ANALYSIS OF HOW CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICIES CREATES VALUE-ADDED FOR COMPANIES

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Abstract

The world changes dramatically as each decade passes. These changes affect the population as a whole. The business world is no different. Resource scarcity, power outages and more complex labour unrest means that companies have to adapt expeditiously to survive presently. With the current gloomy economic climate it seems even more important for companies to take extra precautions to survive. Sustainability and corporate responsibility have gained greater meaning for the successful companies presently because of this volatile climate. They have become paradigms in their own right which companies must follow in order to transition to a new paradigm.

Corporate behaviour and responsibility is an area that must change. Presently, it is drafted into many companies’ business strategies as excessive exploitation of resources and environmental damage is being severely punished.

Owing to all these factors, CSR is now a necessity and there is widespread acceptance of this fact between major corporations. Change and transition to a new paradigm is pivotal. Companies need to do with less without causing environmental harm, otherwise survival would prove challenging.

An increasing amount of studies have been completed regarding the benefits of CSR. However, most studies concentrate on the benefits to society, while less attention is paid to the creation of value for organisations. In order to better understand CSR effects on value-added for the company, this study explores the impact of the triple bottom line of CSR (economic, environmental and social dimension) in a company case study, Covidien.
1. Introduction

The current economic climate has forced corporate bodies to reevaluate all strands of their operations. An analysis of corporate social responsibility as a method of creation of value is therefore very important as part of this reevaluation.

There has been a tendency in all organisations to downgrade the priority of CSR and to treat it once again as a side activity, a form of philanthropy, that only leads to an increase in costs. This is a misjudgement which this research aims to prove wrong.

This debate over CSR has existed since companies first assimilated responsibilities beyond what was required of them by law. However globalisation and the growth in multinational corporations has made this debate increasingly complex. Operating globally confronts companies with a wide range of new issues which requires adaptation in their CSR strategy e.g cultural and regulatory differences, labor and child labor standards, bribery and corruption, health crises, human rights, deforestation, etc. Scherer & Palazzo (2007) pointed out that globalisation “is eroding established (primarily national) institutions and procedures of governance”. This a challenge which companies must meet or it will force a downgrade in the importance CSR due to the increasing complexity.

Another key issue, particularly for those opposed to CSR, is that the vagueness of its definition allows huge leeway in what is proposed and accepted as CSR, how resources are allocated to meet obligations and how the results of CSR are interpreted.

The existence of doubt and lack of clarity within the debate over CSR justifies increased research. Thus, this research is undertaken fill gaps in areas of insufficient study. Particularly there is a lack of information on the impact of CSR from the business perspective, as the majority of the research comes from the perspective of the stakeholders interests.

Recently several companies have been involved in social and environmental disasters and as a result their legitimacy has been challenged (Palazzo & Scherer, 2006). As a consequence, citizens are increasingly demanding corporations justify and legitimise not only their economic actions, but their social and environmental actions in the general public sphere (Christopher & Kirby, 2010).
In order to achieve this, corporate social responsibility activities must encompass all corporate social practices - economic, social, and environmental simultaneously addressed and implemented in order to increase the conformity between corporate behavior and the social expectations of stakeholders (Archie Carroll, 2013)

Several researchers have shown the relationship between a firm’s engagement with CSR and its economic performance, the well-known “doing well by doing good argument” (Bhattacharya & Sen, 2004; Orlitzky et al., 2003; Wood, 1991).

This research tries to tackle these factors from the perspective of business itself, by measuring the value created (“the doing well”) for the firm through the implementation of CSR policies (“the doing good”). In order to measure this value the researcher will analyse the correlation between the three dimensions of the CSR (the triple bottom line—people, planet, profit) with their three corresponding value indicators (economic, social and environmental indicators) within the company.

Interest in measuring the specific impacts and outcomes of CSR, has increased. Motivations for this focus are a need for internal justification of CSR budgets and to enable companies to report CSR outcomes to internal and external stakeholders (cebcglobal.org, 2005).

2. Literature Review

2.1 Concept and Evolution of CSR

There are many different definitions of CSR, but the most common view according to the Green paper is, “CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.” (European communities, 2001).

CSR evolved as a concept in the 1950’s when the references to social conscience among management practitioners and theorists were noted. Carroll credits Howard R. Bowen, 1953 author of the book “Social Responsibilities of the Businessman”, as the “Father of corporate Social Responsibility”
As early as the 1950’s businesses were beginning to be thought of as having a responsibility to society as a whole by writers such as Keith Davis, who hypothesized that the rewards of profit was not to be a tool for furthering divides in society between rich and poor. By the 1970’s these divisions were becoming increasingly evident through several examples of major corporations contempt for the environmental and societal effects of their actions. This led to CSR, on a larger scale being seen as a serious issue for the first time and Davis’s earlier work in the area began to show its importance. In the 1960’s Joseph W. McGuire echoed Davis’s stance in his book Business and Society (1963), he stated, “The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations” (p.144)

The definition of corporate social performance is one which has evolved from this time in an attempt to address the ethical responsibilities and how business responds to changing pressures from society. This evolution has been seen in the writings of Sethi (1975), Carroll (1979), and Wartick and Cochran (1985), each taking the idea of corporate social performance and attempting to redefine and refine it for the challenges which were being faced and were rapidly changing over the subsequent decades from Davis’s time.

Four decades later CSR theory began to make new ground through the work of Michael Porter and Mark Kramer. In their 2002 article in the Harvard Business Review they attempt to again redefine this corporate obligation to society; “in the long run…social and economic goals are not inherently conflicting but integrally connected” (p. 5). They remodelled the ideas of CSR, showing that social investment had in itself a substantial economic return. They revealed that social return and economic return were not in fact separate entities but exist hand in hand with each other and encouraged businesses to emphasize the significance of both forms of return.

Further expanding on this idea, Porter and Kramer explained that for companies to reap any economic return from social investment they must invest in areas that provide a long term impact rather than simply ‘throwing their money at any good cause’ and that this impact must provide a competitive advantage for the company. This was a development of the “sticking to your knitting” strategy outlined by Peters and Waterman in 1982, which claimed that companies should focus on areas that they
already provide expertise rather than stretching out of their portfolio into areas of unfamiliar territory, where they have little know how. Porter and Kramer re-emphasise this strategy by recommending that businesses ‘stick to what they know’ by using the basic fundamentals of corporate strategy to develop and support benevolent areas that benefit both society and the company itself.

In 2005 Rowe, while analysing the evolution of CSR over the preceding forty years stated that there has been an increase in the popularity of CSR in recent times. Rowe stated that this was not only due to the global justice movement or what he terms the” second wave” of public outcry over corporate malfeasance’, but also due to the increase of environmental awareness, increasing scarcity of resources and the demand for transparency of operations.

Some of the more traditional CSR practices of enterprises were perceived not to be credible, i.e. to be more public relations than real substance, then this could in the longer term actually compound the problem of the trust gap between corporations and society. Therefore measuring the effectiveness of particular CSR (the object of this research) is extremely important in ensuring that it benefits society which in turn should add value to the company through better public image.

### 2.2 The Shareholder vs. Stakeholder Concept

Two major theories on the design of the modern business firm exist, both laying out similar blueprints for the policies and procedures of corporate governance, executive compensation policies and the economic and social duties of businesses. Shareholder theory focuses on the economic standpoint of these procedures, a firms’ duty to create wealth rather than focusing on the significance of the firm to society and takes a view that limits its responsibilities to shareholders, creditors, employees, customers etc. Stakeholder theory expands upon this first theory, sharing to an extent the idea that the importance of wealth creation is at the core of the firm but emphasises the central role which the firm plays in interacting with those groups contiguous with the firm and society as a whole (M.Pfarrer, 2010).

Shareholder theory has been developed from the evolving ideas started almost two hundred and fifty years ago with Adam Smith’s ‘The Wealth of the Nations’ in 1776,
through to the “Chicago School” of economics, where the likes of Milton Friedman have laid out what is the current form of the theory.

As was alluded to above this theory focuses on the profit generating capabilities of a firm to maximise the wealth of the shareholder. Smith’s influence is clear, as his writings on the importance of “free” markets, the “invisible hand of self-regulation;” and the importance of “enlightened self-interest”, dominate shareholder theory. The theory espouses the belief that markets are best regulated through the mechanism of the invisible hand, refuting the idea that there is a need for government or regulatory intervention in business. This idea is based upon the belief that society will in fact benefit despite or because of a firm working for its own self-interest to maximise profits. Shareholder theorists state that regulation of business is unnecessary as illegal or unethical behaviour undertaken by firms is controlled, or dealt with by the markets themselves in the form of ‘the invisible hand’ and as a result these firms will suffer for their behaviour.

For the last forty years the “Chicago school” have promoted the idea of a clear separation in responsibilities; the state being responsible for social problems, and businesses being responsible for maximising profit whereby never the two should meet. These theorists believe that this separation is so strong that even the idea of corporate philanthropy or any action by firms that does not aim to increase profit is in fact a waste of shareholders money and as such could be seen as a form of theft from the shareholder. (M.Pfarrer, 2010) As Friedman stated ‘the business of business is business’. He maintains the belief that issues of morality or social reform are for governments and NGOs to deal with, people who are trained to deal with these problems and not to be laboured through by businessmen as an afterthought or distraction from the work they are specialised in. Friedman believed that by redirecting firms away from the work they specialised in it would ultimately have a detrimental effect on society and put them in conflict with the duties of those whose role it was to address such issues, namely democratically elected officials.

From this standpoint, Friedman was of the belief that firms that may have been seen as lacking a social conscience were in fact acting more ethically or morally by staying away from such areas of interest. He highlighted the importance of governments and society in creating and maintaining such boundaries. He argued that with these
boundaries in place shareholder wealth maximisation could take place in a moral, ethical, and legal environment.

**Shareholder Theory today:**

The most recent and important shareholder-based theories are: “transaction cost economics” (TCE) and “agency theory.” Both draw on the shareholder theory approach to maximising a firm’s efficiency. However both also highlight a pessimistic view of human self-interest, seeing people as being basically opportunists who put their own interests first, possibly to the detriment of the firm.

TCE is based on the existence of strong corporate hierarchies and systems being in place to reduce self-interested behaviour from employees. Agency theory is based around the principal vs. agent, or in other terms, shareholder vs. manager relationship in firms and how to balance the interests of each to create the most value for the firm. (Oxford Handbook of Human Capital).

Stakeholder theory is a more contemporary approach than that of the aforementioned shareholder theory and focuses on incorporating a responsibility of firms on stakeholders other than just its owners. Both theories emphasise the basis and strategies of the firm to maximise its potential in relation to competing firms, so despite their many differences, they have similar objectives. The key differences lie in how a firm can achieve these goals.

One difference lies in the belief by stakeholder theorists that the most efficient means of achieving such competitive advantage is not necessarily through maximising shareholder wealth. This theory bases competition and wealth gains of a firm through utilising all resources including those which exist outside its own shareholders. (Oxford Handbook of Human Capital).

Stakeholder theory has its roots in the late 1970’s through theorists such as A. Carroll and E. Freeman. They wrote at a time when classical economic theory and in particular shareholder theory was increasingly being seen as out of date and needed a broader approach that encompassed sociological, philosophical, psychological and management thinking. They believed that a firm could perform better by taking all stakeholders into account in the running of a firm.
Carroll sought to redefine the understanding of where a firm’s responsibilities lay, highlighting four areas of which different degrees of responsibility could be ascribed to each. These areas were ‘economic (to generate shareholder wealth), legal (to obey laws and regulations), ethical (to recognize that the firm is part of a community, and thus has obligations to, and an impact on, others), and discretionary (to engage in philanthropy)’.

As with shareholder theory, economic responsibilities maintained their position as being the most important responsibility of any firm. Where it differs however is in the role of the firm outside its shareholders, where Freeman and Carroll believe that the benefits to stakeholder and shareholder are virtually interlinked, in short what is good for one is good for the other. Furthermore, by taking this broader, multi-dimensional approach that takes stakeholders into account, firms are in a better position to achieve their full potential.

**Stakeholder theory today:**

The term stakeholder is a used in this context to include a wide range of groups that are influenced or affected by the firm, from consumers and competitors, right up to governments.

