farstad culture. Getting the employees connected and feel pride and ownership to the company. If they can get all employees to think that in *everything* they do, they represent the CEO and they represent Farstad, then they believe that they are well on their way to build a solid CSR platform. Because in the end, according to Mrs. Ruset CSR will come down to this.

“What do you [employee] do when no one is watching?”

They do however admit that one of their major challenges in the time to come is management. They have a very engaged and committed top management, as well as a very dedicated board, where the chairman is one of the majority owners. They are genuinely interested in and concerned for all their employees, and believe strongly in their social responsibility. The

company are however large, and how do they make sure that a middle manager in Asia follows up with employees in the way they (top management) want them to. Thus, this is an area, which they will work closely on. When asked about what, in her opinion, the industry in general think of the meaning of the term CSR (Norwegian: samfunnsansvar) and the scope of its work, she believes that most companies will connect it to sponsoring and perceive it more or less like a project on the side. She emphasizes that it is important that in the time to come CSR should be communicated not as a new report or a new position in a company, beside the normal business. Rather, CSR should penetrate day-to-day business in the entire organization. However, she is well aware and admits that the answers to this interview is colored by her strong commitment to these issues, and the answers might not be the same if I talked to an assistant in Brazil. However, by focusing on these areas in the way that they do, a comprehensive value program, and strong focus on continuous communication and dialogue with their employees, the goal is that this awareness will create employee ownership to the company. They strongly believe that this creates a solid foundation for all employees, which will enable them to do the right thing, every day.

Interview with Lene Trude Solheim

To *Ulstein*, CSR (samfunnsansvar) is an overall term. According to Mrs. Solheim, *Ulstein*, as a cornerstone company have always felt, and engaged in CSR. The most important CSR work they do is however to keep people employed. This is their primary target. As she says; *“if we don` t win contracts and have customers in the shop, we have no money to give, either to SOS children villages, the local football club or to culture.* They have distributed sponsor funds for over 30 years, long before this was a “common” thing to do. They focus primarily on the local and regional area, but have a few national projects. Sponsorship, is according to Mrs. Solheim one of the things they engage in beyond the legal requirements.

“To be able to engage in CSR in a larger scale, you need to have a pie to share”

They give over 1 million NOK to SOS Children Villages every year. They chose this organization because it was global, and because they perceive it to be a good organization that helps families and children. They have invested heavily in “Redningsskøyta” (approx. 20 million NOK), a result of them being contacted by *Redningsselskapet*, after the founder of *Ulstein*, Idar *Ulstein*, passed away. They were asked if they were interested in contributing to

a new vessel, named after Idar Ulstein. They also support a professorship at Aalesund University College, which at least in part (her words) can be said to be taking responsibility. By helping so that new knowledge and competence can be further developed in the industry and in the region. Further, they are sponsoring Hødd with large amounts through long-term arrangements. According to Mrs. Solheim this may put Ulstein on the map, but more importantly, Ulstein contributes to the local community so that more than 500 kids every week have good facilities to play their sport. Ulstein has however, a very large scope on their sponsorship, and they make an effort to distribute so that not someone always is granted support, and some always gets a no. They try to be fair. On the other hand, they also engages in long-term commitment, so that the recipients of the funds have some sort of financial stability. On question regarding if they perceive innovation to be part of their responsibility, and I mentions the groundbreaking X-Bow design they have developed, she first pauses, but then says yes. X-Bow has been an innovation that substantially reduce fuel consumption, and the ships is more stable, even in rough sea, making it more comfortable for the crew on the boats. Innovation in that sense is clearly part of CSR. First it seems that she perceive environment to be a separate issue from CSR, but then decide that environment is indeed part of a firms CSR. That every company has a duty to make as little impact on the environment as possible, and a responsibility to develop products which are environmental friendly. They developed written ethical guidelines in 2008-2009. The trend in the society as well as heightened media attention to ethical issues, especially abroad, was the main driver for the formalization of these guidelines. Corporate management was involved, and it was decided upon how this was going to be communicated. Management was perceived to be the main target group. The reason behind this situation was that employees “on the floor” are regulated and protected by the working environment act. Additionally, high ethical standards are so incorporated in the Norwegian culture. Also, because management travels more, and are more in contact with their customers, this was perceived to be more relevant to them. Thus, representatives from corporate management had presentation sessions with management from all the sub-companies. In these sessions, they focused on what was allowed to do and what was not allowed. They also used scenarios as a form of dilemma training in order for the management to get further insight into the topics. This was performed in order to increase the overall awareness for such issues in the entire organization. She does however think that within their company they have all kinds of people. Some feel that “I do my job, and all the rest of the “stuff” can someone else deal with”, and then you have others who feel so proud to hear about Ulstein and how they work to be responsible. She says that the top management is

