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„Corporate Social Responsibility Communication and Credibility Building. A Study Comparing Sustainability Reports in High- and Low-Context Cultures (Asia and Europe)"

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1 Introduction

Corporate social responsibility (CSR) and (corporate) sustainability are two concepts that have become more and more important over the last two decades, in literature as well as in practice. Although often used synonymously, the terms describe two different concepts that can be summarized under one idea: that companies have a certain responsibility towards their (social and ecological) environment while pursuing their business. Or, in other words, they describe “a more humane, more ethical and a more transparent way of doing business” (Van Marrewijk, 2003, p. 95).[1]

1.1 Problem Definition

The necessity for corporations[2] to at least consider taking on this responsibility arises from people’s growing awareness for issues like climate change, pollution, or social justice. Here, demands for ecological sustainability have a longer tradition than claims to take on social responsibility. Also, the ecological component of sustainability is more visible. It is a fact that our planet only has a limited amount of resources, and that it is sensitive to the impact that humans cause. The more societies and economy grow, the harder the strain put on environment becomes: “The expansion of human societies and economic activities is exceeding the ecological boundaries of our planet.” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 78)

As a large part of environmental problems are attributable to economic activity, companies are seen as being particularly responsible (Daub, 2007; Walker & Wan, 2012). This is also true when it comes to social responsibilities. Issues like working conditions are inherently business in nature and therefore fall under the responsibility of corporations. Companies being amongst the key causes for global problems like climate change or social injustice should therefore strive for economic, ecological, and social sustainability, reducing the negative consequences of their business in the process.

However, it can be argued that sustainability is more a utopian ideal than an actual objective. Cho et al. (2015, p. 78) speak cautiously of a “less unsustainable future”, emphasizing that the road to sustainability is likely to be just that – a road, with an unreachable goal at the end. Yet, sustainability can serve as a paradigm under which a corporation can operate; it can be seen as a value rather than an outcome, and as such a guiding principle for business. “Society can and perhaps must hold onto higher values than it can live by.” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 84) The same goes for corporations. Corporate sustainability as a value might be unreachable but it is instrumental in determining the way business is

[1] A more detailed discussion of relevant terms (like sustainability, CSR, stakeholders etc.) will follow in the next chapter.

[2] “Corporation” will be used as a synonym to describe the economic entity that is commonly understood under the term “company”. The same goes for the terms “firm” and “organization”.

conducted. It is under the paradigm of sustainability that CSR has taken roots. Taking on responsibility for one's impact on the social and ecological environment is the first step on the road to sustainability. As a consequence, CSR and sustainability are two sides of the same coin.

A lot of companies have CSR projects or operate under the paradigm of sustainability. Among other things, they do so because of pressure from stakeholders like communities, customers, and suppliers, just to name a few. These groups of people (or organizations) expect firms to act responsibly; and companies are, in order not to fall from favor, eager to comply. Underlying this is the notion that an organization needs to be granted legitimacy, and that lacking legitimacy has consequences.

> "CSR can be seen as a strategy to improve a corporation's reputation and strengthen its legitimacy, both of which are vital to business success." (Ihlen, 2011, p. 163)

Legitimacy and reputation are closely linked when it comes to CSR. A scandal that goes public can severely damage a company's reputation and threaten its legitimacy in the process. An obvious example would be a major oil spill and its consequences for the responsible corporation. Actively engaging in CSR, however, can be beneficial for a company's reputation, as it shows that the company cares for its social and ecological environment, and consumers as well as other stakeholders appreciate this concern. Taking consumers as an example, CSR can enhance their loyalty, strengthen their resilience to negative information about the corporation, stimulate word of mouth, and in the end even influence purchase decisions (Bhattacharya & Sen, 2004).

That CSR benefits a company is only true under the premise that the corporation's responsible behavior is made known to the relevant public; i.e. that it is communicated. On the one hand, some stakeholder groups, in particular consumers, are not aware about CSR initiatives, thereby limiting the potential rewards for socially responsible behavior (Bhattacharya & Sen, 2004). Therefore, increasing awareness levels is one function that CSR communication has to fulfill. On the other hand, the responsible company needs to "prove to its stakeholders that it is actually 'doing the right thing'" (Crane, Matten, & Spence, 2008, p. 353).

Communication about CSR often faces problems with credibility, since it is met with mistrust and suspicion. A common allegation is that CSR communication is nothing but a tool for reputation enhancement, and that companies do not walk the sustainability talk. These allegations are not unfounded; it is possible that CSR communication is instrumentalized for public relations purposes. One can state that "any communication surrounding CSR is a slippery slope" (Bhattacharya & Sen, 2004, p. 23); the problem that arises is how to communicate the “right things” companies do without seeming deceitful or untrustworthy. This shall be the topic of the following paper.

A means to communicate CSR in an objective and credible way are sustainability (or CSR) reports. The Global Reporting Initiative (GRI), one of the leading multi-national enterprises in setting standards for reporting, describes a sustainability report as the “key platform for communicating sustainability performance and impacts” (Global Reporting Initiative, 2015). Although being a voluntary exercise, corporations might feel pressured to adopt sustainability reporting, as there is increasing demand for transparency and accountability.

> “Concerns about the impact of human activities on our natural, social, and economical environment have led to a worldwide claim towards organisations for accountability, transparency and stakeholder engagement.” (Ceulemans, Molderez, & Van Liedekerke, 2014, p. 1)

The apparent impact humans have on the planet led to a heightened awareness for sustainability issues, both social and ecological. In an environment where society shows interest not only in products and services, but in how those goods are being produced, it is no longer sufficient for companies to just disclose the economic dimension of their business (Daub, 2007). Instead, it is expected that corporations report on their performance against the triple bottom line, meaning they should integrate social and ecological aspects in their reporting procedures. This idea marked the birth of so-called integrated reports, the predecessors of the now dominating CSR reports. These reports are a way for corporations to “justify their activities to a critical public” (Daub, 2007, p. 75) while at the same time showing commitment and the willingness to accept sustainability as a value. As a result, sustainability reporting can contribute to credibility building and have positive effects on a company’s reputation, as long as it is credible.

Another reason as to why information on social and ecological performance should be disclosed is that CSR reports are a major source of information for a company’s stakeholders. CSR communication is primarily directed towards stakeholders. The importance of CSR reports lies therein that they provide the basis on which relevant stakeholders ground their decisions (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010). The various stakeholder groups are interested in how a company conducts its business, they are dependent on information the company itself gives, since this is often information only the company has.

This, however, means that a corporation could decide to give misleading or untruthful information in order to put itself in a more favorable light. So the problem of lacking credibility does not spare sustainability reporting. The question remains, how credible is information on CSR? Even though sustainability reports are a way to circumvent the problem of lacking credibility that sticks to CSR communication in general, there is no guarantee for the reliability and truthfulness of given information. That is why various institutions have come up with standards and guidelines for sustainability reporting. The above mentioned GRI is one of those. Adherence to a set of recognized standards is likely to enhance report credibility. However, these standards are not binding, which leaves companies room to maneuver.

The overarching research question guiding this thesis is the following: How can CSR communication contribute to a corporation's credibility? Communication about CSR needs to be credible in order to be able to contribute to credibility building and reputation enhancement. Therefore, this paper will examine what requirements a communication has to fulfill in order to be perceived as credible, and check whether these requirements are fulfilled in CSR communication by analyzing a sample of sustainability reports. Another aspect of interest is if there is standardization in CSR reporting (due to adherence to guidelines) or if there are cultural differences observable.

1.2 Relevance

Although there is a vast body of research on CSR, studies that concentrate on the communication of this issue are rare. Ziek (2009, p. 137) states that the communication of CSR is "an often-overlooked component of CSR research and practitioner attention". As communication usually plays a role in the background of CSR research, it follows that the extent of literature on CSR communication does not remotely match the literature on CSR in size (Ihlen, Bartlett, & May, 2011). Dawkins (2004, p. 108) even goes so far as to calling CSR communication "the missing link in the practice of corporate responsibility". This paper means to take a step towards closing this missing link in practice and research by putting CSR communication at the center of this study, rather than banishing it to the periphery.

1.3 Structure

The following paper will first provide a theoretical frame for discussing the relevant concepts concerning CSR and CSR communication. Furthermore, an empirical study will be conducted, in which sustainability reports will be analyzed regarding their trustworthiness, resulting in a cross-cultural comparison. In detail, this thesis is structured as follows.