Stakeholders can be assigned to three categories: capital market stakeholders (e.g., financiers and shareholders); product market stakeholders (e.g., customers, suppliers, communities); and organizational stakeholders (e.g., employees)(M.Pfarrer, 2010)

This broadened structure, incorporating more than just the firm itself has led to much debate in how to order which interested parties are more important than other, known as the “hierarchy of salience” (M.Pfarrer, 2010). This hierarchy and the many complexities within it lead to a firm needing to be able to judge competing claims from its stakeholders and manage the interests of one of these groups over the other. As a result of this dilemma there has been an increase in interest from public relations and communications researchers, attempting to dissect how these firms manage interactions with these stakeholders. From this research new ideas such as “symmetric Communications” theory has emerged which highlight the interdependence of a firm to its environment. This theory emphasises the necessity for a firm to balance stakeholder and self-interests in as symmetrical an approach as possible even when those interests are opposed. The obligation to find a compromise or balance falls to both the firm and the stakeholders, finding a middle ground where all parties benefit. Firms do still
maintain to push for their own self-interest and garner as much advantage as they can but doing so which taking regard for the needs of the stakeholders.

The “stewardship theory” is a more recent take on stakeholder theory and provides the counter argument to agency theory, claiming that humans can in fact put the interests of others ahead of their own. L. Donaldson and J. Davis have been at the forefront of promoting this more optimistic approach to corporate governance.

CSR is itself a stakeholder-related theory, with the obvious dimensions of a firm's interactions with its environment being central to CSR. “CSR can mean promoting environmental integrity, economic development, and social justice as part of the firm’s overall strategy to gain competitive advantage.” (M. Pfarrer, 2010).

2.3 Different perspectives of CSR

There are many authors who argue in favor of and against the implementation of policies of CSR in the companies.

Of the arguments against CSR, The most influential are profit maximisation and free choice - competitive disadvantage costs and the free-rider issue - the lack of requisite skills among business people - the lack of accountability (Chartered Accountants Ireland)

For those opposed to CSR profit maximisation is seen as the only social responsibility of a business. Paying taxes, providing employment and complying with all relevant legislation and regulation is seen as sufficient social responsibility. Also, profit is a key measure of managerial effectiveness and a clearly defined managerial goal of profit maximisation allows a manager's performance to be assessed easily. It is especially important in companies with professional manager without an owning interest.

The final case in the argument against CSR comes from marketing guru Theodore Levitt who argued that “sentiment is a debilitating influence in business that fosters leniency, inefficiency and sluggishness. The governing rule should be that something is good only if it pays. Otherwise it is alien and impermissible.”

Many advocates of CSR including, Henry Mintzberg, Michael Porter and Dave Packard view CSR as the essence of a developed society and as essential to business
strategy. Packard wants businessmen to see that companies exist to deliver something more than profits to society. Doing good for society has also been shown to deliver more for shareholders. Michael Porter believes that CSR can deliver a competitive advantage to businesses (Chartered Accountants Ireland).

It has been argued that a business receives its legitimacy from society and that this charter permits a business to operate within a society. It is important therefore that Business must deliver something back to society if it wishes to survive and flourish in the long-run. The result of these efforts is a better environment for business which makes it easier to recruit customers, staff, investors and make profits. Furthermore, if corporations voluntarily exceed their regulatory obligations then the need for interference of government in business affairs is diminished. This leaves business free to concentrate on maximising commercial returns and keeping investors happy.

Taken together the arguments for and against CSR can be considered as not being entirely opposing. Opponents of CSR argue about the need for focus on profit maximisation and regard CSR as a sideshow. However if a more structured and measurable link can be found between efficient CSR strategies and a company’s bottom line the both viewpoints will be satisfied.

2.4 Need for CSR

CSR makes exceptional business sense especially when one considers the consequences that social and environmental responsibility can have for the business. For example, businesses exist in a reciprocal relationship with their external environments where their dealings with the larger environment determines to a significant extent how successful they are in their quest for profits. The Resource Based View identifies the strength of this environmental relationship with the business and how the exchange of inputs and outputs with the environment determines the quality of business processes. It can therefore be implied that socially responsible business practices can only be viewed as a positive asset and that recent arguments that have been made against investing in CSR do not hold water. (Management Study Guide)
Given the weight of evidence now supporting CSR, it seems logical that businesses should be embracing it wholeheartedly, rather than reluctantly applying aspects that suit them.

Promotion and explanation of corporate responsibility among the media, businesses and customers will be necessary if the concept is to enter mainstream thinking. This will involve changing its perception as merely another business cost. Likewise, those advocating this method must fight to avoid its adoption as little more than a PR exercise for companies. CSR must be widely accepted and woven tightly into the fabric of businesses if it is to have the long-term strategic effects of producing a compassionate, socially and environmentally conscious new capitalism (Management Study Guide).

Therefore, a lot of work remains to be done before proponents of CSR can rest assured that corporations will automatically regard these methods as being more than just a fad. The message needs to be stated and restated so that CSR becomes an integral part of the modern business environment as a process of voluntary acceptance by corporations, rather than being adopted as a necessity due to societal and environmental pressures as they arise.

2.5 Concept of Value

Mutually dependency between the success of a company and the health of the communities around it is the basis behind creating shared value. Recognising and building on these links between economic and societal progress and has potential to stimulate growth and the prospect reshaping capitalism.

The concept of value has changed markedly from a focus on the creation of shareholder value to a notion of value linked to the stakeholders interest.

The concept of Creating Shared Value (CSV) is a business concept first introduced in Harvard Business Review article Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility. This value will be everything that allows the company to obtain a benefit or contribute or to enrich, not only to the shareholders, but all of the stakeholders
The demand for value added in all aspects of the company becomes a new economic factor to be taken into account in a company's strategy. It means investing in the processes, products and human capital, with the aim to improve the quality of the product or service offered to the market.

To develop a socially responsible economic dimension, without abandoning the goal of creating value for the company, we must evaluate the expectations of different interest groups. As CSR has evolved, enterprises have started to explore ingenious solutions to maximise their positive impact while also introducing strategies to minimise negative impacts. While originally seen as a means for value protection (primarily risk and reputation management), businesses have found that CSR can also provide opportunities for new value creation (European Competitiveness Report, 2008).

Research shows CSR policies has an effect on six determinants and indicators of value creation: cost structure, human resource performance, customer perspective, innovation, risk and reputation management, and financial performance (European Competitiveness Report, 2008).

CSR adds value because it enables companies to not only differentiate themselves from competitors, build reputation and brand image but also to reduce costs. With adequate management, a CSR approach creates simultaneous value for business and society. This tests the hypothesis of the positive correlation between the company’s investment in CSR and the creation of a better image for the firm.

However, there are some limitations on this hypothesis as firms which engage in socially responsible activities will not always be more successful. A single factor cannot explain why any specific organisation is successful or unsuccessful. The overall success of any organisation is a result of its entire portfolio of management practices and policies, combined with industry and economic conditions, plus a certain degree of luck (Cochran, 2007).

2.6 The triple bottom line of CSR

The term ‘triple bottom line’ (also known as ‘3BL’, ‘TBL’ and even ‘people, planet, profit’) was coined with by John Elkington in 1998 even though its concepts has been around for much longer.
The ‘triple’ facet refers to the net financial, social and environmental achievements of a business.

Traditionally, only the financial ‘bottom line’ result was considered when evaluating business success, this referring to the income statement (formally the Profit and Loss account) which shows the net profit after tax that the company has made during that trading period. Older companies who were profit driven would prioritise processes that made a greater contribution to the ‘bottom line’ (E. Cohen, The CSR Reporting Blog).

The higher ‘bottom line’ meant ‘economic growth’. However, older generations gone by were unduly concerned about the culture, society values, beliefs and the impact of human activity on the environment. Organisations were free to operate as they pleased. Recycling was an alien concept, social responsibility was unheard of as business existed in a profit driven era.

During the 1980’s and 1990’s there was an ever increasing focus on environmental matters when news concerning ‘the hole in the ozone layer’ took centre stage. The impact of industry and transportation on the atmosphere now had to be factored in. Business activities, of course, had to be profitable but also had to be sustainable from an environmental point of view. The balance of Environmental Stewardship and Economic Growth had to be viable (WCED Report).

The impact for businesses was that when natural resources were consumed, they had to be replenished to ensure that in future, resources will be available. Business activities had to be sustainable in relation to its impact on the environment. Companies within the Economic Growth circle meant that production was not environmentally sustainable (either through significant pollution or depletion of resources at a greater rate than they could be replenished) (Report of WCED). On the other hand, being within the Environmental Stewardship circle would mean that companies activities would lack financial sustainability. An example of a ‘viable’ organisation would include production of goods and services while minimising waste and incorporating possibly more expensive but biodegradable packaging in the production process.

It is noteworthy to consider a third dimension in the mix. Widespread media coverage brought companies such as ‘Nike’ to the forefront. Their use and exploitation of ‘sweatshop workers’, extremely low pay and torrid working conditions in developing
countries were highlighted. (R.Balko 2004). Stakeholders began to question the activities of these businesses and ask questions about the social responsibility that ‘Nike’ and other similar companies had. Businesses are now obliged to act in a more ‘Equitable’ way. The Fair Trade Initiative is a high profile example of how companies like Cadbury showed greater equitability to its suppliers by offering them fair prices for their goods and services. Nowadays, failure to show such equitability would prove unsustainable; a lack of perceived social responsibility demonstrated would lead to a lack of competitiveness, as consumers and suppliers would move to other more responsible competitors, hence that company losing profits. A truly equitable company ensures that there is no exploitation in any section of production by monitoring their whole process.

This triple bottom line approach of Environmental Stewardship, Social Responsibility and Economic Growth ensures that business activity co-ordinates and accommodates the needs of the stakeholders and consumers alike.

In current business reporting, it is often seen that detailed CSR reports identifying social and environmental impacts in addition to the annual financial reports of an organisation are published. Often, businesses struggle for sustainability through core activities (figure 1), and they sometimes rely on their CSR programme to ‘right the balance’ and push them into the sustainability category.

![Figure 1. Sustainability](image)

The ‘Triple Bottom Line’ focuses on the three independent scales already mentioned: Economic, Social and Environmental sustainability. Organisations weigh their actions
on these three facets as part of the moral community and they are all aimed at long term sustainability.

If businesses calculate their gains and losses based on this tripartite theory, actions taken would benefit both the business and the community. However, it can be easy to ignore the social and environmental dimensions when big profits are seen, as usually expected costs are calculated and only then are other factors considered. When incorporating the ‘Triple Bottom Line’ approach, all elements are thought of at the beginning of a decision process. The impact of a decision, when all factors are considered equally, determines the total honesty and correctness of that decision.

In summary, the triple bottom line refers to an extension of the criteria used to measure organisational success. Business success (or failure) was measured traditionally solely in terms of its economic performance. Successful businesses generated a sufficient financial return from its investments to satisfy shareholders and finance growth. The triple bottom accounts for three criteria for assessing organisational performance; economic, social and environmental (Small Business NSW Commissioners).

2.6.1 Economic dimension

A company’s CSR activities must be analysed from the point of view of their economic effects. It is often wrongly assumed that this only involves the internal workings of the company, as set out in a responsibly compiled corporate responsibility report, and that this economic aspect is therefore the easiest of the three pillars of the temple to apply. In actuality, it should involve an analysis of how the company’s stakeholders and surroundings are directly and indirectly affected economically by the company’s activities. Corporate economic responsibility is based on this concept (M. Uddin, Md. Hassan & K. Tarique, 2008).

The Multiplier Effect: Stakeholders are strongly impacted by the success or failure economically of an enterprise. If a company performs well and can afford to invest in its employees and their wellbeing this will be felt in the surrounding community as the effects of increased salaries and tax revenues permeate outwards. As would be expected, this multiplier effect is greater in the case of a company which is a major employer in an area.
Contribution through taxes: While it is tempting for companies to avoid paying corporate taxes to the best of their abilities, responsibility theory would suggest that while legal, such actions have direct and indirect negative impacts on community wellbeing and this realisation should negate that temptation to an extent.

Avoiding Actions that Damage Trust: The trust of the people of the communities in which a company operates is vital, especially given the power shift that has taken towards the private sector and the attendant responsibilities. The company should be mindful of avoiding economically irresponsible practices which harm the community’s perception of its activities. Examples of such practices include corruption, tax avoidance, lack of fair distribution of rewards within the company, and lack of consultation when changing company location or operating procedures.

The financial success of an organisation is the easiest of these three criteria to accurately evaluate. Economic criteria can then be used to determine flows of resources in a business and assess monetary values in terms of generation and expenditure. They can be used also to value the net worth of the business at a given point in time.

CSR must be seen as an argument of economic self-interest for business (Werther & Chandler, 2011). CSR creates value because it enables business to take into account the needs of their various stakeholder groups. This allows a firm to retain its support of society and maximise its financial viability over the medium to long term.