very dedicated to be transparent and to behave ethically. She sees them as a guiding star for the entire organization. However, because the company consist of all kinds of people they are conscious as to what they communicate to their employees.

“It is always a risk of too much information, the pendulum might be thrown back at you, that the motives of your actions are being questioned”

There has to be a balance. She believes that too much information about their social initiatives can be counterproductive as some people then might start questioning the motive behind the work. The possibility of extrinsic motivation crowding out intrinsic motivation is also supported in the literature (Graafland and Van de Ven, 2006)

Appendix C: Invitation to participate in survey

(provided in Norwegian only)

Hei

Dette er en spørreundersøkelse rettet mot alle maritime bedrifter i Møre & Romsdal, og er en del av en avsluttende masteroppgave ved Høyskolen i Ålesund. Temaet for oppgaven er samfunnsansvar. Samfunnsansvar kan defineres som det ansvaret en bedrift tar for samfunn og miljø utover det som er pålagt gjennom lover og regler. Samfunnsansvar har blitt satt stadig høyere på agendaen, både nasjonalt og internasjonalt. Det økte fokuset har bred oppslutning fra media og myndigheter men også gjennom økt bevissthet fra samfunnet generelt. Målet med undersøkelsen er å kartlegge hvordan bedrifter i den maritime næringen i M&R, små som store, arbeider med dette området. Alle type bedrifter er like viktige å få svar fra. Jeg håper derfor at dere kan avse noen minutter til å svare på denne undersøkelsen. Besvarelsen tar i underkant av 10 minutt. Det er ønskelig at eier eller daglig leder svarer på undersøkelsen (evt. kommunikasjonssjef, der den type stilling finnes).

Alle svar er anonyme.

Jeg setter stor pris på om du tar deg tid til å svare. På forhånd tusen hjertelig takk.

Svarfrist er torsdag 26. mars. 2015

Undersøkelsen kan du besvare ved å klikke på denne linken:

-link her-

Om dere er interessert sender jeg gjerne et kortfattet sammendrag av resultatene fra undersøkelsen når oppgaven er ferdig i juni. Send meg en mail om det er av interesse.

Reminder-email

Din deltakelse er svært viktig for å kunne kartlegge samfunnsansvar i den maritime næringen i M&R. Dette er en påminnelse-email, og jeg setter stor pris på om du har mulighet å sette av noen minutter for å delta på denne undersøkelsen.

Spørreskjemaet er en del av en avsluttende masteroppgave ved Høyskolen i Ålesund. Målet med undersøkelsen er å kartlegge hvordan bedrifter i den maritime næringen i M&R arbeider med samfunnsansvar. Alle type bedrifter, små som store, rederi, verft eller leverandør er like viktige å få svar fra. Besvarelsen tar i underkant av 10 minutt. Det er ønskelig at eier eller daglig leder svarer på undersøkelsen (evt. kommunikasjonssjef, der den type stilling finnes).

Alle svar er anonyme.....(the rest of the text is now similar to the initial e-mail)

Appendix D: Questionnaire

1. What type of company are you?
 Shipyard_____

Shipping_____

Supplier_____
2. How many employees do you have? _____
3. What are your annual turnover (NOK)? _____
4. What proportion of the turnover is export (%)? _____
5. Regarding the procurement of products and services, what proportion of total purchasing are purchased from foreign suppliers (%)? _____

To what extent do you **agree** with the following statements?

The scale is from 1-7, where 1 = to a very little extent, 7= to a very great extent.