In chapter 2, relevant terms will be defined and discussed, starting with CSR and sustainability. Chapter 3 deals with the theoretical concepts that underlie this thesis. Here, CSR will be discussed from different theoretical points of view, and the concepts of culture and credibility will be introduced. Chapter 4 turns to the actual topic of this thesis, namely communication about CSR. After discussing the motivations and specifics of communicating CSR, a specific form of communication, CSR reporting, will be treated in chapter 5. Chapter 6 gives an overview about the current state of research that is relevant for this thesis.

Starting with chapter 7, the empirical part of the paper will be discussed. First, the research questions and hypotheses are set forth. Chapter 8 will describe the method and material of analysis and explain the operationalization of variables necessary to check the hypotheses.

Finally, the findings will be presented and discussed in chapter 9. A concluding chapter (10) marks the end of this thesis.

2 Definitions and Clarification of Terms

This chapter will give an overview of the terms and concepts that become important when talking about corporate social responsibility. Starting with the distinction between CSR and sustainability as understood in this paper (2.1), the chapter will further discuss the important notion of stakeholders (2.2), before shedding light on the components that make up CSR (2.3). The goal is to arrive at a definition (2.4), and to differentiate CSR and sustainability from related concepts (2.5).

2.1 Sustainability and CSR

Whereas sustainability used to be (and sometimes still is) associated solely with environmental topics, the term corporate social responsibility itself is confusing as it implies being concerned with social issues only. As the matter got more important in recent years, the terms have coalesced and are now oftentimes more or less indistinguishable. This is most evident when talking about the general idea behind the two concepts:

> "In general, corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders." (Van Marrewijk, 2003, p. 102)

What is being described in the quotation above is not the nature of CSR or corporate sustainability (CS), but rather the more tangible consequences of these concepts. On this level, CSR and CS seem to be the same. One could try to discriminate by reducing CS to ecological and CSR to social problems. Even though there are voices that would support this view, it is (no longer) applicable (Elkington, 1999). To find a workable distinction, one has to go a step deeper into the mythology of sustainability and CSR.

An oft-cited definition of sustainability comes from the World Commission on Environment and Development, stating that sustainable development means "meet[ing] the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 16). This very general definition, applied to companies, (i.e. *corporate* sustainability) means not exploiting available resources (be it natural resources, human resources, or others) but using them in a way that allows for future usage as well. In other words: Corporate sustainability is about creating and maintaining economic, natural, and social capital (Elkington, 1999). Even if it might not be possible for corporations to actually *be* sustainable (as discussed in the introduction), sustainability proves itself valuable as a guiding principle and therefore can be defined as follows:

> "Sustainability is the principle of ensuring that our actions today do not limit the range of economic, social, and environmental options to future generations." (Elkington, 1999, p. 20)

Applied to business, this means that CS is a principle that sets corporate actions into a broader temporal context by considering their consequences on the economic, social, and ecological environment. Taking on responsibility for one's actions including their consequences is what corporate social responsibility is about: "Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society." (European Commission, 2015) Therefore, CSR is the factual embodiment of this principle called sustainability.

CSR is more hands-on than sustainability and "generally refers to business practices based on ethical values, with respect for people, communities, and the environment" (Bhimani & Soonawalla, 2005, p. 169). According to Van Marrewijk (2003), the difference between CSR and corporate sustainability (CS) is that CS is the ultimate goal of CSR efforts. Consequently, CSR can be seen "as an intermediate stage where companies try to balance the Triple Bottom Line"[3] (Van Marrewijk, 2003, p. 101).

As CSR describes a corporate responsibility towards society, the term corporate societal responsibility might be more appropriate to label the concept. Several authors have tried to chop their way through the undergrowth of CSR and sustainability definitions, and have come up with suggestions for alternative, more distinct terms (e.g. "corporate societal accountability" (Göbbels, 2002); "corporate social responsiveness" (Ackerman & Bauer, 1976)). However, as CSR has been adopted into language, it is likely that the term will stick. For that reason, the term CSR will be used in the following paper.

Although understood slightly differently, the terms CSR and CS will further be used as synonyms. Since the understanding of CSR and CS has now been established, the next subchapter will take a look at the concept of "stakeholders" which is vital for discussing and defining CSR.

2.2 Stakeholders

A definition of CSR that demonstrates the relevance of stakeholder theory for the field is the following: CSR is "a concept that is seen to embody companies' economic, legal, ethical and philanthropic responsibilities towards society in general and their range of stakeholders in particular" (Kolk, 2008). So the responsibilities a company has are first and foremost to its stakeholders (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010). Applying this idea to corporate sustainability, one can see CS "as meeting the needs of a firm's direct and indirect stakeholders […], without compromising its ability to meet the needs of future stakeholders" (Dyllick & Hockerts, 2002, p. 131).

Carroll defines stakeholders as "those groups or persons who have a stake, a claim, or an interest in the operations and decisions of the firm" (Carroll, 2008, p. 96). Or, in even more general words:

[3] More information on the triple bottom line will be given below.

> "[A] stakeholder is any group or individual that can affect or be affected by the realization of an organization's purpose." (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010, S. 26)

Elkington (1999, p. 166) differentiates between "traditional" and "emerging" stakeholders, stating that the former consists of shareholders and other investors, regulators and government policymakers. Emerging (or rather: emerged) stakeholders include employees, customers, environmental groups, and others. Today, no one would argue with these groups being labelled stakeholders; therefore the distinction between traditional and emerging stakeholders is outdated, or, at the very least, needs to be updated concerning the classification. In any case, the above mentioned groups, whether being labelled "traditional" or "emerging", are amongst the most apparent and most often named stakeholders in CSR literature. These groups, in particular customers, employees, suppliers, financiers, and communities, are what Freeman et al. (2010) call primary stakeholders. Secondary stakeholders include the media, the government, competitors, special interest groups, and consumer advocate groups (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010).

Stakeholders are people or groups of people that are somehow tangent to a company and/or its operations, and therefore have an interest in the corporation's activities. Corporations need to take stakeholder interests into account as stakeholders are significant actors in the corporate world, not least because neglecting their interests can threaten a company's legitimacy.

According to Freeman et al. (2010, p. 27), stakeholder interests are joint, meaning they are "inherently tied together". However, these interests can be contradictory, and there are many stakeholder groups contesting for a company's attention. The decision about which stakeholder interests need immediate consideration is based on the legitimacy of the claim and the group's power (Carroll, 2008).

> "The stakeholders of multinational corporations are widely dispersed and have different degrees of legitimacy and power and different interests and values." (Ihlen, 2011, p. 158)

The bigger a company is, the bigger its potential impact on the environment and its stakeholders. An internationally operating corporation has stakeholders all over the world, and these stakeholders have different interests. Different stakeholder interests mean different expectations towards the company, which is faced with the sheer impossible task of fulfilling contradictory demands. How that can be done and what the possible consequences are will be discussed later in the chapter about legitimacy (3.1.2).

2.3 Components of CSR

This chapter contains a detailed discussion about what kind of responsibilities CSR comprises (2.3.1), and how taking on these responsibilities means working towards a triple bottom line (2.3.2). Also, preparing for the next chapter, often addressed dimensions of CSR (2.3.3) will be discussed. Thus, a more thorough definition of CSR can be given in chapter 2.4.

2.3.1 Responsibility

> "Free market liberalists […] argue that the responsibility of corporations includes following rules and regulations. Other than this, the only corporate responsibility is to make money for the owners." (Ihlen, Bartlett, & May, 2011, p. 8)

As illustrated by the quotation above, critics of CSR argue that taking on responsibilities that go beyond a company's economic dimension is not the company's concern. The most prominent advocate for this view is Milton Friedman, who claims that the only social responsibility of a firm is to increase its profits. According to Friedman (2008), taking on other responsibilities means spending the shareholders', customers', or employees' money on general social purposes, and this would make the acting corporate executives something they are not: civil servants. The idea is that corporations do not have the competencies or legitimacy to tackle social or ecological problems, since that is a politicians' job (Ihlen, Bartlett, & May, 2011).

However, the way CSR is understood in this paper, Friedman's view does not hold. CSR is about a company accepting responsibility for the impacts it causes, and striving for sustainability in the process. With the corporation being the cause of a problem, how can it be denied the competency to tackle said problem? CSR activities cannot be seen as isolated from the company's business; spending money on cleaner ways of production, for instance, is not the act of a civil servant, but that of an executive of the company without whose existence the production would not have happened in the first place.

Also, there is the so-called business case for CSR, stating that companies who behave responsibly and conduct their business sustainably gain an economic advantage, like cutting cost and risk. This notion integrates the issue of legitimacy and benefits that come from practicing CSR, such as gaining a competitive advantage and enhancing reputation. As such, CSR becomes a win-win situation (Ihlen, Bartlett, & May, 2011). The business case for CSR is an answer to the critique that CSR is theft (Friedman again), as it assumes that CSR activities are investments rather than cost, and will result in returns.