Socially responsible behavior as evidenced in Porter and Kramer, 2003 can help improve the environment in which the company develops its activity and, at the same time, strengthen its competitive position by the greater acceptance of its image, thereby reducing its reputational risk. Investors also prefer to invest in those companies that practice good management of CSR in considering the reputational risks of corporate governance (de la Cuesta, 2004)

The creation of value of the company is reflected in the market price of the shares of the company. “The cost of having a high level of corporate social responsibility is minimal and that firms may actually benefit from socially responsible actions” (Wu, 2006, p. 168)

In order to measure the economic dimension of the CSR policies the researcher will analyse the following economic value indicators within the company: Return on Equity
(ROE), Return on Assets (ROA) and Economic Value Added (EVA). The relationship between the company's reputation and its economic performance is measured by these economic indicators.

2.6.2 Social dimension

The social performance of an organisation is more difficult to define and measure. The triple bottom line accounts for the impact that a business has on people within the business (employees) and people outside of the business (the community). A business applying CSR policies will act in a way that benefits the community and will ensure that people are not being exploited or endangered by the operation of the business. Social factors to be considered include labour utilisation and wages, working conditions and the contribution to community living standards (Small Business NSW Commissioners).

The social dimension should be understood as the set of possibilities that enrich the company and in the end leads to the creation of value, since it affects all the interest groups and affects the whole value chain. As a result of this long-term vision of dedication to CSR, shareholders will reap the benefits.

In addition, CSR allows all of the employees of a responsible company to feel that they have made a positive difference to their world. A positive feeling about the brand is created among the employees and loyalty may be increased as a result. Rational self-interest and a measure of selfishness are pervasive driving factors in business, but the pride and satisfaction of doing good for society and the environment while also allowing the business to prosper financially is certainly a worthy aspiration (R.Vance, 2006)

Positive public perception of the organisation among customers, the media and competitors is generated by CSR. Thus these practices are of reciprocal benefit for the wider community’s wellbeing and for the company’s bottom line. However, CSR practices should be deeply ingrained in the company’s ethos and not used simply as a short-term PR exercise.

Potential employees often inquire about a firm's CSR policy and having a comprehensive policy can be advantageous in attracting the best qualified staff, motivating them and retaining them. CSR does this through improving the perception of a company among its staff, particularly when staff can become involved through payroll
giving, fundraising activities or community volunteering (Ravichandra, Beena & Regan, 2009).

CSR has been found to encourage customer orientation among frontline employees. The research literature proves the social dimension of CSR does have a positive impact on a company’s value. Hence, this hypothesis is tested to measure how the companies’ human resources policies affect the employees’ satisfaction.

To measure the satisfaction of employees’ different factors must be taken into account the competence of the staff, good working climate and the nature of work itself.

2.6.3 Environmental dimension

In Carroll’s (1999) literature review, the environmental dimension was not included in the early definitions, although nowadays Environmental concern and Sustainable development are crucial concepts of the CSR model and have been discussed in great detail by the business world over the past three decades.

There has been huge progress since realising the environmental impact of businesses, but now, the 21st century brings its own new challenges (WCED Report)

*Environmental Impact:* Corporate business activity can affect the environment in many key ways. Such environmental impacts can include: depletion of nonrenewable resources, pollution wastage, degradation of biodiversity, deforestation and eventual climate change etc. These impacts can extend across borders and therefore affect the global environment. Corporations, under CSR policies, should take the following steps to lessen these impacts:

*Measuring Environmental Impact:* There are numerous methods of doing this:

Ecological footprint compares the amount of a natural resource consumed in a year to the total available amount.

Life cycle assessment or eco-balance traces the environmental impact of an individual product from its initial processing from raw material through to the product’s disposal.

Material input per service (MIPS) of a product is found by dividing the total material displaced and used in production by the values and benefits brought by the material or service (M. Uddin, Md. Hassan & K. Tarique, 2008).
Environmental Management: Operational changes must take place within a company for it to fulfil its environmental aspirations. These changes should emphasise more efficient use of resources, cleaner production and consultation with stakeholders. Environmental management strategies can be integrated successfully with quality control and health and safety procedures.

Environmental Responsibility: Win-Win: It has been found that efforts to improve environmental performance can lead to lower operational costs through reducing material waste and streamlining processes. In addition, in evaluating how environmental processes can be improved, other weak points in operations, eg, in the area of risk, may be identified. Customers may also be attracted by the company’s efforts at being environmentally responsible. Thus such policies are win-win: Beneficial to both the company and to the environment. (M.Uddin, Md. Hassan&K.Tarique, 2008).

The EU’s Sixth Environmental Action programme sets out how the EU and the governments of its constituent states can aid business in identifying and following through on win-win investments. In tandem with this a compliance assistance programme was set up to help businesses to abide by the terms of the programme and systems of reward have been set up to encourage voluntary commitments and agreements. (M.Uddin, Md. Hassan&K.Tarique, 2008).

In summary, environmental performance is concerned with a business' total impact on the natural world. Companies which follow Triple bottom line strategies aim to improve their surroundings where feasible, or at the very least, limit their negative ecological impact. It is necessary for organisations to examine more than just obvious issues such as pollution but also to consider the total lifecycle impact of their products and services.

There is a growing tendency for companies to implement programs of Eco-efficiency (defined by World Business Council of Sustainable Development): “eco-efficiency is achieved by the delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life-cycle to a level at least in line with the Earth’s estimated carrying capacity”.

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Most of the studies about the environmental dimension are from the perspective of its impact on the planet. This research aims at gaining more information on results for business. The research literature proves that ecologically sound practices do have a positive impact on company's financial position. This hypothesis is tested to measure the significance of ecological corporate policies of the company like recycling, use of ecological products, achievement of environmental certificates (Forest Stewardship Council (FSC), ISO 14001, Eco-Management and Audit Scheme (EMAS) and Planet Positive) that affect the company's value overall.

3. Methodology

The concept of CSR is not easy to measure and after considering the research limitations and the type of analysis desired the most appropriate procedure of measurement is the quantitative multi-method eventuate in a single case company. The quantitative methodology chosen increases the researcher's ability to determine the correct answer.

Figure 2. Research’s Hypothesis
3.1 Research questions and hypothesis:

When designing the research method, it is important to bear in mind the fact that the research questions are the most important element to the research design. (Mark, Philip, & Adrian, 2009). The design also involves the research strategy, or the general plan for the research. This is formulated in such as way as to answer the research questions and achieve the research objectives.

The research questions and hypothesis are:

**RQ1**: Does the implementation of a CSR programme contribute in a meaningful way to the company?

**H1**: CSR practices and reputation has a positive impact on the Economic Value Indicators of the company

**RQ2**: What proactive environmental actions of CSR create value for the company?

**H2**: Ecological practices influence financial savings and improve reputation

**RQ3**: What social policies create value for the company?

**H3**: Good human resource policies influence an increase in sales and income per employee

**RQ4**: Is there a positive correlation between the company’s investment in CSR and its value-added?

**H4**: The implementation of CSR policies influences the impact on the brand image of the company
3.2 Structure of Research Method:

3.2.1 Positivism

Positivism philosophy is embraced in the dissertation to develop the knowledge. Ontology refers to the researcher’s view of the nature of reality or being. This philosophy includes “working with an observable social reality and that the end product of such research can be law-like generalisations similar to those produced by the physical and natural scientists” (Remenyi et al. 1998).

The hypotheses proposed are more concerned with facts rather than impressions and that is why the positivism philosophy is more appropriated for this research.

Epistemology refers to the researcher’s view regarding what constitutes acceptable knowledge. Only phenomena that you can observe will lead to the production of credible data (Mark, Philip, & Adrian, 2009).

Axiology refers to the researcher’s view of the role of values in research. The researcher has to obtain the data as far as possible in a value free-way. This assumption leads in the fact that the researcher should be independent and neither affects nor be affected by the topic of the research, meaning that “feelings” should not influence the research process.
(Mark, Philip, & Adrian, 2009). With the use of surveys as a method of the research, this assumption will be validated by the statistical analysis of the quantifiable observations from the research.

As Johnson and Clark (2006) note, “as business and management researchers we need to be aware of the philosophical commitments we make through our choice of research strategy since this has significant impact not only on what we do but we understand what it is we are investigating”

In order to select the “better” research philosophy it is important that this one depends on the research questions that need to be answered, because there is no one research philosophy that is necessarily superior than another (Mark, Philip, & Adrian, 2009).

3.2.2 Deductive

The process of deductive research is often associated with quantitative research and involves starting beginning the process with a theory (Mark, Philip, & Adrian, 2009).

The relation of hypotheses to the study can serve as the main point to select the deductive approach. “Two important functions that hypotheses serve in scientific inquiry are the development of theory and the statement of parts of an existing theory in testable form.” (Singh and Bajpai, 2008).

It has already been acknowledged that “deductive means reasoning from the particular to the general. If a causal relationship or link seems to be implied by a particular theory or case example, it might be true in many cases. A deductive design might test to see if this relationship or link did obtain on more general circumstances” (Gulati, 2009). As such, a deductive approach to research means that the researcher must formulate a series of hypotheses that require analysis. The application of the chosen methodology will then prove or disprove the hypotheses. Given that the reasoning begins with a theory, which is then put to the test, and ends with the verification or refusal of the hypothesis, it can be said that the deductive approach is the most logical of methods.

Buchanan et al (1988: 59) argues that “needs interest and preference of the researcher are typically overlooked but are central to the progress of field work” (Mark, Philip, & Adrian, 2009). For this reason, deductive research can be quicker to complete (Mark, Philip, & Adrian, 2009), and as a result, this can be an important factor depending on
the time available to this research. In addition, although every form of research involves a degree of risk, deductive research usually involves less risk than most methods.

Among all the aspects that the deductive approach emphasises, moving from theory to data and the need to explain casual relationships between variables will be the most appropriate to this research.

Due to the nature of this research which requires the ability to describe what is happening, instead of understanding why is something happening, the most suitable research approach is the deductive method.

3.2.3 Case Study

The case study allows the researcher to examine empirical events in a real-life environment.

Robert Yin tried to define a case study as an attempt to examine a contemporary phenomenon in its real life context, especially when the boundaries between phenomenon and context are not clearly evident.

In this research there is a clear focus on contemporary events and it is for this reason that the case study is preferred. Case studies that use quantitative analysis utilise the empirical-analytical scientific approach, which is frequently seen as opposing the dominant approach of case study research (Mills, Durepos & Wiebe, 2009).

The significance of such a case study is calculated by the degree to which the events examined can be related to other situations. Other data, provided by other forms of research such as surveys and archiving material in this study, can be corroborated and illustrated through more richly detailed and precise accounts.

Criticism - Miles (1979) suggested that one of the most serious criticisms is that, unlike quantitative research, there are few conventions the researcher can rely upon to defend him/herself against self-delusion or the presentation of 'unreliable' or 'invalid' conclusions. Because the study is based on quantitative method this criticism of the case study is not applicable.

The justification for the use of the case study as a research strategy in this study is explained by Catharine Hakim (1987) who argues “the selective case study may focus
on a particular issue or aspect of behaviour with the objective of refining knowledge in a particular area, to provide a better understanding of causal processes.”

3.2.4 Multi-Method- Quantitative Research

The Quantitative research approach is commonly portrayed as being connected to the positivist tradition of the natural sciences, with an objectivist, atomistic view of the world and science, and the basic understanding that reality is a tangible structure that can be characterised as a sum of its parts (Charles Schell 1992)

According to the explanation of the literature review, the aim of this research is to measure the three dimensions of CSR and analyse the dependent variable, the value added to the company. The quantitative method is perfectly suitable given that the process of measurement is key to this research. This method provides the fundamental connection between empirical observation and mathematical expression of quantitative data.

For this research the use of the multi-method approach (surveys and archival material) has the advantage of producing sets of independent and dependent variables suitable for quantitative analysis.

3.2.5 Survey

The survey allows the researcher to gather a significant amount of data from a large sample of the population. In addition, it can be undertaken in a cost-friendly manner. In this research the survey was self-administered via email to the customer service representative employees of Covidien, using the smart survey tool. The survey method was based on a standardized questionnaire that allowed data to be compared easily. The data was then analysed and examined in order to prove hypothesis 3 related to the social dimension of the CSR policies. The survey was designed in accordance with the cross sectional method to determine in particular the positive relationship between the social dimension of the CSR policies and the creation of added value within the company. The employees of Covidien were asked to answer about their perceptions of the company’s CSR policies in each question of the survey to determine their job satisfaction, motivation, their level of organisational commitment, and their belongingness to the company and how this adds value to the company.
The survey method is quite easily understood and the researcher retained a larger degree of control over the research process. Although the design and piloting of the questionnaire was quite time consuming. It was important to obtain the data at the first stage of the research in order to avoid the delayed on the respondents for information.