6. Our company is concerned with improving the general wellbeing of society.
7. Our company engage in philanthropy contributing to such cause as the art, education and sport
8. Our company gives adequate contribution to charities
9. Our company encourages its employees to participate in voluntary activities
10. Our company is committed to improving the welfare of the communities in which we operate
11. Our company plays a role in society that goes mere beyond profit generation
12. Our company believes in ethical ways of doing business
13. Our company engages in CSR because we are committed to being good corporate citizens
14. As a Norwegian company, we see it as our moral duty to be front-runners of CSR activities
15. Our company engages in CSR because it is the right thing to do
16. To behave in a responsible way is a moral duty of businesses towards society
17. In our company, CSR are very important
18. Our firm`s effort with respect to CSR will have a positive influence on our financial result in the long term
19. Our firm`s effort with respect to CSR will have a positive influence on our corporate reputation

20. Our firm`s effort with respect to CSR will have a positive influence on employee motivation
21. Our firm`s effort with respect to CSR will help our company to explore new customers and new markets
22. Our company encourages our employees to develop their skills and careers
23. Our company is primarily concerned with our employee`s needs and wants
24. Our company implement flexible policies to provide a good work & life balance for our employees
25. Our company provides a fair treatment of employees (without discrimination, regardless of gender, race, origin or religion)
26. Our company has well established instructions for employees about health and safety conditions
27. Employees are given enough training to do their work task safely
28. Communication about safety issues are good in our company
29. Our company exploits renewable energy in a productive process compatible with the environment
30. Our company participates in activities which aim to protect and improve the quality of the natural environment
31. Our company makes investment to create a better life for future generations
32. Our company implements special programs to minimize its negative impact on the natural environment
33. Our company has set goals to reduce our consumption of natural resources
34. Our company controls the quality of suppliers products
35. Our company controls the labor standards of suppliers and ensures they are in compliance with legal requirements
36. Our company controls the environmental standards of the products and production processes of suppliers and ensure they are in compliance with legal requirements
37. Our company strives to enhance stable relationships of collaboration and mutual benefit with our suppliers
38. Our company seeks to comply with all laws regulating hiring and employee benefits wherever we operate
39. Our company always pays its taxes on a regular and continuing basis
40. Our company complies with legal regulations completely and promptly

41. Our company has internal policies to prevent discrimination in employees` compensation and promotion
42. Our company keep a strict control over the costs
43. Our company is concerned to fulfill its obligation vis a vis its owners
44. Our company obtains the greatest possible profit
45. Our company is committed to ensure its survival and success in the long-term
46. Our company has been successful at maximizing our profits
47. Our company respects the rights of our customers beyond the legal requirement
48. Our company provide full and accurate information about its products to our customers
49. Our company has established procedures to comply with customer complaints
50. Our company treats our customers honestly
51. Customer satisfaction is highly important to our company

Appendix E: Statistical data

Descriptive statistics

		Statistics									
		Economic	Legal	Ethical	Philanthropy	Owner	Customer	Supplier	Environment	Employees	Community
N	Valid	65	65	65	65	65	65	65	65	65	65
	Missing	0	0	0	0	0	0	0	0	0	0
	Mean	4,7077	6,5641	5,9333	4,3477	4,7077	6,5269	5,1577	4,4431	6,0103	4,4538
	Median	5,0000	7,0000	6,0000	4,6000	5,0000	6,7500	5,2500	4,6000	6,0000	4,8333
	Std. Deviation	1,15546	,72150	,74115	1,24764	1,15546	,56790	1,15123	1,40512	,67178	1,20636
	Variance	1,335	,521	,549	1,557	1,335	,323	1,325	1,974	,451	1,455
	Skewness	-,159	-2,527	-,778	-,522	-,159	-1,746	-,936	-,271	-,433	-,542
	Std. Error of Skewness	,297	,297	,297	,297	,297	,297	,297	,297	,297	,297
	Kurtosis	-,434	8,603	,704	-,047	-,434	4,776	1,802	-,537	-,240	,077
	Std. Error of Kurtosis	,586	,586	,586	,586	,586	,586	,586	,586	,586	,586
	Minimum	2,00	3,00	3,67	1,00	2,00	4,00	1,00	1,00	4,00	1,00
	Maximum	7,00	7,00	7,00	6,80	7,00	7,00	7,00	7,00	7,00	6,83