Stating that companies do have responsibilities above the one towards its shareholders, what kind of responsibilities are we talking about? To answer this question, one can take a look at Carroll's model of corporate social performance. Carroll speaks of four responsibilities that, together with a definition of CSR and the determination of the philosophy of social responsiveness, make up business performance (corporate social performance, CSP). These are economic, legal, ethical, and discretionary (later: philanthropic) responsibilities (Carroll, 1979; see also Carroll, 2008).

The most vital social responsibility of a company is *economic*, the “responsibility to produce goods and services that society wants and to sell them at a profit” (Carroll, 1979, p. 500). Another explanation as to why the economic responsibility is prioritized is that it ensures the company’s continued existence, its economic sustainability, so to speak. *Legal responsibilities* comprise laws and other regulations that constitute a framework under which the company is expected to operate. To take on *ethical responsibilities* means going a step further and complying with ethical norms that are not coded in law, but still expected by society to be fulfilled (Carroll, 1979). In a more recent article, Carroll defines ethical responsibilities with regard to stakeholders:

> “Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just or in keeping with the respect or protection of stakeholders’ moral rights.” (Carroll, 2008, p. 93)

Stakeholders expect a company to recognize their rights and to behave accordingly to societal norms, before they consider this company ethically responsible. Though not prescribed by law, the ethical responsibility is only voluntary to the degree that a neglect of these expectations can have negative consequences on a corporation’s legitimacy.

The last kind of responsibilities however, *discretionary*, is characterized by absolute voluntariness. These so-called responsibilities are “not mandated, not required by law, and not even generally expected of businesses in an ethical sense” (Carroll, 1979, p. 500). Therefore one could question labelling them as responsibilities, at least as long as corporations do not accept them as such. A company takes on discretionary or philanthropic responsibilities if it strives to be a “good corporate citizen” (Carroll, 2008, p. 94).

Carroll (2008) combines the four responsibilities in a pyramid. On the bottom are economic responsibilities as they constitute a company’s purpose and ensure its stability. Besides economic responsibilities, a corporation has to take on legal responsibilities at the very least, since complying with law is not optional. No longer mandatory yet still expected are ethical responsibilities. On the top of the pyramid are discretionary responsibilities. The distinction between those two more or less voluntary responsibilities that companies can take on can be interpreted as follows:

> “[I]t is *expected* that companies behave ethically, and it is *desired* that they engage in discretionary and philanthropic activities.” (Ihlen, Bartlett, & May, 2011, p. 7, emphasis in the original)

This subchapter was dedicated to the discussion of the various responsibilities that companies have towards their environment, namely society and their stakeholders. A corporation taking on these responsibilities suddenly has to deal not with a single but a triple bottom line. This concept will be introduced in the following.

2.3.2 Triple Bottom Line

You cannot talk about CSR or sustainability without mentioning Elkington's triple bottom line. Stating that it is no longer sufficient to just concentrate on economic profit, Elkington (1999) suggests a triple bottom line consisting of the economic, social, and environmental bottom lines. A company should strive for sustainability in these three areas to ensure economic prosperity, environmental quality, and social justice (Elkington, 1999).

On the economic dimension, sustainability is about keeping cost, demand, and profit margins stable, or improve these so that the business will be able to survive in the longer term. A key word here is competitiveness (ibid.). Clearly, performance on this bottom line can be tied to a corporation's economic responsibility. Additionally to economic success, however, a company should – in order to be sustainable – also concern itself with environmental and social topics, i.e. accept its ethical and even philanthropic responsibilities.

Companies should measure their performance against a triple bottom line, and to do that, they need to develop "a much better understanding not only of financial and physical forms of capital, but also of natural, human, and social capital" (Elkington, 1999, p. 72). Also, a corporation striving for sustainability needs to take into account externalities, meaning all economic, social, and environmental costs that are not registered and not reflected in the calculated price for a product. To reduce or even eliminate externalities, one can refer to full cost pricing.

> "The idea of full cost pricing is that all the costs associated with a product or service should be internalized, and, as a result, reflected in its price." (Elkington, 1999, p. 93)

Full cost pricing might be difficult if not impossible to accomplish, but it is essential in measuring corporate performance against the triple bottom line, because measuring this performance is difficult if a big part of the cost (i.e. externalities) is not known.

The three Ps of the triple bottom line, namely people, planet, and profit (representing the social, environmental, and economic bottom lines), are the three main dimensions of CSR. The next subchapter will introduce a concept that is expanded by two more dimensions.

2.3.3 Dimensions of CSR

Despite being the most frequently used term in literature to describe the phenomenon that businesses have responsibilities beyond profit-making, CSR still lacks an agreed-upon definition. Taking another step towards a (universal) definition of CSR, Dahlsrud (2008) found in an analysis of 37 existing definitions that a lot of these are congruent and share five dimensions. These five dimensions that most definitions referred to are:

- the environmental dimension,
- the social dimension,
- the economic dimension,

- the stakeholder dimension, and
- the voluntariness dimension.

While the first three dimensions Dahlsrud found go hand in hand with Elkington's triple bottom line (and to a certain degree with Carroll's CSR pyramid), the last two might need further explanation. The stakeholder dimension is addressed when CSR is defined with explicit reference to stakeholders.[4] Voluntariness is given if a company's CSR activities go beyond that which is prescribed by law[5] (Dahlsrud, 2008). However, the concept of voluntariness when defining CSR seemed to get less important over time.

While older definitions of CSR stress the voluntariness of the actions taken, more recent ones lose this notion. One example is the European Commission's definition of CSR in 2011, describing CSR as „the responsibility of enterprises for their impacts on society" (European Commission, 2011, p. 6). Previously, in 2001, CSR was defined as "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 Commission, 2001, p. 6). So one can see that the definition has been shortened and generalized; and while "social and environmental concerns" and "stakeholders" are brought up in the 2011 version to explain the definition in more detail, there is no explicit mention of voluntariness.

Another reason as to why the dimension of voluntariness got less important might be that the term itself is ambiguous and is understood differently by different authors. Is voluntariness merely the absence of law and other binding rules? Or is an action only truly voluntary if there are no external pressures (e.g. from stakeholder or society in general) leading to it? In this paper, voluntariness is seen as the opposite of mandatory and means the absence of strong, enforceable rules such as laws (not including norms). This is in line with Dahlrud's understanding, and contrary to Carroll's view on the subject.

2.4 Definition

Based on the information given above, CSR will be understood in this paper as follows:

Corporate Social Responsibility (CSR) means that a company, additionally to its economic responsibility, accepts responsibility for the social and environmental impacts its business causes, and by doing so, takes into account various stakeholder interests. Being the basis for a company's continued existence, the economic responsibility a corporation has is twofold: It exists towards its shareholders (in a nutshell: making profit) and towards society in general (producing and selling demanded goods). Assuming economic and legal responsibilities, i.e. complying with laws and other binding regulations while conducting your

[4] See, for instance, the definition of CSR given at the beginning of chapter 2.2 Stakeholders.

[5] Note that this definition of voluntariness differs from the one that is implicit in Carroll's philanthropic (or discretionary) responsibilities. While Carroll links voluntariness not only to the absence of law but also of societal norms and expectations, Dahlrud's definition of voluntariness only comprises the former.

business in a way that allows the company to persist, is not enough to call a corporation "responsible".

The bigger part of CSR is made up by those responsibilities that a company takes on voluntarily. CSR is made visible by corporate actions that go beyond that what is prescribed by law, actions that are beneficial either to society or nature or both. However, the degree of voluntariness can vary: In some cases, there is strong external pressure from stakeholders or society as a whole, so that a company feels compelled to act on these demands and expectations (ethical responsibilities). On other cases, a corporation wants to be a good corporate citizen, without being pressured into it (philanthropic commitment).

By recognizing the potentially harmful consequences of corporate actions on the economic, social and ecological environment, companies take a first step on the long road to sustainability. Corporate sustainability (CS) can be understood as the paradigm under which CSR actions are taken, or, ideally, their goal.

2.5 Related Concepts

There are some concepts that are closely related to CSR and/or CS. One of these terms is corporate citizenship. Corporate citizenship is a way of describing a corporation's political role and its position within society (Ihlen, Bartlett, & May, 2011). As understood here, corporate citizenship means that the company is seen as a citizen, and is a concept underlying CSR. As they are acting entities within society, corporations can be seen as artificial persons (so-called corporate, legal, or juristic persons).[6] From that it is derived that a company has rights and duties (i.e. responsibilities). A company can only assume responsibilities when it is attributed the character of a corporate person, a holder of rights and obligations.