3.2.6 Cross Sectional

A cross-sectional study involves the collection of data at a particular time. It is the most basic type of descriptive or observational epidemiology that can be carried out on representative samples of a population (Public Health Encyclopedia).

In order for generalisations of the findings to be deemed valid, the study was carried out on representative samples of the population. For this reason, the sample is narrowed down to only the employees of the case study company, Covidien, to measure the correlation between the social CSR policies and the value added within the company.

3.3 Sample

The researcher took into account the limitations of time available and accessibility of participants in order to select the appropriate sample for the research. For this reason, the non-probability sample, which does not involve random selection, is the most suitable to the research. The non-probability sample does not necessarily mean that it is more representative, though the probabilistic method is more rigorous.

The non-probability sample is appropriate when the research does not aim to generate results that will be used to create generalisations pertaining to the entire population (J.Castillo 2009).

Most sampling methods are purposive in nature because we usually approach the sampling problem with a specific plan in mind (W. M.K. Trochim 2006).

The convenience sampling method is the most suitable for this research as it is easy, cheap and less time consuming and it matches with the objective of the study.

The sample population is employee’s working in customer service representative for Covidien, based in Dublin.
A sample of 100 employees was used and a total of 61 usable survey questionnaires were answered. The sample included respondents from both genders with diverse backgrounds, different professions, ages and nationalities, so that results can be generalised. The survey was conducted in two phases: in the first phase, the self-explanatory questionnaires were distributed via email among respondents. In the second phase, the survey was taken off line after a reasonable time to then analyse the results. A reminder was also sent to respondents to ensure maximum response.

3.4 Ethics

Capron (1989) said that” any kind of research should be guided by the principles of respect for people, beneficence, and justice”.

Ethics must be at the forefront of the researcher’s thinking both in relation to the organisation and the individual. In the research environment, ethics requires the researcher to behave in an appropriate manner at all times with those who form the subject of the research as well as those who are affected by the work. “Well (1994:284) defines ethics in terms of a code of behavior appropriate to academics and the conduct of research”.

Before the data processing the participants consent was gained when they accepted a consent form at the beginning of the survey. The researcher was very careful about participants’ privacy (confidentiality and anonymity) and treated all data in the strictest confidence and care and was not misused in any form.

The researcher maintained the objectives of the study at all times throughout the data collection stages and collected data accurately and fully. The researcher also avoided exercising subjective selectivity at all times in the research. This also applied to the validity and reliability of the hypothesis.

During the analysis stage the researcher ensured the data collected was not misrepresented. A vast amount of trust was placed in the researcher’s integrity and it was essential that this trust was not misplaced. Furthermore, the honesty of the researcher extended to the representation of the data in the analysing and reporting stages.
3.5 Limitations

The research data and its analysis will often be affected by the limitations and delimitations of the study. These cannot be controlled by the researcher.

This study is limited by the definition of the phenomenon under investigation. The amount of literature on the topic is extremely extensive and hard to synthesise. The phenomenon under investigation is quite broad given that it has three dimensions (economic, social and environmental) that need to be measured and analysed. The case study method is the best way to narrow down the investigation, analysing the influences of those three dimensions or variables in a single company.

The online survey has been chosen as the most appropriate method to reflect conveniently the sample with a view to examining the relationship between the social CSR policies and the creation of added-value within the company.

The time constraint is certainly an important limitation of this research as there is a huge amount of information available about the topic and it is difficult to go through all of it. This research could take place over a longer period of time in order to provide a better understanding of the topic and allow for more data to be gathered, particularly from other companies, thereby representing a better sampling and providing more general analysis.

3.6 Assumption to research

In any study, certain things will be taken for granted. Assumptions are those declarations made by the researcher that particular aspects of the research are understood to be factual.

In this research, the principal assumption is that the foundation of the study is sound. The phenomenon under investigation has been clearly defined through the literature review. It is also assumed that the variables have been clearly defined and are measurable.
The researcher assumes that the chosen methodology is correct in relation to the problem being addressed and the objective of the study. In this case, quantitative analysis is appropriate to address the aims of the study.

Another important assumption in this research is that the results can be generalised beyond the sample being studied.

Another important assumption in this research is that the results can be generalised beyond the sample being studied. For this reason, sufficient responses have been collected from the survey in order to be able to statistically analyse them. This is true even when the sampling of this study (non-random sampling) is less accurate and rigorous in representing the population. In addition, the results of the study are limited by the honesty of the participants, and their non-biased participation.

Finally, it is assumed that the results of this research study will be relevant to recipients such as managers, HR department and CEO from other companies.

The recipients of this research are managers than can be helped by effective design CSR policies and programs for their companies.

Due to the importance and relevance of the topic from the point of view of the organizations, it can be assumed that the results will be meaningful and useful

4. Research Findings:

4.1 Economic Dimension

The Economic dimensions concentrate on obligations for businesses to create wealth, and to face consumption requirements. This dimension is vital as it is the foundation for which other dimensions maximise earning per share, assert the position of strong competitiveness, and maintain a high level of operational effectiveness.

According to both agency theory and modern stakeholder, a positive relationship exists between corporate social responsibility and financial performance (Cochran and Wood 1984; McGuire, Sundgren et al. 1988; Waddock and Graves 1997; McWilliams and Siegel 2000).
Traditionally, profit has been the main indicator of a company’s economic performance. Companies utilise varying techniques to generate profit, however the need to judge economic performance paved the way for the development of numerous return measures.

It must be noted that organisational performance is vital in creating value within a business. An assessment of this can be divided into two categories; financial and non-financial performance. Indicators associated with financial performance include stock price change, price per share change, return on investment (ROI), operating income (OI), etc. However, the most widely known performance indicators are; Return on Equity (ROE) and Return on Assets (ROA). These measures give a more realistic portrayal of a company’s performance relative to its competitors than profit figures alone (GEMI org). Non-financial performance focuses utilises indicators such as access to capital, business value, business savings and social value.

The research aims to investigate how corporate social responsibility can play a role in improving economic performance, validating hypothesis one. Consistent with the view that CSR is a valuable resource, the research finds that implementing CSR related processes lends itself to far superior financial performance. It is also evident that this outcome is greater in industries where use of CSR is more widespread, as is consistent with the theory.

This paper attempts to analyse the linkage between value creation and organisational performance in the case of an individual company, Covidien.

Covidien context

Covidien is a leading healthcare company with a presence worldwide. It had 2012 sales of $11.9 billion. With an ethos based on clinical leadership and excellence it strives to create value, focusing on producing innovative medical products which improve patient outcomes. It services a broad range of areas, split into three main sectors: Medical Devices, Pharmaceuticals and Medical Supplies (Annual Report).

Covidien parted from Tyco International in June 2007, having operated as Tyco Healthcare prior to this. It subsequently went about acquiring brands such as Kendall, Mallinckrodt and Autosuture (Annual Report).
Innovative products are wrought through both acquisition of companies with suitable new products and also through the company’s investments in R&D. Brand recognition, innovation and the sheer size of operations are the main advantages possessed by Covidien. In terms of sales of devices, it is a top-five manufacturer, with a large salesforce and hospital presence worldwide. In more than fifty countries this includes a direct sales presence. New and improved products are consistently produced due to this existing culture of innovation and steadily increasing investment in research.

This commitment to investment in the field of innovation, as well as in sales and marketing has resulted in consistent share gains in recent times. The company’s products are well established in operating theatres and due to the nature of this aspect of the healthcare industry, they have become increasingly hard to displace by new products from other companies hoping to enter the market.

Covidien is actively targeting emerging markets with specifically tailored new products, with an aim of gaining a strong foothold ahead of competitors (Annual Report).

Paying of dividends and the buying back of shares are signs of the robust nature of the company’s balance sheet. Healthy operational liquidity means the company can maintain its policy of suitable acquisitions. The nature of the market means that should Covidien keep pace technologically with its competitors (primarily Johnson & Johnson) it is almost guaranteed a consistent share of the market and associated growth.

**CSR lead to superior corporate financial performance (CFP)**

Over the past five years, Covidien performance illustrates a stable growth rate. Specifically, its revenue in 2012 increased to 11,852M up 16.98% from the year 2008. Covidien’s earnings have experienced a significant boost from its sales momentum and margin expansion.
Figure 4. Revenue in USD Million (Annual Report)

Figure 5 demonstrates the trend of Covidien net sales. On a par with Covidien revenue, its net sales increased over the last five years up to approximately 40%. The slight net income decrease in 2009 was due to unfavorable foreign exchange of $145 million.

Figure 5. Net Income in USD Million (Annual Report)
Covidien financial performance is particularly committed to funding investments in R&D and CSR policies, in order to take fully exploit and develop future growth opportunities (Annual Report).

By analysing the Return on Equity (ROE) of Covidien, this paper measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners.

ROE is an indicator of how efficiently a company generates profits from shareholder investments.

Overall, despite the decrease in 2009, Covidien’s ROE increased by nearly 18% to 2012. This is primarily due to net income growth. In practice, ROEs between 15% and 20% are favoured as many professional investors look for a ROE of at least 15%. (Jensen Investment Management)

ROE is accepted as the best profit metric to evaluate the performance of a business. However, the company’s operating performance is also key to its value creation. In addition to these performance indicators, businesses also utilise Return on Assets (ROA) to measure a company’s creation value.
ROA is defined as the ratio of earnings before interest and taxes (EBIT) to the firm’s book value of total assets. The ROA is an indicator of how efficient the firm’s assets are in creating revenue and is useful in drawing comparisons between companies in a given industry. In 2012, Covidien ROA decreased slightly to 8.60% compared to the previous year, however the trend is still positive due to net income growth over the last five years.

Figure 8 compares Covidien’s ROE and ROA. Both ratios are different, but together they provide a clear picture of management's effectiveness. If ROA is sound and debt levels are reasonable, a strong ROE is a solid signal that managers are doing a good job of generating returns from shareholders' investments. (G.Kumarjha, 2007)
In Covidien both ratios, ROE and ROA, positively increased over the last 5 years. That means that the company is creating value through its management’s effectiveness promoting its CSR policies.

While increasing ROE is certainly a positive sign that shareholders are doing well from their investment, it can be misleading, especially in the case of ROA being low, thus giving a falsely optimistic portrayal of how the company is doing. But this is not the case as both Covidien’s ROA and ROE trend are positive over time.

There are other more nuanced methods besides the above of keeping track of performance, including Value-based management which hinges on shareholder perspective being taken into account in how performance is measured in a company. Shareholders expect financial gains or they may lose faith and sell their shares if they do not receive them. In this way, shareholder equity has a cost associated with it that has to be paid. In this value-based system, this is calculated by subtracting capital cost from the company’s financial return. The Economic Value Added concept, developed by Stern Stewart & Co. is one method of determining this. EVA is defined as:

**Formula EVA:**

\[
EVA = NOPAT - C \times CCR
\]

*Where:*

- **NOPAT:** (Net Operating Profit After Tax) = EBIT *(1-Tax rate)
- **C** (Company’s Capital) = Total Liabilities – Accounts Payable - Accrued Expenses
- **CCR** = Capital Cost Rate

A number of companies have started to utilise EVA as a way of keeping track of creation or loss of wealth over a set timespan (C.Flammer, 2013). EVA is being used in this research because it can provide a more accurate perspective on value creation than traditional measures such as earnings per share and return on investment.
Covidien’s EVA (in million $)

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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<tbody>
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<td>EVA</td>
<td>631.41</td>
<td>811.84</td>
<td>772.8</td>
<td>1024.86</td>
<td>1057.29</td>
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Figure 9. EVA (calculations from Bart, Yahoo Finance and Annual Report)

EVA is a quantity often used in value-based management. Reputation Value is a reflection of intangible concepts (e.g., company reputation, faith in management, corporate governance, transparency) that are priced by investors.

Rising or falling EVA indicates value being created or lost. As Figure 9 indicates Covidien’s EVA is positive and is progressively increasing over the years. Therefore, it can be confirmed that the company’s performance is being efficient and it’s improving its value creation over time thanks to the mitigation on the environmental impact, its value on its human capital and the quality of its products.

EVA changes, rather than the specific figures in each case is what is important from the point of view of value creation. There are three methods of value creation: Increasing returns on employed capital, decreasing capital costs, and raising the amount of capital which is employed. This is dependent on returns being higher than capital costs. (GEMI, 2006)

Value is destroyed when there is a decrease in returns, or occasionally, when growth occurs in a situation where returns drop below capital costs. It is not an unheard of
scenario for a growing company to report profits while simultaneously experiencing value destruction. In Covidien’s case, its EVA increased mainly to its increased in its earnings before interest and tax (EBIT) and therefore its return on capital employed

The financial advantages of CSR to a corporation lie in the realms of operational and regulatory risk. Responsible operational practices, especially when it comes to environmental practices, can lead to process streamlining, reducing costs and being a boon to profits. An example of that is Covidien’s steady increase in energy cost savings, even exceeding its stipulated target of 2% every year. Covidien firmly believe that good sustainability practices are consistent with effective products. In fact, sustainable product design and manufacturing reduce its costs, as well as increase the perceived value of its products and make their outcomes more meaningful.