Factor Analysis, Motivation

Rotated Component Matrix^a

	Component	
	1	2
Our company believes in ethical ways of doing business	-,051	,794
Our company engages in CSR because we are committed to being good corporate citizens	,295	,852
As a Norwegian company, we see it as our moral duty to be front-runners of CSR activities	,331	,806
Our company engages in CSR because it is the right thing to do	,456	,712
To behave in a responsible way is a moral duty of businesses towards society	,458	,598
Our firm`s effort with respect to CSR will have a positive influence on our financial result in the long term	,879	,203
Our firm`s effort with respect to CSR will have a positive influence on our corporate reputation	,756	,456
Our firm`s effort with respect to CSR will have a positive influence on employee motivation	,867	,308
Our firm`s effort with respect to CSR will help our company to explore new customers and new markets	,858	,074

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

Factor analysis: Stakeholder Dimensions**Rotated Component Matrix^a**

	Component					
	1	2	3	4	5	6
Concerned with improving the general wellbeing of society	,750	,077	,074	,247	,309	-,053
Our company engage in philanthropy	,812	,271	-,094	,055	,096	,051
Gives adequate contribution to charities	,611	-,102	-,155	,085	,503	,200
Encourages its employees to participate in voluntary activities	,675	,153	-,067	-,041	-,072	-,030
Committed to improving the welfare of the community	,837	,198	-,057	,003	,052	-,033
plays a role in society that goes beyond profit generation	,788	,161	,150	,039	-,181	,060
Obtains the greatest possible profit	-,068	,095	,037	,151	,159	,875
Been successful at maximizing our profits	,148	,216	,170	,002	-,086	,819
Respects the rights of our customers beyond the legal requirement	,041	,069	,654	,554	,022	,061
Provide full and accurate information about its products to our customers	-,099	,151	,770	,197	,170	,346
Treats our customers honestly	-,091	,032	,874	,007	,184	,130
Customer satisfaction is highly important to our company	,025	,133	,852	,035	,073	-,106
Controls the quality of suppliers products	,162	,279	,219	,691	-,159	-,010
Controls the labor standards of suppliers products	-,106	,137	-,111	,741	,076	,354
controls the environmental standards of supplier products	,042	,193	-,006	,825	,145	,080
relationships of collaboration and mutual benefit with our suppliers	,157	,186	,257	,706	,099	-,112
Exploit renewable energy	,238	,742	,143	,152	,001	,109
aim to protect and improve the quality of the natural environment	,104	,738	,087	,223	,059	,262
investment to create a better life for future generations	,404	,780	,060	,184	-,096	,131
implements special programs to minimize negative impact	,266	,824	,004	,102	,187	,128
goals to reduce our consumption of natural resources	,043	,743	,054	,288	,292	-,147
fair treatment of employees	,050	-,164	,454	-,010	,642	-,118
encourages our employees to develop their skills and careers	,042	,375	,156	,005	,707	,143
well established instructions for employees about health and safety	,034	,429	,219	,234	,650	,046

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

*Factor Analysis, CSR Pyramid***Rotated Component Matrix^a**

	Component			
	1	2	3	4
Obtains the greatest possible profit	,051	,040	,162	,879
Been successful at maximizing our profits	,084	,097	,100	,885
Comply with all laws regulating hiring and employee benefits	,913	,036	,173	,121
Always pays its taxes on a regular and continuing basis	,899	,041	,035	-,021
Complies with legal regulations completely and promptly	,840	-,006	,274	,079
Well established instructions for employees about health and safety	,339	,323	,701	,021
Employees are given enough training to do their work task safely	,375	-,025	,757	,161
Communication about safety issues are good in our company	-,031	-,095	,881	,164
Engage in philanthropy	-,003	,816	-,016	,108
Gives adequate contribution to charities	,020	,836	,042	,138
Concerned with improving the general wellbeing of society	,048	,855	,037	-,095

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Multiple Regression

DEPENDENT: INTRINSIC, INDEPENDENT: STAKEHOLDER CSR DIMENSIONS

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,721 ^a	,520	,488	,72462

a. Predictors: (Constant), Community, Customer, Supplier, Environment

b. Dependent Variable: Intrinsic Motivation

(Employee and Owner, which were not significant were taken out of this analysis, which marginally improved R² from 0,480 to 0,488.)