Two concepts that also have already been mentioned are corporate social responsiveness and corporate social performance (CSP). Corporate social responsiveness can be rudimentarily split into two areas: reacting to or anticipating sustainability issues. Therefore, corporate social responsiveness describes the general attitude towards CSR issues and can be seen as a subordinate concept in this field. CSP, as Carroll defines it, is a concept that encompasses CSR, corporate social responsiveness and "the entire spectrum of socially beneficial activities of businesses" (Carroll, 2008, p. 62). It is about action and results rather than intentions.[7]

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[6] Throughout this paper, the corporation is seen as an actor, although it goes without saying that it can only act through its members.

[7] This should not be confused with the notions of CSR and sustainability that have been discussed earlier. CSR is the way for companies to be sustainable; the results of this way are what CSP is about.

3 Theoretical Concepts

In this chapter, several theoretical concepts will be discussed. In order to gain a deeper understanding of CSR, there will be a discussion of institutionalism, legitimacy, and sustainability in the age of capitalism (3.1). Further, the embeddedness of CSR in the company structure will be analyzed, as well as the corporation's relation with its environment (3.2). Another vital component of this thesis is culture, in particular Hall's distinction of high- and low-context cultures (3.3). Finally, this chapter will deal with credibility, and explore how reputation, trust, and credibility work together (3.4).

3.1 Understanding CSR

To understand the concept of CSR, one has first to take a look at organizational theory (3.1.1). Institutional theory in particular is the basis for understanding the notion of legitimacy (3.1.2). Additionally, it is insightful to discuss the interplay between capitalism and sustainability (3.1.3).

3.1.1 Organizational Theory: Institutionalism

Institutional theory is the basis for both understanding the concept of legitimacy and explaining how expectations towards corporations can vary according to culture. The idea is that values and norms differ in different societies, and these values and norms constitute a frame for organizational (and, of course, human) behavior.

> "[I]nstitutional theory highlights cultural influences on decision making and formal structures. It holds that organizations, and the individuals who populate them, are suspended in a web of values, norms, rules, beliefs, and taken-for-granted assumptions, that are at least partially of their own making. These cultural elements define the way the world is and should be." (Barley & Tolbert, 1997, p. 93)

Institutions play a vital role in structuring the social world, not just in organizations but in all parts of human life. Understood very generally, institutions are expectations about human behavior, and as such, constitute constraints for human and corporate behavior. However, as institutions are also generated by behavior, more specifically interactions, they are not stable and can be modified over time (Barley & Tolbert, 1997). Institutions are therefore created and shaped by behavior and in turn shape behavior – they share a reciprocal relationship.

Barley and Tolbert see "institutions as shared rules and typifications that identify categories of social actors and their appropriate activities or relationships" (Barley & Tolbert, 1997, p. 96; italics removed). The social actors can be individuals, groups of people, whole organizations, or other collectives. Institutions influence behavior of social actors not in a strictly deterministic sense; they rather "increase the probability of certain types of behaviour" (Barley & Tolbert, 1997, p. 94). You can choose how to behave within the limits set by institutions. Therefore, violations are possible, though usually not without sanctions: Institutions "influence how people communicate, enact power, and determine what behaviours to sanction and reward" (Barley & Tolbert, 1997, p. 98).

Corporations as social actors are subject to a set of institutions that also entail consequences (i.e. rewards or sanctions). Applied to CSR, institutions pose pressure on companies to behave in a certain way. Generally, there is pressure to accept sustainability as a value. Corporations neglecting to do that commit "commercial suicide", as Elkington (1999, p. 22) puts it. DiMaggio and Powell (1983, p. 150) speak of "formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function". So the pressures that organizations face originate from various sources. For corporate sustainability, the most important ones are society in general and stakeholders in particular (e.g. customers, employees, NGOs, but also other companies in the supply chain).

Institutions, as mentioned above, change over time, but they also differ between cultures. One can assume that sustainability, as being concerned with treating the planet's resources in a way that allows said planet to persist, is a value shared by all cultures. However, the expectations derived from this value can differ cross-culturally, and as a result, so do the institutions that set a frame for corporate behavior.

The social movement of getting more aware of environmental and ethical concerns initiated institutional change: It is now expected that corporations assume responsibility for their impacts on their social and ecological environment. Companies need to accept this responsibility in order to gain and maintain legitimacy.

3.1.2 Legitimacy

The idea behind the concept of legitimacy is that society is the entity that can grant a company its license to operate (or revoke it). There is a social contract between society and an organization: The corporation needs to behave in a certain way in order to gain legitimacy. Legitimacy can be seen as a company's right to exist and is therefore a prerequisite for its survival.

> "[B]usiness earns its "license to operate" from civil society and must act in accordance with accepted social norms to prosper and survive in the long term."
> (Ihlen, Bartlett, & May, 2011, p. 7)

Social norms and expectations are the institutions that determine corporate behavior. They pose a pressure for corporations to behave responsibly; a violation of these norms will be sanctioned and can result in a loss of legitimacy. In other words: If the corporation fails to fulfill its part of the contract, it will not receive the contractual consideration (i.e. legitimacy). The link between CSR and legitimacy becomes even more apparent in the following quotation:

> "Corporations are social creations and it has been argued that their existence depends on the willingness of society to continue to allow them to operate. The idea of a social contract between business and individual members of society suggests that, while the main aim of a business is to make profits, it also has a moral obligation to act in a socially responsible manner." (O'Donovan, 2002, p. 344)

O'Donovan (2002) speaks of a contract not between a corporation and society, but between the business and parts of society. There is no scientific consensus about who the other party in the social contract is. Some argue that the social contract exists between a company and society (e.g. Cho et al., 2015), which is in accordance with the notion that it is society as a whole that can grant legitimacy. Others, however, limit the social contract to specific members of society (O'Donovan, 2002; Brown & Deegan, 1998) or stakeholders to be precise. An argument for this view is that stakeholders are more visible and identifiable as contracting party than society at large. Also, it is usually stakeholders that voice specific demands, whereas society's expectations towards a company are broader. First and foremost, society expects a corporation to be a good corporate citizen. When it comes to stakeholders, expectations get more explicit and pronounced. Stakeholder expectations can be conflicting, even contradictory.[8]

Here, both views shall be combined. There is a social contract between an organization and society that requires the company to conduct its business according to societal norms and expectations to ensure its right to exist. The contractual partner is society as it can grant a corporation its license to operate. Stakeholders are seen as society's surrogates and allow society to act and voice its expectations about corporate behavior. So stakeholders are the ones enforcing the social contract on society's behalf. In accordance with this, Daub claims that it is stakeholders who „force companies to strive for social legitimacy in order to secure their 'licence to operate'" (Daub, 2007, pp. 77-78).

A firm that operates within the boundaries of the existing normative system gains legitimacy; it is under the premise of legitimacy that a society accepts an organization's behavior (Comyns, Figge, Hahn, & Barkemeyer, 2013). In further consequence, non-compliance to the terms of the (implicit) social contract can lead to sanctions and, on the long run, the loss of a company's right to exist. So a corporation's very existence depends on fulfilling its part of the contract. One explanation for this is that a company needs access to resources to be able to operate, and lacking legitimacy can pose a threat to that (Barkemeyer, Preuss, & Lee, 2014). The importance of legitimacy can also be deduced by the strength of the social norms on which it is grounded: "Societal expectations are based upon numerous agreed-upon social norms, thus an organization's survival depends on its ability to meet society's expectations in the fulfillment of this implicit contract." (Cho, Laine, Roberts, & Rodrigue, 2015, p. 80) Also,

[8] For more on this subject (conflicting stakeholder demands), see below.

deviation from societal values and expectations has negative reputational consequences and as society's awareness for environmental and social issues is ever growing, a company's legitimacy and existence are threatened (Comyns, Figge, Hahn, & Barkemeyer, 2013).
That its continued existence is the central goal of a company has already been stated above. Van Marrewijk links legitimacy directly to CSR:

> "The right to be and the capacity to create added value equals the duty to be responsible for its impact and to adjust itself to changes in its environment. Without conforming to this principle, organizations ultimately risk extinction." (Van Marrewijk, 2003, p. 103)

This could be one of the reasons why the dimension of voluntariness got less important when defining CSR. Following legitimacy theory, one could argue that there is no voluntariness since compliance to certain (social) rules is necessary in order not to lose the right to operate.
The process by which companies can achieve legitimacy is called legitimation. This process has to be adapted to the constantly changing expectations of society (Brown & Deegan, 1998). It is important to note that some firms have higher legitimation needs than others, in particular those companies whose operations pose a risk to their environment.[9] An important instrument in the process of legitimation is communication, which is the central topic of this paper and will be discussed in chapter 4.