Unfortunately, the introduction of CSR practices comes with costs as well as benefits. It must be borne in mind however that these real short-term investment costs will lead to payback (this is true of most other investments), albeit in an uncertain time frame in the future. Also, the initial costs are incurred solely by the business and in the short term the benefits are felt by everyone, competitors included.

As the public and potential investors become more aware of the dedication of companies to CSR-type methods the more direct benefits to businesses are becoming apparent.

Geoffrey Heal of Columbia Business School has noted that some stock market analysts have started to include environmental, social and governance issues in their appraisal of investment-worthy companies. In addition, “socially responsible investment” is involved in one in every nine dollars managed professionally in the USA (N. Slack, S. Chambers & R. Johnston 2010)

Covidien’s reputation and brand value has increased through its CSR policies, incorporating sustainability as a business practice but also guaranteeing a long life for the business. This is confirmed in its company’s value which has increased from 17.5k in 2008 up to 26.5k in 2012.
It is also find that the stock market reacts positively to Covidien CSR policies as it can be seen in the following graph, figure 10:

![Figure 10. Stock Market Price. (CNN Money)](image)

Covidien stock price show a steady increase on its value shares over the last five years representing a compelling investment opportunity.

As well, in the below performance graph, figure 11, compares the cumulative total return on $100 invested in each of Covidien ordinary share.

![Figure 11. Covidien’s Performance. (Annual Report)](image)

It can be seen that Covidien’s performance is above the S&P Index and the S&P Healthcare Index meaning that investors are paying attention to its good progression with regard to stock returns relative to its competitors.
Value creation in both financial and reputational terms can be given impetus by CSR if executives display nous in selecting the operational areas where responsible practices are most likely to succeed and by employing the correct tactical principles (e.g., competence) in carrying this out. This is similar to other aspects of positioning strategy, e.g., product and service quality offered. This is what Covidien pursuing strategy is about by making environmental efforts focusing on enhancing the design of Covidien products and packaging, upgrading manufacturing processes and implementing an environmentally sound business philosophy.

As a template for trying to achieve the above, six criteria for sustainability strategies that add to both the social responsibility side of the business and to its efficiency have been suggested by Young and Tilley (2006). These include eco-efficiency, socio-efficiency, eco-effectiveness, socio-effectiveness and sufficiency and ecological equity. Covidien meets these criteria and in so doing combines a social and environmental conscience with profitability. CSR must be promoted to decision makers in companies by making it clear that it pays off in real profit terms, otherwise the process will not become part of the new paradigm of how business is conducted.

It must be borne in mind that the interaction between CSR and financial performance in a company is also dependent on its external business environment. The receptiveness of stakeholders to responsible measures is greater in “clean” industries in which CSR is the norm, and in these cases CSR may generate greater returns. This is the case of Covidien, as a company in a context of a very “clean industry” like the healthcare industry is more exposed to customer scrutiny as its products are used to save lives (C.Flammer, 2013). The company’s CSR policies strive to contribute to the overall health and wellness of the world. It strives to improve healthcare and access to its products on the ground in its markets in a sustainable manner. In such industries stakeholders are more sensitive to companies’ environmental and social engagement, which may translate in higher payoffs of CSR initiatives for the company. On the other hand CSR strategies may not be viewed as being of any importance by stakeholders of companies working in “dirty” industries, and therefore tangible benefits from CSR may be less apparent.
As has been outlined, this study is supportive of the concept of “CSR-as-a-resource” and illustrates how this resource’s value is affected by how the company performs in its social and environmental duties and also by how deeply ingrained CSR is in the company’s ethos.

In the economic analysis, the results tally with the idea that CSR creates value and adds to the ability of companies to highlight their uniqueness in the market and to boost competitiveness. This argument is further supported by the resource-based view of the firm (e.g., Hart 1995, Russo and Fouts 1997), instrumental stakeholder theory (e.g., Jones 1995), and Porter and Kramer’s (2006, 2011) shared value argument.

Covidien’s steady growth in its sales and revenue, its increased stock market price, its superior performance compared to the S&P healthcare industry and the positive trend on its economic value indicators such as EVA, ROE and ROA over the last five years prove the creation of value added within the company. This is achieved by, among other factors, the company’s strong sustainability strategy promoting CSR policies (social and environmental) explained in the next sections.

CSR practices and reputation has a positive impact on the Economic Value Indicators of the company

HYPOTHESIS 1
CONFIRMED

4.2 Environmental Dimension

Sustainability has fast become a core value in modern business strategy. By incorporating sustainability in their practices a company can increase its brand value, identity and create a longer life for the company. Environmental policy has become an important tool for creating added value to a company in a multitude of ways. As legislation becomes more tightly controlled, companies can benefit from cost saving measures through reducing their energy consumption and optimising their production lines. Companies can also benefit from satisfying the increasingly green conscious customer base who desires a more ethical product, in such ways as reducing their CO2 emissions (Environmental Leader, 2013)
In the current state of economic recession, the level of investment and the actual benefits of such investments in environmental policies have become increasingly difficult for companies to judge. In such times the lack of clear benefit in economic terms to such investment can lead to policy being pushed towards a more short term goal orientated approach. In this research, the analysis of Covidien’s sustainability policies and its aim to reduce its impact on the environment will prove the value added to the company. Covidien’s long term vision, its measures on energy consuming and its cost savings from use of renewable resources validate the hypothesis.

Covidien strategy at present maintains this focus on sustainability and environmental responsibility. The company states that this policy has been central to reducing operating costs and the cost to the customer. The philosophy of the company goes beyond cost benefits to highlight their responsibility in the preservation of natural resources. Sustainability is key to Covidien's business, for example in the responsible manner that it treats the environment as a precious and finite resource in relation to its production processes.

“We firmly believe that good sustainability practices are consistent with effective products. In fact, sustainable product design and manufacturing can reduce our costs, as well as increase the perceived value of our products and make their outcomes more meaningful”.(Sustainability report)

For the Covidien customers, it is important to know that the company is compliant with its commitment to sustainability. The company has to enforce the policies it states in order to maintain a level of trust and sense of security with its customers, who take the drugs it produces and undergo surgical procedures that use its products.

“To do well as a business, we need to do right by the environment, the communities we operate in and all the people we touch. It is as simple as that”.(Sustainability report)

**Products and Packaging**

At present Covidien has set out five goals in its environmental strategy. These goals or initiatives are focused primarily on upgrading its manufacturing processes and product/packaging designs to be in line with its sustainability philosophy (Sustainability report).

1. Assuring its facilities meet or exceed all environmental regulatory standards
2. Conserving natural resources by employing source reduction, reuse and recycling
3. Incorporating design features in our products to minimize their effect on the environment
4. Continuously evaluating products and processes to reduce environmental impact
5. Proactively pursuing new technologies that support global conservation
The company is aiming to reduce the risk posed by its products through modifications in product design and develop its products to improve and sustain lives. Hence product safety is of vital importance to this approach. This is achieved through appropriate use and sourcing of raw materials, strict manufacturing codes and education of those that use the products, namely clinicians and patients, especially in the products uses and disposal (Sustainability report). When these are properly applied and adhered to it creates economic and environmental benefits for all involved.

Covidien ensures compliance with requirements to recover, recycle and dispose of affected products and packaging in an environmentally sound manner. At the moment the company strives to design its products so as to make it easier to dismantle and dispose of them (Sustainability report).

The company’s sustainability initiative is apparent throughout the products existence, from manufacturing to disposal. One of the aims of this approach is to be able to identify environmental impacts across a products life span and make any necessary changes. Covidiens Packaging Engineering Centre of Excellence is responsible for designing packaging that matches the company’s philosophy. This team work in partnership with the customers to gain an understanding of the hospitals waste and distribution facilities to create products and packaging that work for the individuals using them and dispose of them effectively and environmentally (Sustainability report).

Covidien consider the following environmental factors when designing new packaging and improving upon current packaging:

1. Increasing use of recycled content
2. Using packaging materials derived from renewable sources
3. Optimizing packaging designs to use the least amount of packaging necessary
4. Using packaging materials that can be readily recycled
5. Avoiding packaging materials with known negative impacts on the environment
6. Increasing use of reusable packaging systems

Due to Covidien’s policies on products and packaging, their positive contribution to environmental impact is evident, and furthermore, the creation of value added for the company in terms of employing source reduction, renewable sources and reuse savings are definitely apparent.

**Renewable Energy**
In the past year, Covidien has assessed alternative energy sources such as multiple solar energy systems, wind energy projects, a landfill methane expansion, a landfill methane cogeneration project and multiple steam-to-power cogeneration projects (Sustainability report).

The company has implemented a landfill methane-generated steam expansion at one of its manufacturing sites. This project alone increases its renewable energy portfolio.

The projects developed during 2009 required a combined capital investment of $12 million, but will generate approximately $4.5 million in savings annually. The company is still dedicated to these projects and has spent only a portion of the committed capital. (Sustainability report).

Therefore, the creation of value added is delivered in the form of financial return from these renewable energy products.

**Energy Reduction**

One of Covidien’s principal goals is to reduce its energy use by 20% during the next 10 years, or a 2% average reduction every year for the next 10 years.

![Covidien's Energy Reduction vs. Energy Policy Target](image)

*Figure 12. (Sustainability report)*

The above graph, figure 12, illustrates Covidien’s energy policy target comparing it with its actual energy yearly savings. It shows a steady increase in its energy cost savings, even exceeding its estimated target of 2% a year. Within the 57 projects that Covidien was committed to worldwide there was a 3.5% reduction in energy use based on its 2008 energy baseline. They undertook a global energy consumption assessment to outline its energy usage (electrical and
fuel consumption) and associated costs. This assessment included taking measurements from 170 locations worldwide of 12 specific energy indicators. These locations included manufacturing facilities, distribution centres as well as administration and commercial centres. This showed that 2.2 billion kilowatt hours of energy were being used at a cost of $150 million and a carbon footprint of 800,000 metric tons (Sustainability report).

Covidien’s energy highlights included 13% less energy used and 17 million USD per year saving on energy costs in 2012 compared to 2008. Energy use improvements have saved Covidien more than $225,000 annually. In total, Covidien has set aside more than $20 million for facility managers to finance energy improvement projects at their sites (Sustainability report).

Covidien uses the information from this assessment as a baseline for assessing the reductions for individual facilities to assess their own performance. Using its EHS group enterprise-wide information management system, each facility must file its energy consumption statistics every month. These statistics are reviewed by Covidien’s Corporate Real Estate and Centre of Excellence (CoE) for Energy staff (Sustainability report).

The top fifteen biggest energy using sites run by Covidien are all manufacturing facilities, totalling 75% of its overall energy usage. The company has identified the most energy intense activities within these sites, which in general are the same at all sites and include steam systems, compressed air systems, Heating, Ventilation and Air Conditioning (HVAC), lighting and chilled water for process. As a result the company is focusing on trying to reduce the energy usage or establish alternatives in these areas.

Covidien also follows and complies with the World Business Council for Sustainable Development and the World Resources Institute (WRI) GHG protocols in determining its carbon footprint. These protocols are internationally recognised and use a control approach for calculating GHG emissions and assess organisational boundaries (Sustainability report).

Covidien’s goal to decrease its carbon footprint and lower energy demand is being achieved by investing in energy-efficient equipment, renewable energy sources and alternative generation systems. The company is also encouraging all employees to become more efficient and find ways to reduce waste.
These environmental policies are a clear contribution to value added by the company through measuring and assessing its performance and targeting energy savings in the long term.

**Environmental, Health & Safety (EHS) Policy**

In Covidien’s Environmental Health and Safety (EHS) policy they outline their commitment and the importance of employee health and safety to the company.

“Covidien is committed to protecting the health and safety of our employees and protecting the environment. We will provide safe working conditions for all our employees, contractors, vendors and customers. We will be good neighbours in our communities by ensuring that our facilities do not pose unreasonable risks and by participating in community activities related to EHS. We strive to conserve energy, water and raw materials and reduce waste. In all our activities, we will comply with all applicable laws. We will design our products in a manner that eliminates unreasonable risks from their manufacture, use and disposal. We will seek to continuously improve our EHS performance.” (Sustainability report).

This policy aims to make senior management accountable for health and safety and as a result create what they call a ‘world class EHS culture’. The focus is on educating and incorporating staff into the system. The established EHS team has responsibility for identifying relevant issues and trends and merging the necessary changes with the company’s business process.