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	,425	1,107		,384	,702					
Customer	,452	,174	,253	2,598	,012	,246	,318	,232	,841	1,190
Supplier	-,162	,093	-,185	1,745	,086	,118	-,220	-,156	,714	1,400
Environment	,156	,081	,217	1,937	,057	,451	,243	,173	,639	1,566
Community	,494	,084	,588	5,886	,000	,649	,605	,527	,801	1,248

a. Dependent Variable: Intrinsic Motivation

DEPENDENT: EXTRINSIC, INDEPENDENT: STAKEHOLDER CSR DIMENSIONS

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,577 ^a	,333	,264	1,10028	,333	4,828	6	58	,000	2,408

a. Predictors: (Constant), Community, Customer, Owner, Supplier, Employees, Environment

b. Dependent Variable: Extrinsic Motivation

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	3,446	1,776		1,940	,057					
Owner	,044	,128	,040	,344	,732	,177	,045	,037	,868	1,152
Customer	-,183	,290	-,081	-,630	,531	,032	-,082	-	,697	1,434
Supplier	,200	,142	,180	1,410	,164	,338	,182	,151	,709	1,411
Environment	,320	,128	,350	2,490	,016	,486	,311	,267	,581	1,722
Employees	-,243	,245	-,127	-,992	,325	,091	-,129	-	,698	1,433
Community	,276	,128	,260	2,157	,035	,420	,273	,231	,792	1,263

a. Dependent Variable: Extrinsic Motivation

DEPENDENT: EXTRINSIC, INDEPENDENT: PYRAMID CSR DIMENSIONS

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,456 ^a	,208	,155	1,17905	,208	3,934	4	60	,007	2,112

a. Predictors: (Constant), Philanthropy, Legal, Economic, Ethical

b. Dependent Variable: Extrinsic Motivation

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	2,971	1,575		1,886	,064					
Economic	,129	,135	,116	,959	,342	,177	,123	,110	,899	1,112
Legal	-,366	,227	-,206	1,611	,112	-,093	-,204	-	,807	1,240
Ethical	,311	,229	,180	1,359	,179	,141	,173	,156	,753	1,329
Philanthropy	,383	,119	,372	3,220	,002	,384	,384	,370	,988	1,012

a. Dependent Variable: Extrinsic Motivation

DEPENDENT: INTRINSIC, INDEPENDENT: PYRAMID CSR DIMENSIONS

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	,645 ^a	,416	,377	,79893	,416	10,701	4	60	,000	2,574

a. Predictors: (Constant), Philanthropy, Legal, Economic, Ethical

b. Dependent Variable: Intrinsic Motivation

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	1,515	1,067		1,419	,161					
Economic	,021	,091	,024	,229	,819	,113	,030	,023	,899	1,112
Legal	,283	,154	,202	1,836	,071	,221	,231	,181	,807	1,240
Ethical	-,029	,155	-,021	-,187	,853	,100	-,024	-	,753	1,329
Philanthropy	,490	,081	,604	6,091	,000	,614	,618	,601	,988	1,012

a. Dependent Variable: Intrinsic Motivation

DEPENDENT: CSR IMPORTANCE, INDEPENDENT: INTRINSIC AND EXTRINSIC

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,842 ^a	,709	,700	,753	1,816

a. Predictors: (Constant), Extrinsic Motivation, Intrinsic Motivation

b. Dependent Variable: In our company, CSR are very important

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	-,963	,516		-1,864	,067					
Intrinsic Motivation	1,008	,116	,742	8,699	,000	,833	,741	,596	,644	1,552
Extrinsic Motivation	,163	,091	,152	1,785	,079	,595	,221	,122	,644	1,552

a. Dependent Variable: In our company, CSR are very important