3.1.3 Capitalism and Sustainability

Capitalism is sometimes seen as being the root for the current environmental and ethical problems surrounding business – "although it is far from clear that capitalism is significantly more environmentally damaging than the alternatives" (Elkington, 1999, p. 24) – probably because it is the most dominant market form today. Whether or not capitalism is causing sustainability problems, it is undisputed that business operates not in a vacuum but under set conditions, and one of these conditions is capitalism. Therefore a brief discussion of the term seems appropriate.
Capitalism can be defined as "an economic (and necessarily, political) system in which individual owners of capital are (relatively) free to dispose of it as they please and, in particular, for their own profit" (Elkington, 1999, p. 25). Corporations dispose of a substantial amount of financial, natural, and human capital and are usually profit-oriented. As such, companies are inherently capitalistic according to Elkington's definition. Compared to individuals, the amount of capital that firms have at their command is large; therefore the consequences of using said capital are more extensive. It is due to this that the idea of CSR has taken root: that companies bear a responsibility for these far-reaching consequences.

[9] One could think here, for instance, of an oil company. Incidents like oil spills pose a threat to the ecological environment and thus a threat to the firm's legitimacy.

A main question in the discourse about sustainability and capitalism is whether the two are irreconcilable. The question is justified since they stand for very different axioms: On the one hand, there is concern for one’s own profit; on the other, the concern is for the whole planet including the people on it. If business is only concerned with the “imperative of maximizing profit and shareholder value” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 86), it cannot be sustainable.

A feature of capitalist market is the constant need for growth that firms are confronted with: “In order to prosper, or even survive, within this system, corporations sense the need to constantly search for growth opportunities.” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 84) The question that arises here is if a company can be ever-growing and sustainable at the same time.

In a strictly capitalist view, CSR itself has legitimation needs. If companies are expected to show constant growth and to yield constantly higher financial returns, how can they justify engaging in activities that reduce corporate profit for the benefit of the (social and/or ecological) environment? This problem also stretches to communication about CSR, for instance sustainability reporting. How can corporations be expected to accurately report on having spent money on issues not directly related to their core business when their prime purpose is to maximize profit for shareholders? How could they declare that they will not grow because the natural environment would suffer?

Critics of CSR use the capitalist background in their reasoning and declare CSR just a mask for capitalistic corporations (Ihlen, Bartlett, & May, 2011). They claim CSR is nothing but manipulation and deception, an allegation that is raised especially in the context of communication about CSR. It is in the light of capitalism that distrust and suspicion towards CSR communication can be explained.

Following Elkington’s definition of capitalism, sustainability and capitalism are not irreconcilable. If corporations accept sustainability as a value and can dispose freely of their capital, then maximizing profit is no longer the only goal of business. Sustainability can work under current market conditions if it is integrated into corporate thinking and action. The next chapter will deal with how CSR fits in a company’s structure.

3.2 CSR In- and Outside the Company

This chapter will first take a look at how CSR is embedded in a company (3.2.1), and then analyze (in the context of sustainability) the relation of the company and its environment with the aid of systems theory (3.2.2).

3.2.1 CSR in the Company Structure

Sustainability was defined as the goal of CSR, it is therefore a guiding principle that can be more or less integrated into the company's structure.[10] As a result, CSR, as the embodiment of sustainability, is somehow embedded in the company. Although gaining in importance, not all firms have their own departments dealing with CSR issues. A reason for this is that CSR can be seen as a comprehensive management function and therefore cannot be attributed to a single department.[11]

Communication about CSR – which is the topic of this paper – belongs to the field of corporate communication. More specifically, one could argue that it is a close relative of public relations.

> "Public relations is more than managing the flow of information between an organization and its publics. It is a communications discipline that engages and informs key audiences, builds important relationships and brings vital information back into an organization for analysis and action." (PRSA, 2015)

Following this definition, CSR is public relations in the field of sustainability. CSR is concerned with the company's impact on its social and ecological environment, or, more precisely, with the responsibilities towards its stakeholders. Managing these responsibilities via communication is an integral part of CSR. One could even go so far as to call it "stakeholder relations".

The reason why many organizations engage in CSR projects is to gain legitimacy. Merkelsen calls legitimacy "a fundamental challenge in the relationship between business and society, the very object of the public relations profession" (2011, p. 125). If legitimacy is the object of PR and a main driver in the sustainability revolution, it can be argued that the fields are somehow related.

Since the role of CSR *inside* a corporation has been discussed, now it is time to take a look at the outside dimension, i.e. the relation of a company and its environment in the context of sustainability.

3.2.2 Systems Theory

The term environment has been mentioned before several times. As understood in this paper, it does not only refer to the ecological environment, but – roughly worded – to everything outside a firm's boundaries. This notion is derived from systems theory. A system can be defined as an organized unit within a fluctuating environment with which it interacts (Parsons, 1976). If the company is seen as a (social) system, its environment "consists of all

[10] For instance, Van Marrewijk identified five "ambition levels of corporate sustainability" (Van Marrewijk, 2003, p. 102).
[11] Pollach et al. found that in some European companies, CSR is managed by the communications department. See: Pollach, I., Johansen T. S., Nielsen A. E., & Thomsen C. (2010): The Integration of CSR into Corporate Communication in Large European Companies. *Journal of Communication Management*, 16(2). pp. 204-216.

those variables that, although affecting the system's behavior, could not be directly influenced or controlled” (Gharajedaghi, 2011, p. 183).

It follows that an organization is not a closed system; it operates in interaction with its environment. This interaction has an input and an output dimension (Parsons, 1976). While the input dimension describes influences the environment has on the company, the output dimension is twofold: Firstly, it consists of the corporation’s economic responsibility, which means “serving a need in the environment“ (Gharajedaghi, 2011, p. 9) by providing demanded goods (and making profit in the process). Secondly, the output dimension comprises all (other) impacts the firm has on the environment. CSR is about assuming responsibility for these impacts.

> “As a purposeful system, an organization is part of a larger purposeful whole – the society.” (Gharajedaghi, 2011, p. 12)

Though probably not intended by Gharajedaghi, who does not go deeper into this matter expect for the fact that organizations should produce output that they can sell to members of the society, and that they get some of their input from society (input/output dimension), this quotation illustrates that a corporation can be seen as a subsystem within a larger system (society), and that it is this connection that constitutes corporate responsibilities. Society, or rather some groups in society are important stakeholders to whom the organization is responsible in more than a merely economic way of supplying them with goods.

3.3 Culture

Although the shift towards sustainability is a worldwide phenomenon, it can be expected that different cultures have different ways of dealing with it. This chapter will discuss culture in general determining communication (3.3.1), as well as Hall’s notion of high- and low-context cultures in particular (3.3.2).

3.3.1 Culture and Communication

In chapter 3.1 the relevance of institutions for CSR has been discussed. Institutions arise from culture. Elkington (1999, p. 7) states that “it is clear that societal and business values differ widely around the world. This is the context within which sustainable development must be put into practice.” The reason why societal and business values are different in different parts of the world is culture, as values are “among the building blocks of culture” (Hofstede, 1982, p. 21).

Definitions of culture are plenty and diverse. For the purposes of this thesis, it shall be sufficient to trivially define culture as a way of living shared by a group of people. More specifically, culture can be seen as “the collective programming of the mind which distinguishes the members of one human group from another” (Hofstede, 1982, p. 21). As such, culture is something that is shared by a human collectivity, and simultaneously something that can be used to differentiate one human collectivity from another.

Despite the fact that culture is understood diversely, there are some features that are commonly attributed to culture:

> "[A]nthropologists do agree on three characteristics of culture: it is not innate, but learned; the various facets of culture are interrelated – you touch a culture in one place and everything else is affected; it is shaped and in effect defines the boundaries of different groups." (Hall, 1976, p. 16)

One is not born with a mindset encrypted with a specific culture. Culture is not naturally given, it is something that individuals have to learn in their process of socialization. It is important for individuals to learn a culture as it influences everyday life. The other two points characterizing culture remind of systems theory: Changing one element affects the whole system; and culture being seen as a way to differentiate between the system (i.e. a certain cultural group) and its environment.

Via institutions, culture influences behavior. However, even without institutional establishment, culture shapes human thinking and actions. Hall claims that culture "designates what we pay attention to and what we ignore" (Hall, 1976, p. 85). Culture can therefore be seen as filter through which humans perceive their world, and as the general background for human behavior. One human behavior that is strongly influenced by culture is communication. Communication here shall be understood as a way to create and transport meaning.