The creation of value added for the company through its EHS policy is reflected in becoming a trustworthy company for its employees and therefore maintain and attract possible employees for the company.

**Reducing the Environmental Footprint**

Along with developing new strategies to reduce it energy footprint Covidien has to comply with numerous federal, state, local and non-U.S. environmental protection and health and safety laws to prevent the possibility of environmental liabilities, litigation and violations. These laws govern areas such as:

1. The generation, storage, use and transportation of hazardous materials;
2. Emissions or discharges of substances into the environment;
3. Investigation and remediation of hazardous substances or materials at various sites;
4. Chemical constituents in medical equipment and end-of-life disposal and take-back programs; and
5. The health and safety of employees

Although Covidien comply with all environmental regulations, there is a belief that they need to do more. At present Covidien is carrying out investigations into a number of its current and former facilities in relation to environmental contamination as a result of some of its past operations. These investigations include carrying out operations to decontaminate and decommission radioactive material as well as remove solvents, metals and other hazards from the soil and groundwater (Sustainability report).

One area that the company has shown signs of success in regards to environmental policy is with employee initiated projects. Just as with its belief in the employee focused projects for CSR, the company states that it sees the initiative of its employees as a huge asset in reducing its overall environmental footprint.

The table below reflects the company’s goals in its environmental policies:

<table>
<thead>
<tr>
<th>Covidien Environmental &amp;Energy Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>Increase in use of renewable resources by 2018</td>
</tr>
</tbody>
</table>

*Table 1. (Sustainability report)*

Summarising, Covidien’s environmental initiatives bring the following benefits to the company:

1. Save money by reducing energy consumption, production and waste disposal costs
2. Control environmental risks and reduce liabilities
3. Improve the position and confidence in the supply chain
4. Improve relations and reputation with customers and create new business opportunities
5. Earn recognition for good environmental performance and as a trustworthy company
In conclusion, this analysis shows that the more efficient a company’s operations are with regard to resource usage, production and output, the greater the positive impact in terms of environmental stewardship, corporate citizenship and ultimately its potential economic value.

HYPOTHESIS 2

Ecological practices influence financial savings and improve reputation

CONFIRMED

4.3 Social Dimension

The objective of this research is to explain how CSR influences employees’ attitude, behaviour and performance. It examines the connection between a company’s CSR practices and its ability to attract, retain and engage employees. It also aims to examine whether CSR stimulates employees to behave in ways that enhance organisational performance creating value within the company.

Previous research into the role of CSR in business have found that an increase in a firm’s profit making potential is possible due to its ability to generate higher purchasing behaviour, customer satisfaction, improved corporate evaluations, and overall CSR has the ability to add market value to the firm. However, little research has been done to date focusing specifically on the effect of CSR on employees; in particular whether CSR has the ability to create stronger commitment and loyalty of employees to a company (S.Stawiski, J. Deal &W.Gentry 2010).

CSR has been identified as a tool to create greater connection between employees and their companies, to instil a greater sense of community and achieve a higher level of performance from the employees and the company in general. This strategy has been suggested in response to the fear by certain companies that increasing employee turnover, absenteeism and low motivation are becoming all too endemic across the work place (L. Saari &T.Judge, 2004). The strategy also builds on evidence showing that better employee commitment to a company has a huge knock on effect and is often key to increased organisational performance.
Major corporations are increasingly turning to CSR now as a tool not only to create good links with its external stakeholders but also to forge these links with its own employees, or internal stakeholders.

This study addresses this gap by analysing the influence of CSR on employee commitment and organisational performance. This research was conducted using a survey to attempt to explain how employees from a company with a significant CSR policy, namely Covidien, may develop a sense of commitment and engage in productive or counterproductive work behaviours. This is achieved by looking at employees’ attitudes to the companies CSR practices, especially those directed at employees and their work conditions.

The sample of the study has focused on Covidien employees, specifically customer service representatives. The company is a multicultural company, and all participants are from European countries. The majority gender of the sample is female (60% female). The mean age range of Covidien employees is between 30-35 years old and their education level is mainly to university degree level. The majority of the sample population have been working for Covidien for more than three years. The company set up in Dublin 5 years ago.

**CSR influence employee**

CSR is being used by organisations to improve relations with both its external and internal stakeholders namely governments, investors, customers, suppliers and employees, a primary aim of this being to reduce conflict and increase commitment between the organisation and its stakeholders. In order for CSR to have this effect the organisation must create an awareness of its current CSR activities (Bhattacharya & Sen, 2004; Schuler & Cording, 2006; Sen & Bhattacharya, 2001).
Among all respondents included in the survey, 70.49% were aware of and understood Covidien's CSR policies. 68.86% believed that the company acts in accordance with its CSR values and policy. So, it can be deduced that the greater employees’ awareness of the companies CSR actions, the higher the influence (positive or negative) of CSR actions on employee CSR perceptions.

**Employees perceptions on CSR**

This paper is also being conducted to gain a better understanding of how employees who are engaged with the companies CSR activities affect the work and business outcomes for Covidien, including productivity and profitability.

Employees’ perceptions of an organisations activity are often similar to that of the general public. As such, when an organisation is embroiled in serious scandal, attracts negative press or is seen to fall below ethical standards, these actions are seen to have a stronger influence on employees’ commitment and loyalty than when more positive activities are highlighted (cf. Lange & Washburn, 2012). However, there still exists an onus on organisations to do more than not attract negative attention and to actually be active in showing and enforcing their positive activities in order to reap the benefits of being not just a “decent” organisation but to be seen as a “good” organization (Bradley et al., 2008; Paine, 2003).
The use of expansive CSR policies by organisations is one such way organisations can actively improve their moral standing with all stakeholders and as a result move towards being seen as this “good” organisation. In fact, recent research has shown that CSR attracts prospective employees in that it gives the organisation a positive differentiation or individuality over its rivals. In 1990, Fombrun and Shanley underlined the ability of a strong CSR policy to improve an organisations reputation and attractiveness to potential employees (Albinger & Freeman, 2000; Backhaus et al., 2002; Greening & Turban, 2000; Turban & Greening, 1997; cf. Luce, Barber & Hillman, 2001). This research and subsequent studies found that as employees understanding and identification with social responsibility increased so did their self-identification as being part of that organisation. This being true, it can thus be derived that CSR can cause organisational identification.

![Figure 14. Good corporate citizen](image)

72.41% of respondents believe Covidien behaves as a ‘good corporate citizen’. 75% believe the company is recognised as a trustworthy. So, it can be deduced that employees’ CSR perceptions are positively related to organisational identification.

**Group Distinctiveness**

Prospective employees and existing quality employees are attracted to, and stay with an organisation in part due to the distinctiveness brought by CSR activities.
In figure 15, it can be seen that 73.77% of respondent believe Covidien has a good reputation among its customers.

A positive social identity created by an organisation can have a major effect on enhancing employees’ loyalty. In Covidien, as a relatively new company based in Dublin, the retention of its employees is quite stable. From the population surveyed the mean length of employment was over three years, with the company having been in existence in Dublin for five years.

When recruiting employees, the reputation of an organisation is vital in attracting the best talent. The effect of this reputation depends on those outside the organisation being aware of its activities. CSR can be used again as a tool for an organisation to enhance its visibility and reputation. CSR policies that have been shown to achieve this include large scale job creation in a specific area, philanthropy programmes or cutting edge and innovative product development. These all improve an organisation’s sense of positive distinctiveness, but also ultimately add value to the organisation.

Covidien’s philanthropic causes include monetary contributions to a broad range of causes, such as education, culture, the arts and healthcare, as well as product donations.
for medical care, emergency response and disaster relief worldwide (Sustainability report).

This policy does not just affect recruitment drives but also influences current employees. A positive distinctiveness has the ability to create a sense of community and pride and encourages employees to stay with an organisation (Dutton et al., 1994).

![Pie Chart: Retention and Attraction of Employee](image)

*Figure 16. Retention and Attraction of Employee*

Working for an organisation whose employees positively view corporate responsibility efforts has a significant, favourable impact on how they rate their pride in the organisation, their overall satisfaction, their willingness to recommend it as a place to work and their intention to stay. 75.41% of the sample are more likely to join and stay with a company that has a reputation of strong corporate social responsibility and supports charitable initiatives.

It must also be emphasised again that CSR also has a major effect on organisational performance and research has shown this through improved employee performance, coupled with staff retention and overall productivity improvement.
Meaning

Figure 17. Pride of work

Throughout any organisation a variety of jobs exist, all with differing levels of demand and levels of interest, from the mundane to the exhilarating. CSR has the ability, and not just for those employees that exist at the more monotonous end of the spectrum, to add value to their jobs, giving them the chance to contribute to society and communities and be part of an even bigger legacy. 65% of respondents felt Covidien CSR policies made them feel proud of working there. This sense of pride translates into greater life satisfaction and emotional well-being. As employees find personal worth and meaning in their participation in these policies it again strengthens their commitment and relationship with the organisation and their own work (Grant, 2008; Grant et al., 2007). This effect appears especially strong in areas such as employees’ volunteerism and working in community outreach programmes that directly help others (Grant, 2007).

Covidien have in place a reward system for employee volunteerism whereby they give Volunteer Incentive Program (VIP) grants to non-profit organisations where its employees give up their time to work. To date over 100 VIP grants to organisations throughout the world have been given at up to $1,000 each. For example, Covidien have funded campaigns to prevent the childhood obesity epidemic. Community based organisations have been able to provide education on good nutrition and physical activity through these grants. Other initiatives funded by Covidien focus on extending
quality and affordable healthcare to communities in which it operates. The outcome for the organisation of this work is that it not only helps those for whom the funding is granted to but also the evidence shows that employees and future employees attitudes to the organisation also improves (Sustainability report).

**Job satisfaction**

According to the sample of employees surveyed the most important aspect of their jobs include guarantees of timely payment of salaries and benefits, that it provides appropriate workplace conditions and labour safety.

![Figure 18. Job Satisfaction](image)

Job satisfaction can be measured in several ways. Some examples of this include looking at absenteeism by staff or at the level of theft by employees from their company. It has been seen that when employees feel that they are being paid appropriately and that an ethical approach to the companies policies and procedures is enforced then issues such as absenteeism or theft are reduced (Greenberg, 1990; Lam, Schaubroeck, & Aryee, 2002; see also Conlon, Meyer, Nowakowski, 2005). It has been shown when CSR policies directly benefit employees that there is an increased sense of safety and security in workplace. This is due to CSR policies that harness a sense of trust and fairness from top down within the organisation and as a result reverberate back from bottom to top, creating a better working environment.
Organisations that make guarantees that their employees are fairly rewarded tend to have more efficient and hardworking staff, with reduced levels of counter-productivity. As stated already, this has the added bonus of attracting people from outside to the company if these policies are made widely visible. Covidien does this through its annual report and sustainability report, showing that the care of employees is a central issue in the companies’ values and mission statement.

For Covidien employees, the second most important issues for job satisfaction are the training provided and the supports offered to employees’ education. Other areas of importance to the staff include Covidien’s encouragement of diversity of its workforce and internal policies to prevent discrimination, especially in relation to compensation and promotion. Covidien business strategy outlines its ambition to create a diverse and inclusive workforce and working environment. By doing so, it claims to be attempting to garner a wider pool of ideas, perspectives, and experiences. Employees have the opportunity to ‘experience a sense of belonging and can contribute to his or her fullest potential’. Covidien believe this flexibility and inclusive strategy leaves the company in a better position to respond to a wider variety and ever-changing customer base as well as respond to changes within the company itself.

**Social involvement**

![Image of Social involvement chart]

*Figure 19. Social involvement*
67.21% of respondents care about the company’s involvement in supporting social causes. In relation to social causes, Covidien employees felt that compliance with international human rights standards are the most important aspect followed by closing the gender pay gap, promoting the empowerment of women. Covidien complies with all applicable civil rights, human rights, environmental and labour laws, including the US Equal Employment Opportunity (EEO) laws (Sustainability report).

Donations to support certain social causes, as well as financial and material support to socially vulnerable groups are rated as highly important among Covidien employees. Through its three ‘product donation partners’ (AmeriCares, Direct Relief International and MedShare), Covidien has donated healthcare products worth several million dollars. These donations are undertaken in line with guidelines set up by the United Nations and the World Health Organisation. Donations by Covidien have gone to relieving suffering after such devastating tragedies as Hurricane Katrina in New Orleans (August 2005), the Australian bush fires (February 2009) and earthquakes in China (May 2008), Italy (April 2009), Haiti (January 2010) and Chile (February 2010) (Sustainability report).

The response of organisational policy to such atrocities and by highlighting this sense of social responsibility, there is often a knock on effect of improved employee and management performance and attitude to work. Covidien demands a high level of customer service from its employees so this commitment to social responsibility is vital in encouraging such response from them.

Firms with strong CSR activities are seen to have stronger performance levels due to their employees improved performance in response to a greater sense of commitment and dedication to the company. This is evident when comparing employee performance against those who see their organisation as being socially irresponsible. Covidien have tried to build on this theory; for example its 2007 Partnership for Neighbourhood Wellness program, giving in excess of 100 grants ($500-$100,000) to different global non-profit organisations, provides healthcare to deprived areas that lack health education programs. The aforementioned child obesity program being just one such program (Sustainability report).

Job satisfaction encompasses more than just employees seeking standard benefits. It also refers to how an organisation challenges, inspires and the type of leadership a company provides. It looks to the company to set an example for which an employee
can be proud to be a part of. In an ideal world, an employee joins organisations that are culturally and personally in tandem with their own beliefs and principles. This is proved by a 68.86% of the sample.

![Figure 20. Alignment with the CSR policies](image)

**Environmental involvement**

78.69% of respondents care about the company’s involvement in supporting environmental issues

![Figure 21. Social involvement](image)
For Covidien employees the most important environmental issues the company are involved in are environmental protection and minimising waste and pollution. At the core of Covidien policy making is its approach to reducing the company’s environmental impact and conservation of natural resources. It aims to reduce its operating costs and its customers’ costs by managing its energy usage and limiting its impact on the environment.

A strong positive correlation was observed between employees who thought their employer was environmentally responsible and employees who were committed and satisfied with their jobs.

The cross tabulation below, Table 2, demonstrates that 90.9% who are satisfied at work care to a very great extent about the company’s involvement in supporting environmental issues.

<table>
<thead>
<tr>
<th>Cross Tabulation</th>
<th>To what extend do you care about the company’s involvement in supporting environmental issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;I believe the company is a good place to work&quot;</td>
<td>To a very great extent</td>
</tr>
<tr>
<td>Agree</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>72.7%</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>18.2%</td>
</tr>
<tr>
<td>Column Total</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>90.9%</td>
</tr>
</tbody>
</table>

*Table 2. Cross tabulation*

Again, Covidien’s environmental efforts offer another example of how it aims to attract new employees and retain existing staff and customers. They highlight sustainable production strategies as being key to showing their commitment to environmental protection. In product development policy Covidien claims to have established measurable programs of sustainability, with these policies being as rigorous and thorough as in the product development itself.
It is interesting to note that Covidien environmental responsibilities were rated as the most important objectives in CSR activities (78.69%), followed by responsibilities towards society (67.21%). This is most likely a reflection of recent public policy being implemented in these areas.

**Belongingness**

The closer the links between the organisations values and that of its employees the stronger the influence of CSR activities will have on their perception of CSR in general. ‘People feel that they belong to a group when they share important beliefs and values with group members and the group as a whole’ (Ashforth & Mael, 1989; Hogg & Terry, 2000; Turner, 1987). The greatest impact on employee perceptions of CSR tends to be seen with policies that show a specific commitment to a certain cause or show environmental leadership or promote diversity in the company, as discussed above.

Covidien sees itself as being unique in the industry because of its strong CSR reputation. How this promotes belongingness can be seen in those employees who support environmental causes and appreciate thus the work that Covidien have done to reduce its environmental impact. As a result these employees should in theory work harder to further the reputation of their organisation, whose greater success is of benefit to their own personal goals. ‘CSR that satisfies belongingness needs and promotes feelings of fit should be positively associated with in-role performance and organizational citizenship behaviour’ (Ashforth & Mael, 1989; Brief & Motowidlo, 1986; Organ, Podsakoff, & MacKenzie, 2006; O’Reilly & Chatman, 1986; cf. Ryan, Connell, & Deci, 1985).

**Value added through employee organisational commitment and performance**

As previously stated, research has shown that CSR, through providing certain benefits to employees results in increased commitment to the organisation. It also has the ability to attract a higher level of talent and a more diverse workforce (Albinger and Freeman (2000); Greening and Turban (2000); Backhuas et al.(2002);

In 2010 a paper by Stawiski et al. suggested that by increasing employee involvement at a policy planning and decision making level for environment and social policy, an organisation could reap greater benefits from its CSR activities. This follows on from the idea that employees who are committed and truly believe in the CSR activities will
also show more commitment and increased performance to the organisation. Hence, as a knock on effect organisational performance will improve.

<table>
<thead>
<tr>
<th><strong>Employee commitment and engagement create value added for the company by:</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCREASE</strong></td>
<td><strong>DECREASE</strong></td>
</tr>
<tr>
<td>Production costs</td>
<td>Absenteeism and turnover</td>
</tr>
<tr>
<td>Customer satisfaction and loyalty</td>
<td>Counterproductive behavior (e.g. theft and misconduct)</td>
</tr>
<tr>
<td>Revenue growth</td>
<td></td>
</tr>
<tr>
<td>Ability to adapt to change</td>
<td></td>
</tr>
<tr>
<td>Productivity</td>
<td></td>
</tr>
</tbody>
</table>

Table 3. Employee commitment and engagement

Current studies that highlight the benefits of CSR and performance include: Organisational trust precedes job satisfaction and organisational commitment (Colquitt, Scott, & LePine, 2007; Dormann & Zapf, 2001; Meyer & Herscovitch, 2001). Virtually all these attitudes and behaviour positively affect organisational performance by reducing employee's turnover (Griffeth, Hom, & Gaertner, 2000), increasing organisational efficiency (Kamdar & van Dyne, 2007), or increasing service quality (Payne & Webber, 2006). These result in favourable outcomes for the organisation.

Covidien’s figures support the evidence of higher productivity from its employees:

**Covidien Revenue Per Employee** is a ratio that measures the company's productivity by dividing cumulative revenues received over the past twelve months, by the number of employees (41.300 employees) Revenue Per Employee displays how much a single employee contributes over the twelve months period to the total sales of the company.

\[
\text{Revenue Per Employee Formula} = \frac{\text{Revenue trailing twelve months}}{\text{Employee}}
\]
It can be appreciated that Covidien revenue per employee grew up to $286,877 with an increase of 9.66% since March 2011.

**Covidien Income per Employee** is a ratio that measures the company's productivity by dividing income earned over the past twelve months, by the number of employees. Income Per Employee displays how much a single employee contributes to the net income of the company in the period of 12 months.

*Income Per Employee Formula = (Net Income / Employee)*
Covidien net income per employee grew up to $ 47,869 with an increase of 17% since March 2011.

CSR breaks the mould for traditional corporate activities by widening the scope of influence of the organisation to areas such as social or environmental concerns and working with NGOs and social groups. This changes the relationship between organisations and their employees. An extra dimension is added to employee responsibility to meet that the standards of social behaviour set by the organisation (Blau, 1964; Gouldner, 1960; Molm & Cook, 1995).

In summary, CSR improves organisational performance by enhancing the positive reputation of the organisation with all stakeholders. This offers a competitive advantage over its competitors and as a result boosts performance, creating value added for the company.

Good human resource policies influence an increase in sales and income per employee

**HYPOTHESIS 3**

**CONFIRMED**

Figure 24 below represents a clear illustration of CSR value curve and how stronger investment in CSR policies leads to greater economic growth.

*Figure 24. CSR value curve (IBM Institute for Business Value)*
After exposing the analysis of the CSR triple bottom line: economic, environmental and social dimension and the demonstration of how each facet creates value added for the company, it can be confirmed that CSR policies as a whole create absolute value added within the company.

HYPOTHESIS 4

The implementation of CSR policies influences the impact on the brand image of the company

CONFIRMED

5 Conclusions

Corporate social responsibility is a tool used by organisations and their managers to take broader society into account. The key idea behind this tool is the interdependence between the corporation and society, and that recognising and responding to this mutual dependence can create value for both. CSR involves factors like raising environmental awareness, acknowledging the scarcity of tangible and intangible resources, and increasing operational transparency.

It is imperative that managers in the modern business world utilise the principles of CSR to the advantage of their organisations and society as a whole. This creation of value should be integral to the design of top management competitiveness strategies.

CSR strategies draw from three main responsibilities: Economic, environmental and social. Utilising such strategies creates opportunities for managers to reduce costs and enhance competitiveness. This organisational shift towards excellence in corporate citizenship will also reap a loyalty dividend from customers, employees and stakeholders alike.

In summation, CSR sets out a new template for corporations whereby wealth creation, earnings-per-share maximisation and robust competitiveness coexist with compliance with legal requirements and the efficient provision of goods and services in a socially responsible manner. A focus on what is right, just and fair is beneficial not only to the community but to the business itself.
The researcher’s belief in the importance of CSR as a new way of doing business is the reason why this topic was chosen for this dissertation. The vital role of CSR is not just due to companies being under pressure from governments, society and employees to play a leading role in developing society-wide solutions to many of these challenges: From a financial perspective there are also clear reasons for companies to invest in CSR. The underlying idea of this research is that corporations can better achieve their business objectives by acting more responsibly.

A key message of this study is the presentation to managers of a new framework showing how CSR causes an improvement in organisational performance. As a consequence, managers learn that incorporating CSR as a new tool improves the perception of excellence in their organisations and in society, as well as designing new opportunities to enhance their corporate image to create value for stakeholders.

The crux of this is: Can companies address the needs of society and satisfy their economic self-interest at the same time?

This is answered in the research which indicates that a company’s core business and competencies must be closely aligned to its environmental and social programmes. These initiatives should also be of benefit to the company from the standpoint of growth and an assessment of potential risks for the company should also be made. The full financial rewards from such programmes will only be realised if the company appreciates the value they are creating and can appraise the market of that value.

Covidien’s example provides further evidence of positive value creation and provides an insight into the many ways in which value is created. However, CSR policies are quite hard to assess quantitatively due to instant (or near-instant) results not being readily visible, meaning it is difficult to realise the gains. For that reason, the choice of Covidien as a case study was ideal as this company integrates its CSR policies in its core business and it communicates its sustainability value internally and externally. Furthermore, this study focused on Covidien in the last five year period in order to obtain a better quantitative measure.

It can be difficult to promote long-term investment in CSR, especially in today’s straitened financial circumstances. These activities are seen as being outside the realm of the core of the business and only peripherally related to shareholder value.
However, despite this “hard sell”, this research shows that there are indeed direct financial gains and increases in value for shareholders to be made from investment in this area. In the final analysis of the study, companies that place an emphasis on social and environmental programmes see improvements in the important indicators that shareholders use to evaluate company performance: growth, capital return, risk management, and quality of management. This has been demonstrated with the analysis of Covidien’s CSR policies.

**Recommendations for future research**

This study is limited to one company under investigation, therefore, further research needs to be extended to other companies from different industries and different geographic areas. From an empirical perspective, an ideal experiment would be to randomly assign firms into a “high CSR group” and a “low CSR group” and compare their performance following this “treatment”.

This research shows how CSR affects the performance of the company in various ways. HRM system design could be informed by methods which take into account how CSR impacts on HR. The findings point us towards ways of strategically using CSR in meeting the needs of employees and also in assessing the effect of CSR on employee behavior, attitudes and performance.

An interesting topic for investigation in this field would be to identify the best practices on CSR and the initiatives that generate more value for companies and secure a better payoff for their investment. The results from companies of various sizes across the industry spectrum could be compared and contrasted. Besides, CSR is hard to measure so it would be necessary to conduct future studies about measuring methods of CSR. Comparison with each other in order to establish some standard metrics and measures to easily determine the impact of main elements of CSR with specific percentage on organization performance, that is to say, their percentage of value creation within the company, would also be necessary.
Moreover, the survey was conducted in the period of economic recession. In order to assess the generality of the findings, it is suggested to repeat the research in a stable economic situation.

Since the aim of this research was to examine the CSR impact on value creation within a company, quantitative data survey was the best choice. However, it would be interesting to interview head managers and find out their attitude and experience with CSR and its impact on the company itself. Such qualitative research could provide the additional insights into the question under investigation.

In order to do this an in-depth study of CSR practices would be necessary a new strategy for companies to adopt has come into being in the recent past, based on the recognition of the potential value of low-income markets (Prahalad and Hammond, 2002). Companies can realise profits whilst catering to the needs of and bringing a measure of prosperity to the poor. A modification of existing ways of doing business is necessary to achieve the above (This model is capital-extensive and people-intensive). CSR practices in these markets could lead from responsibility to new opportunities in the long term for companies by contributing to increasing the efficiency of their resource use, and understanding the context of these emerging markets.