Meaning is generated by the interaction of information and context (see figure 1 below). Information refers to those elements in a message that are expressed in explicit (verbal) code (Kittler, Rygl, & Mackinnon, 2011). Context, however, can be understood as a way "of looking at things" (Hall, 1976, p. 113) and is especially vital when decoding implicit content in a message. Taken together, the two create meaning: "Defined as a vantage point, context[12] describes preprogrammed, rather culture-specific cues that only need minor activation (through) information to establish meaning." (Kittler, Rygl, & Mackinnon, 2011, p. 67)

Context can be distinguished into internal and external context. External context refers to the situation in which a person finds themselves when receiving a message (Hall, 1976). The internal context consists of those parts in the meaning-generating process that happen in the receiver's brain, "the background and preprogrammed responses of the recipient" (Hall, 1976, p. 100). Hall offers an even more in-depth differentiation of context:

> "Contexting probably involves at least two entirely different but interrelated processes – one inside the organism and the other outside. The first takes place in the brain and is a function of either past experience (programmed, internalized

[12] Context as described here refers more to internal than external context (distinction see below).

> contexting) or the structure of the nervous system (innate contexting), or both. External contexting comprises the situation and/or setting in which an event occurs (situational and/or environmental contexting).” (Hall, 1976, p. 95)

The internalized contexting process draws on past experience and is largely determined by culture. The meaning of a message differs greatly depending on the context, and therefore culture indirectly shapes meaning.

3.3.2 High- and Low-Context Cultures

Hall (1976) developed a “cultural” continuum with two poles: high context (HC) and low context (LC). In high- and low-context systems “the unspoken, unformulated, unexplicit rules governing how information is handled and how people interact and relate are at opposite ends of the context scale” (Hall, 1976, p. 112). Culture is a rulebook influencing – among other things – communication.

> “HC transactions feature preprogrammed information that is in the receiver and in the setting, with only minimal information in the transmitted message. LC transactions are the reverse. Most of the information must be in the transmitted message in order to make up for what is missing in the context (both internal and external).” (Hall, 1976, p. 101)

HC communication is characterized by emphasizing context (as the name suggests) and by using very little explicit code. LC communication on the other hand is heavy on the information side while only little (internal and external) context is needed to generate meaning. In further consequence, a message that carries little information but occurs in a HC setting can have the same meaning as a message loaded with information in a LC setting. Figure 1 visualizes this notion.

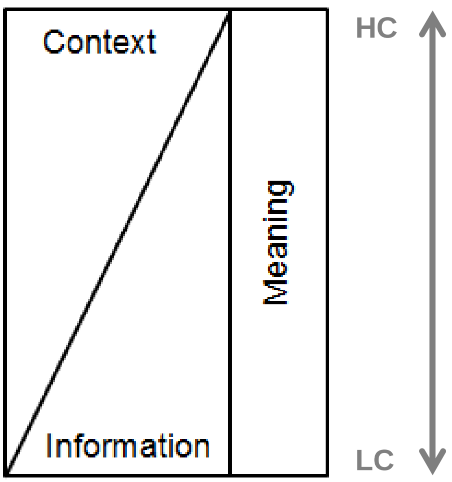

Figure 1: Meaning as a function of context and information (Hall, 1976, p.102)

Halls concept of HC and LC cultures is not immune to critique. The major points that have been criticized are the obvious tendency to bipolarity, a lack of empirical foundation, and overgeneralization (Kittler, Rygl, & Mackinnon, 2011). Hall conceded that “no culture exists exclusively at one end of the scale" (Hall, 1976, p. 91), and while it is a continuum, it is easier to work with its poles, which might explain why the concept is used as a dichotomy rather than a scale in (empirical) research.

3.4 Credibility

Before looking at credibility itself (3.4.2), this chapter will deal with the notion of trust (3.4.1) as it is a prerequisite for credibility. A discussion of Habermas' theory of communicative action (3.4.3) will follow. Since credibility and trust are closely tied to a company's reputation, subchapter 3.4.4 will be dedicated to this concept. Concluding this chapter, these notions and their relations will be discussed (3.4.5).

3.4.1 Trust

In a complex environment, trust is necessary. Dando and Swift (2003, p. 196) call trust a "key element of credibility". Trust can be defined very generally as "an individual's optimistic expectation about the outcome of an event" (Hosmer, 1995, p. 381). Although this is one of the earliest academic definitions of trust, it comprises the two most important dimensions: The uncertainty of an event (or rather, of its outcome) and the trusting individual's expectation about it. Trust is subjective, and, in an economic sense, irrational (Hosmer, 1995).

Economic relationships are often characterized by mistrust. Under the paradigm of the profit-maximizing homo oeconomicus it is postulated that people will portray opportunistic behavior whenever it ensures them greater profits. Therefore, there need to be contracts and controls – substitutes for trust (Hosmer, 1995). However, opportunism has long-term consequences such as loss of trust and consequently, damaged reputation. (This applies to a single person as well as to companies as a whole.) Hosmer formulates the relationship between trust and reputation as follows:

> "Reputation, of course, is the result of trustworthy behavior, and trust in this sense is […] the economically rational decision to do exactly what you have contracted to do or promised to do because otherwise you would suffer an eventual loss in reputation and, hence, in contracting opportunities." (Hosmer, 1995, p. 386)

There are certain conditions that motivate trust. On the one hand, emotional trust can be motivated by a "strong positive affect for the object of trust" (Hosmer, 1995, p. 389); on the other hand, there is cognitive trust that can be motivated by rational reasons. These conditions are of course not mutually exclusive, they are rather complementary in the sense that usually a combination of both motivational factors can be observed.

Another, more sophisticated definition of trust is the following:

> "Trust is the reliance by one person, group, or firm upon a voluntarily accepted duty on the part of another person, group, or firm to recognize and protect the rights and

> interests of all others engaged in a joint endeavor or economic exchange." (Hosmer, 1995, p. 393)

This definition of trust reminds of CSR in several dimensions (e.g. "voluntarily accepted duty", acknowledging the "rights and interests" of others). Therefore, a definition of trust with regard to CSR will be given: Trust with respect to corporate sustainability can be defined as the reliance by (potential) consumers, business partners, etc. upon the (more or less) voluntarily accepted duty on the part of a corporation to recognize and protect the rights and interests of all stakeholders, i.e. people directly and indirectly affected by the business.

The link between trust and CSR also becomes apparent in the following quotation: "Trust is the result of 'right', 'just' and 'fair' behavior […] that recognizes and protects the rights and interests of others within society." (Hosmer, 1995, 399) Hosmer (ibid.) further defines trust as "the expectation […] of ethically justifiable behavior", a denotation that suggests trust is also related to institutions, if not an institution itself.

3.4.2 Credibility in Communication

Trust and credibility share a relationship of interdependence: While there cannot be credibility without trust, trust is also a result of credibility. Elkington points out the importance of credibility for the creation of social capital:

> "The levels, and credibility, of information disclosure both by companies and by government agencies will play a key role in influencing the extent to which social capital is created, conserved, effectively invested, or eroded in any given society." (Elkington, 1999, p. 167)

Social capital can take many forms; an important type of social capital is trust. So it is necessary that a communication is credible in order to build social capital (trust), but at the same time, trust is a precondition of credibility.[13]

Credibility is an important topic when talking about CSR as CSR communication usually encounters mistrust and skepticism: "[T]here is a non-negligible scepticism amongst stakeholders to companies' CSR communication. The scepticism lies in a suspicion that CSR is something you talk about but not act on, i.e. mere window dressing or some sort of PR invention." (Arvidsson, 2010, p. 342) CSR reporting as one of the most important forms of CSR communication also underlies this skepticism.

Credibility in this paper means subjective credibility, i.e. the credibility as it is perceived by the recipients of CSR communication (who are, as stated above, primarily stakeholders). Competence and trustworthiness of the company are usually seen as the two major components that make up credibility (Hansen, 2014). These two perceived attributes of a corporation fall under the construct of corporate reputation.

[13] That trust is both a result and a precondition of credibility will be discussed in more detail below under point 3.4.5.

It is not only the company's reputation, however, that influences the credibility of CSR communication. There are also some criteria CSR communication itself has to fulfill in order to be credible (credibility on the communication side). Such criteria are (among others): transparency, availability (Hansen, 2014), truth, and sincerity (Habermas, 1988). The criteria truth and sincerity will be discussed in the following subchapter.

3.4.3 Habermas' Theory of Communicative Action

According to Habermas, the ideal situation for any communication to take place is symmetry. Perfectly symmetrical communication, however, is only an ideal that is impossible to achieve (Habermas, 1988). The idea of symmetrical communication can be found in literature about PR, where the importance of dialogue and mutual understanding is stressed. It is claimed that PR and related corporate communication fields (like CSR communication) are oriented towards dialogue and mutual understanding. Thus defined, such communication is what Habermas would call a communicative action.

However, one could argue that despite the normative claim that PR is symmetrical communication aiming at creating understanding, it is sometimes a one-way communication trying to achieve specific goals set by the organization. In that sense, CSR communication with the goal of achieving legitimacy would be a strategic action according to Habermas (1988). Strategic action can be differentiated from communicative action by the goal of said action: While communicative action, as stated above, is primarily directed towards mutual understanding, strategic action is characterized by the fact that it is a means for actors to achieve individual goals (e.g. saving a company's reputation in a crisis) (Habermas, 1988).

Let us assume that CSR communication is a communicative action directed at cooperation (in that case, a strong communicative action). It then underlies three validity norms ("Geltungsansprüche") which can be defined as shared expectations of two or more actors who engage in communicative action. Successful communicative actions are characterized by following validity norms:

- Rightness,
- Truth, and
- Sincerity (Habermas, 1988).

Rightness means that the communicative action seems right (appropriate), considering the context in which it is set. Truth refers to the actors telling the (objective) truth, whereas sincerity is directed at the actors' intentions, more specifically, that the actors speak according to their true intentions (Habermas, 1988). If the validity claim of sincerity is not fulfilled, this leads to loss of trust in the actor who has violated this norm. A reason for why communication about CSR lacks credibility might be found in the fact that the addressees of CSR communication expect a violation of one (or more) of these norms.

CSR communication has to be right, true, and sincere in order to be credible. Rightness could refer to, for example, the channel used to communicate a corporation's social responsibility. If achievements in this area were communicated via traditional advertising, for instance in a TV spot, this might not be perceived as right. That a communication has to be true to be credible is obvious. In the case of communication about sustainability issues this means that companies need to take care not communicate something that they are not actually doing. Sincerity, however, is about the corporation's intentions. Communicating about CSR just to "look good", while only making minimal efforts, would not be sincere. Sincerity is a demand that has to be met by CSR communication in order to achieve legitimacy (Ihlen, 2011), and gaining legitimacy, as stated previously, is the main goal of CSR communication.[14]

3.4.4 Reputation

Morsing et al. (2008) have stated, based on a survey conducted by the Reputation Institute, that CSR is a "key driver of corporate reputation". Corporate reputation can be understood as a "relatively stable, issue specific aggregate perceptual representation of a company's past actions and future prospects compared against some standard" (Walker, 2010, p. 370). Reputation therefore has five characteristics (Walker, 2010):

1. It is based on perceptions.
2. The basis is the collective (or aggregated) perception of all stakeholders.
3. It can be compared, e.g. with competitors' reputations or past reputations.
4. It is relatively stable, although it can change quickly, e.g. induced by a major scandal.
5. It can be positive or negative.

It is necessary to differentiate between reputation and related concepts like image or organizational identity. Corporate reputation is about actual perceptions that are relatively stable over a longer period of time, whereas organizational image often refers to how the company is trying to be perceived (Walker, 2010). Also, while reputation reflects both internal and external stakeholders' perceptions, image usually refers to external stakeholders, and corporate identity usually to internal stakeholders (ibid.).

Walker (2010) argued for dropping the idea of an overall corporate reputation in favor of the adoption of issue-specific reputation (e.g. a corporation's economic reputation, corporate reputation as employer, etc.). Similarly, the Reputation Institute lists six dimensions of reputation: social responsibility, vision and leadership, financial performance, workplace environment, products and services, and emotional appeal (Morsing, Schultz, & Nielsen, 2008). While the Reputation Institute's understanding of social responsibility is largely reduced to philanthropic and environmental issues, CSR shares features also found in other

[14] The paradox here is that, in order to gain legitimacy, the corporation's primary intention behind its CSR communication must not be achieving legitimacy.

dimensions, such as workplace environment (being a good employer to employees is also part of CSR), or vision and leadership, as sustainability is clearly an issue that should be discussed when talking about a company's future.

In detail, it is emotional appeal that drives reputation, and emotional appeal on the other hand is driven by two dimensions, namely CSR and products and services (Morsing, Schultz, & Nielsen, 2008). A company's emotional appeal means “the trust, admiration, and good feeling stakeholders have towards a company” (Morsing, Schultz, & Nielsen, 2008, p. 101). Emotional appeal comprises the affective component of reputation, including trust. Therefore, trustworthiness as a major element of credibility is a result of a corporation's emotional appeal, while competence (the other component that makes up credibility) is rather rationally grounded.

3.4.5 Modelling Credibility

Corporate reputation can be seen as the collective stakeholders' perception of a corporation. The list of perceived qualities that corporate reputation encompasses is long and constantly expandable; for the purposes of this thesis it shall be enough to note that competence and trustworthiness are amongst them. The perceived competence and trustworthiness of a company make up its credibility. “Corporate” credibility covers all areas of a company's activity, and therefore is a determinant of the credibility of corporate communication. Generally, source credibility is a crucial requirement for any communication to be successful, therefore one should not overlook the importance of corporate reputation in the transmission of messages (Jahdi & Acikdilli, 2009).

Corporate credibility is a necessary, but not sufficient condition for a communication's credibility. In order to be credible, there are conditions the communication itself has to fulfill, such as rightness, truth, and sincerity. By conforming to these validity norms, trust can be built. Earning stakeholders' trust is a direct antecedent to being perceived as trustworthy, and a reputation of trustworthiness, in combination with competence, constitutes corporate credibility. These deliberations are visualized in figure 2.

The interplay of reputation, trust, and credibility is likely to be more complex than stipulated here. However, the model can illustrate the basic relation of these concepts, in particular the interdependence of trust and credibility. This interdependence leads to a kind of circle that makes it difficult to pin down the origins of credibility. On the one hand, corporate credibility is necessary for a communication to be perceived as credible. On the other hand, reputation is a result of “a company's actions as well as the communication about them“ (Schlegelmilch & Pollach, 2005, p. 268).

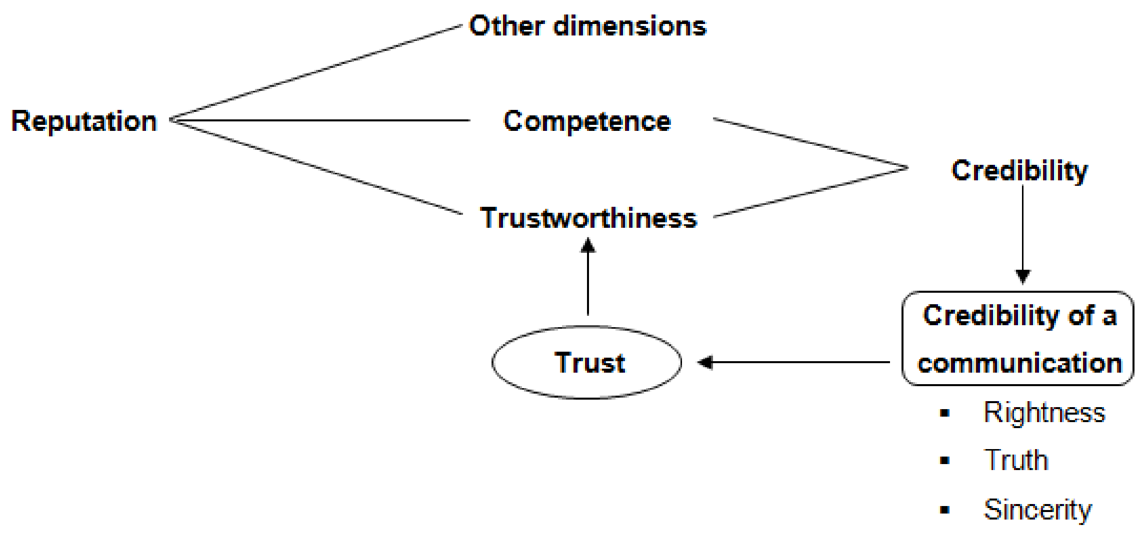

Figure 2: Reputation and Credibility

So, where does CSR come in? First of all, it is important to note that corporate sustainability and CSR are parts of corporate reputation, as a company can be perceived as being sustainable or socially and environmentally responsible by stakeholders: “It seems more important than ever before for companies to be *perceived* as respectable and socially responsible organizations in modern society, i.e. to build a corporate reputation of social commitment.” (Morsing, Schultz, & Nielsen, 2008, p. 97, empahsis added) Also, the commitment to take on responsibility for one’s impact on society and environment, and to protect stakeholder interests, can earn a company its stakeholders’ trust. Engaging in CSR can therefore help building (corporate) credibility, which enhances the credibility of corporate communication.