Corporate decision making and strategic planning will inevitably have to adapt to this finding that responsible methods reap rewards. The desire of companies to invest appropriately in CSR will surely increase once it is fully realised that everybody wins (management, shareholders, employees, environment and the wider community included).

Value, for both the company and society, is created by CSR by impacting positively on vital operations like strategic planning, resource and process, and interactions with stakeholders and leads to an increase in the perception of excellence being associated with the company. The effect of CSR on the above organisational elements can be quantified, and could therefore form the basis of a future study on how these elements incorporating CSR create a value cycle or process.

Much more work is necessary to refine each aspect of this research, correct inaccuracies, and incorporate additional ideas. However, the researcher hopes to spark
new interest in CSR from top managers to scholars. CSR is now a mainstream business practice, and it should also have a presence in the mainstream literature on business.

**Self Reflection on Own Learning and Performance**

Now that I am entering the final phase of my MBA, I feel it is appropriate to self-reflect on the progress I have made, both as an academic and as a person.

I would like to focus my reflection on the content of the dissertation and the process of writing it. I think it is also essential to reflect on my learning targets, my quest for achieving those targets and how I can apply what I have learned in the future, both in the workplace and life in general.

**Appraisal of learning:**

When I began this dissertation and being my first time undertaking research of such magnitude through the English language, I was sceptical about my ability to successfully complete such research.

During the research process, I had two targets. Firstly, I had to learn how to collate the primary data and secondly, I had to learn how to structure an academic report of this scale. This was complicated by the broad dimensions of the topic.

In terms of collating the primary data, I had been very meticulous about the design of the questionnaire. I used a pre-test questionnaire before launching the real survey. I realised it was essential to perfect the survey template before its launch in order to obtain quality data for the analysis. Even though this was my first attempt at designing a questionnaire, I felt that I did a good job.

Although, I did not have to spend time creating a research tool, I did have to spend time fine-tuning and adjusting it to fit my needs. This is why it was critical to have a strong literature base.

It proved arduous to obtain adequate responses for the analysis and I noticed the participant’s preferences for short questionnaires. This is something I will bear in mind for future assignments I will undertake.
I did have help from a friend to proof read the dissertation, to correct some spelling mistakes and some grammatical errors I made.

I chose this dissertation topic as it featured strongly throughout my master’s course and I developed a keen interest in this particular area. I also realised the importance the topic holds presently and into the future as a way of conducting business. I felt it was critical to select a topic you are passionate about in order to stay highly motivated.

On commencing this dissertation, I soon realised the great amount of literature in articles, journals, and studies etc. and I found it difficult to compile the full complement of information. It involved a vast amount of reading and it was a real challenge to improve my critical thinking skills.

Ultimately, it was a truly satisfying experience, gaining valuable knowledge about an important new business wave. Finally, I learned how to write correct English, my vocabulary and grammar improved dramatically and I learned how to organise and cite references correctly.

**How learning occurred:** I learned more about the theories while analysing the primary and secondary data, which sometimes forced me to go back and study the literature review.

For example, while analysing the survey data of the social dimension I had to go back and review all the theories about employee behaviour and their psychological dimensions in order to obtain a greater understand of it. This made me understand that theory can never be properly understood in isolation: what it needs is quality primary and secondary data which can then give it proper meaning. I also learned that I should be open to new interpretations of the theories and literature.

This dissertation was a compliance of all that I learned during the MBA course. I have put such knowledge into use throughout this thesis, for example, the calculations I made in the economic dimension section, specially the economic value added. If it wasn’t for one of my modules; “Theory of Finance”, this section would have proved difficult to complete. All previous assignments I have completed have prepared me for this final assignment of such magnitude.
Time constraints were an ongoing issue throughout the dissertation process. I had to manage time efficiently and organising lists of objectives in an agenda aided me to do this. The difficulty in organising and putting a timetable of objectives in place to be able to submit the dissertation on time was a real challenge for me, especially while also trying to manage full time employment.

**Future application of the learning:** The theories and concepts I learned while doing this dissertation will help me in two ways. Firstly, I have gained valuable insight in an expanding and increasingly relevant topic, like CSR impacts on organisations. Secondly, my skills of writing in a second language, English, will help me in day to day dealings and on future projects.

On reflecting on the process of undertaking this dissertation, another great skill I learned was how to effectively manage time. This is a critical resource to be able to manage in the workplace where strict deadlines have to be met in order to stay highly competitive.

**Self reflection on the MBA course**

Advancements in technology and a more globalised competitive labour market has meant the days of “a job for life” are behind us.

One of the ways to approach this new reality in a positive way is to view a career not as an end in itself but as an opportunity to develop all aspects of our ambitions both professionally and personally. This will enable a person to grow and change in line with economic and societal changes. In order to pursue these challenges in our career lives, education and upskilling are essential. Understanding what educational path to take and what skills to enhance is difficult. It requires robust self-analysis and a good awareness of where the opportunities lie in the professional environment. Finding where all our educational and personal ambitions intersect with future professional opportunities is especially important.

Studying an MBA in finance in Ireland, I believe, is essential in building the skills required for the position that I would like to obtain plus improving my knowledge of business English. It was going to be very difficult for me to redefine my career in the finance field without acquiring a solid conceptual and practice training like the MBA
program. It also offers the chance to obtain useful contacts that could use for that purpose.

Undergoing the MBA programme was a real challenge for me. I had to prove to myself that I was going to be capable of studying a postgraduate programme in a language other than my mother tongue. It meant a return to study seven years after I finished my previous HR masters, which despite its challenges, was an opportune time to update my educational knowledge.

One of the most valuable lessons I learned from the MBA programme was the improvement in my critical thinking skills. Previously the importance of this skill was not evident for me. Now I consider it a very important skill for a qualified worker not only in finance but in every aspect of personal development. I have also learned a lot of new business terminology in English and improved my written skills.

Another contribution to my personal development the MBA has given me was the opportunity to confront my fears in performing public presentations. Although I still need to improve this facet my confidence has increased.

The MBA has improved my skills as a part of team which at times was not always easy. I found it especially difficult at the beginning being in groups with six people. Previously in Spain I had worked only with Spanish people. Throughout the programme I had members in my group from different nationalities which was an enlightening experience. This is good role to experience in Ireland as the majority of the multinational companies here have large multicultural workforces.

In conclusion, the MBA programme gives me great confidence in myself. I normally underestimate myself at job interviews. I always think most other candidates are better prepared than I am but I should not feel this way any longer. Also I gained a curiosity and renewed interest in economic and business news which will stay with me a lifetime.

I always am very aware that that continuous learning is necessary for my professional progression and after completing the MBA masters I will be ready to tackle new challenges to aid this development, perhaps the ACCA certificate.
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ANALYSIS OF CSR POLICIES

INTRODUCTION
This is a study to complete my MBA post-graduation course at DBS. The purpose of this study is to examine the content of the Corporate Social Responsibility (CSR) policies within your company and their positive influence in the value-added creating.

By beginning this survey, you acknowledge that you have read this information and agree to participate in this research, with the knowledge that you are free to withdraw your participation at any time without penalty.

The procedure involves filling an online survey that will take approximately 15 minutes. Your responses will be confidential and we do not collect identifying information such as your name, email address or IP address. The survey questions will be about: perception of the CSR policies, job satisfaction, job commitment, job motivation, working conditions, work climate, etc

Your responses will be kept completely confidential. All data is stored in a password protected electronic format. To help protect your confidentiality, the surveys will NOT contain information that will personally identify you. The results of this study will be used for scholarly purposes only. If you have any questions about the research study, please contact Beatriz Jaenicke (beatrizjaenicke@gmail.com).

ELECTRONIC CONSENT: Please select your choice below.

Clicking on the "agree" button below indicates that:
• you have read the above information
• you voluntarily agree to participate
• you are at least 18 years of age

If you do not wish to participate in the research study, please decline participation by clicking on the "disagree" button:
*

☐ Agree
☐ Disagree

SECTION A
1) What is your gender?
☐ Male
☐ Female

2) What is your age group?
☐ 18-25
☐ 25-30
☐ 30-35
☐ 35-40
☐ 40-45
3) **What is your education level?**

- [ ] Elementary/Secondary School
- [ ] High School
- [ ] Diploma/Professional qualification
- [ ] Bachelor/College/University Degree
- [ ] Graduate Degree (PhD, Masters)
- [ ] Others

4) **How long have you been working for the company?**

- [ ] Less than 1 year
- [ ] More than 1 year
- [ ] More than 2 years
- [ ] More than 3 years
- [ ] More than 4 years
- [ ] More than 5 years

**SECTION B**

5) "I believe all private companies and entrepreneurs should be socially responsible independently of their profit levels" *

- [ ] Strongly Disagree
- [ ] Disagree
- [ ] Neutral
- [ ] Agree
- [ ] Strongly Agree

6) “I believe business should not only pay wages and taxes but also be involved in social programs of the country and regions (health, education, poverty, etc )” *

- [ ] Strongly Disagree
- [ ] Disagree
- [ ] Neutral
- [ ] Agree
- [ ] Strongly Agree

7) "I believe Corporate Social Responsibility (CSR) is a necessary cost of “*doing good business by doing well*””

- [ ] Strongly Disagree
- [ ] Disagree
- [ ] Neutral
- [ ] Agree
- [ ] Strongly Agree

8) "I believe CSR gives a company a distinctive position in the market"
9) I am more likely to join and stay with a company that has a reputation of strong corporate social responsibility and supports charitable initiatives. *

SECTION C

10) “I am aware of and understand the company’s CSR policies”

11) “I believe the company acts in alignment with its CSR values and policy”

12) “The company’s CSR policies makes me feel proud to be working at the firm”

13) “I believe the company cares about its customers and customer satisfaction is a priority in my organisation”
14) “I am proud of the quality of our company’s products and services”
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

15) “I believe the company has a good reputation among its customers”
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

16) “I believe the company is a champion of sustainability amongst the public”
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

17) “I believe the company strives to be one of the best organisations in the sector”
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

18) “I believe the company behaves as a good corporate citizen”
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

19) “I believe the company is recognised as a trustworthy”
   - Strongly Disagree
   - Disagree
   - Neutral
   - Agree
   - Strongly Agree

20) “I believe the company is a good place to work”
21) In your opinion, rate in order of importance from the following list, how your company implements activities with a view to demonstrating corporate social responsibility? *Rate each question from 1 to 5 (where 1 = highest priority and 5 = lowest priority)*

- Ethical and moral reasons
- To preserve and improve the company’s reputation
- To attract/retain qualified employees
- Positive impact on financial result
- Customers and business associates require/expect it

**SECTION D**

22) The company I work for: *

- Encourage the diversity of its workforce (in terms of age, gender, and race)
- Internal policies prevent discrimination in employees’ compensation and promotion
- Invests in the promotion of equality between men and women
- Develops internal rules that guide employees’ professional behaviour
- Has a comprehensive code of conduct.
- A confidential procedure is in place for employees to report any misconduct at work
- Provides training for their own employees
- Supports employees’ education
- Guarantees timely payment of salaries and benefits
- Enable employees to better coordinate work and personal life
- Invests in the promotion of work-family balance
- Enhance social package for employees and their families (medical treatment, creche, subsides meal, etc)
- Guarantees job security
- Provides appropriate workplace conditions and labor safety
SECTION E

23) To what extend do you care about the company´s involvement in supporting social causes? *

☐ To a very great extent
☐ To a great extent
☐ To some extent
☐ To a very little extent
☐ To no extent at all

24) In your opinion, rate the importance of the company´s involvement in supporting social causes from the list below: *

<table>
<thead>
<tr>
<th>Extremely important</th>
<th>Very important</th>
<th>Moderately important</th>
<th>Slightly important</th>
<th>Not at all important</th>
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</thead>
</table>
| Volunteer for community support
| Donations to support certain social causes
| Financial and material support to socially vulnerable groups such as the poor, ill, refugees, orphans, invalids, needy old people, etc
| Compliance with international human rights standards
| Closing the gender pay gap, promoting women empowerment
| Support to cultural and educational events
| Support to sports events
| Philanthropy and sponsorship

SECTION F

25) To what extend do you care about the company´s involvement in supporting environmental issues? *

☐ To a very great extent
☐ To a great extent
☐ To some extent
☐ To a very little extent
☐ To no extent at all

26) In your opinion, rate the importance of the company´s involvement in supporting environmental issues from the list below: *

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<thead>
<tr>
<th>Extremely important</th>
<th>Very important</th>
<th>Moderately important</th>
<th>Slightly important</th>
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<tr>
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<td>No</td>
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<td>Selective recycling</td>
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<td>Environment protection</td>
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<td>More efficient use of resources</td>
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<td>Minimising waste and pollution</td>
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<td>Reducing number of accidents in the manufacturer plants</td>
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