Therefore, CSR communication as being corporate communication should profit from a company’s acceptance of responsibilities. However, CSR communication is also the medium through which that fact is made known in the first place. To be perceived as responsible, a corporation has to successfully communicate its engagement in CSR and sustainability issues; only then, trust can be built which in further consequence leads to corporate credibility. The next chapter will discuss the topic of CSR communication in more detail.

4 Communicating CSR

Now that the underlying theoretical concepts have been discussed, this chapter will be concerned with communicating CSR in general, before turning to CSR reports in chapter 5. In particular it will be of interest why there is a need to communicate CSR in the first place (4.1), and what specifics of CSR communication have to be considered (4.3). Also, the basics of CSR communication (4.2) will be discussed.

4.1 Motivation

In the previous chapter it has been stated that engaging in CSR can earn a company its stakeholders' trust and therefore benefit corporate reputation, if communicated in a way that is credible. More generally, there are two main reasons why a company would want to communicate about CSR:

(1) It is the most important source of information available to stakeholders on the company's CSR.
(2) It can be expected that socially and ecologically good behavior will be rewarded somehow.

The first point is in line with accountability theory and will be discussed in chapter 4.1.1. The potential rewards for socially and ecologically responsible behavior are laid out in 4.1.2. Finally, there are also other reasons why a company would want to communicate about its CSR activities (4.1.3.).

4.1.1 Accountability: The Right to Know

Legitimacy as the goal of CSR communication is based on a company's commitment to sustainability which is expressed through the firm's CSR activities. Somehow, information on these activities must be conveyed to the stakeholders: "[I]n order to be regarded as socially responsible, a company must make its CSR activities visible and accessible to both internal and external stakeholders." (Arvidsson, 2010, p. 342) It is therefore important to communicate about CSR.

The addressees of CSR communication are stakeholders (Ziek, 2009); only by communicating CSR according to their expectations can a firm achieve legitimacy: "[CSR] communication is designed to meet stakeholders' expectations and thereby achieve moral legitimacy." (Lock & Seele, 2013) In line with legitimacy theory one can argue that there is a pressure (derived from stakeholders' expectations) to behave responsibly, and consequently, there is pressure to disclose information on this behavior and its outcomes. Elkington (199, p. 164) believes stakeholder pressures are "critically important in driving this trend" to corporate disclosure.

Stakeholders are interested in corporate actions taken under the mantle of sustainability (Ziek, 2009), and therefore demand information on past, present, and planned action. They use this information “to compare, benchmark, and rank the performance of competing companies” (Elkington, 1999, p. 8). In further consequence, information on CSR activities is vital for stakeholders as they need this information to base strategic decisions on (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010). Barkemeyer et al. state that CSR reporting is about stakeholder empowerment, and the same can be said for CSR communication in general:

> “A functioning reporting regime should empower stakeholders through the provision of sustainability-related information. It should help companies to be transparent and accountable with regard to those aspects of their sustainability performance that are most material for their stakeholders, and stakeholders should then be able to integrate this information into their decision-making.” (Barkemeyer, Preuss, & Lee, 2014, p. 9)

Although narrowed down to the context of reporting, these aspects are true for all forms of CSR communication: By the provision of information on corporate sustainability, communication about CSR can lead to transparency and accountability, and help stakeholders make founded decisions.

On the one hand, there is pressure to communicate CSR in order to achieve legitimacy. The other side of the coin is that stakeholders not only demand information, but also have a right to this information. This notion is closely tied to the concept of CSR in general and known under the term accountability.

> “Accountability is about identifying what an organisation is responsible for and providing information to those who have a right to that information.” (Comyns, Figge, Hahn, & Barkemeyer, 2013, p. 233)

The idea of CSR is that corporations have a certain responsibility towards society and towards their stakeholders in particular. In further consequence, a company is accountable to its stakeholders. Accountability theory states that stakeholders have a right to demand information from a company in matters that concern them (O'Donovan, 2002). On the other hand, organizations have a duty to inform their stakeholders about their operations (Comyns, Figge, Hahn, & Barkemeyer, 2013).

Accountability can also be seen as a solution to the problem that sustainability is an unreachable ideal: One way to avoid “the dilemma of not being able to reach the goal, anyway” (Ihlen, 2015, p. 149) would be to lay down the claim of sustainability and provide accountability instead. This seems appropriate as accountability “demonstrates corporate acceptance of its ethical, social and environmental responsibility” (Adams, 2004, p. 432).

Accountability, however, is only fulfilled if the communication is “trustworthy” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 81), i.e. credible, else the recipients are not able to use this information appropriately. The reason why credibility (or, according to Cho et al.: trustworthiness) is so important when communicating CSR is that when lacking credibility, the information is not useful for stakeholders and, in further consequence, will not lead to legitimacy. Credibility is also an important indicator for the efficacy of the communication process:

> "The degree to which stakeholders are able to rely on and trust corporate social and environmental accounts is a marker of the efficacy, sincerity and legitimacy of accountability processes." (Dando & Swift, 2003, p. 199)

That CSR communication faces distrust has been stated previously; in chapter 4.3 this will be discussed in more detail. For now, it shall be sufficient to note that credibility is an important quality of CSR communication.

4.1.2 Rewards and Punishments

Once a company's CSR engagements are made visible, it is assumed that stakeholders will reward behavior that is seen as desirable in a social or environmental context. Although there are still doubts concerning the validity of this claim, several studies have shown that stakeholders "tend to value a positive social performance and punish a negative one" (Alniacik, Alniacik, & Genc, 2011, p. 242).[15]

The kind of punishment or reward for socially and environmentally (ir)responsible behavior differs between different stakeholders groups. Investors, for instance, might want to give their money to responsible corporations. Other stakeholder groups include companies along the supply chain or potential contract partners; for those firms it might be important that their business partners are not bad environmental performers. And consumers, of course, can reward or punish a company by buying or boycotting its products or services. Dawkins (2004, p. 113) observes that "the public is increasingly aware of its consumer power" and that consumers are willing to exert this power.

> "Companies able to engage their stakeholders with a clear vision of their shared future and, in the process, to outperform their competitors against the triple bottom line will be much better placed to win people's hearts and minds – along with their money." (Elkington, 1999, p. 38)

Though a plausible idea, the findings of empirical research on the subject of consumers and other stakeholders rewarding corporations for socially responsible behavior are ambiguous. However, it is more than just a plausible assumption that unethical or irresponsible behavior will be punished. A very recent example is the Volkswagen emissions scandal. The German car manufacturer had installed devices in their diesel engines that would tamper with the results of emission levels on tests, while the actual emissions were a lot higher than claimed (or even allowed). After this came to light in September 2015, the Volkswagen shares dropped immediately. Of course, this is a very extreme example, with Volkswagen acting beyond the borders of law. However, it is useful to illustrate two things: First, that betraying

[15] Even if not empirically validated, theoretically, this notion is reasonable.

stakeholders' trust does have (financial) consequences, and second, that misbehavior is hard to cover up. Elkington gives an explanation for the latter, stating that "new technologies and communication channels will enormously complicate the task for anyone trying to keep triple bottom line misdemeanors secret" (Elkington, 1999, p. 163). Therefore not disclosing information is not an option either. On the contrary, early disclosure can help avoiding (or muting) a scandal when it occurs:

> "Companies that have faced public outrage, and have been in fear of losing some part of their licence to operate, have found that early, honest disclosure can help immeasurably in building or rebuilding public support." (Elkington, 1999, p. 164)

Not only bad *performance* against the triple bottom line has negative consequences, even communication about CSR can lead to punishments. In particular, there is evidence that communication about CSR that is not backed by any actions can affect the communicating corporation negatively. Walker and Wan (2012) – examining CSR contents on corporate websites of Canadian firms in environmentally stressing industries such as the oil or energy industry – found that actual accomplishments in ecological sustainability (substantive actions) were not rewarded, but mere talk about intentions and future plans to take environmentally responsible actions (symbolic actions) would affect a company's financial performance negatively. Explaining their results with prospect theory, they conclude:

> "[T]he results suggest that the pain/aversion people feel as a result of symbolic actions (a perceived loss) drives stakeholders to punish the firm more strongly than would be the drive to reward firms for substantive actions (a perceived gain). The sensitivity to losses/negative information is greater than toward gains/positive information." (Walker & Wan, 2012, p. 239)

The question remains if these findings are transferable to other industries or to CSR communication in general. What one can take away from this, however, is that potential rewards or punishments for corporate behavior are closely tied to the communication about it – be it corporate communication or other, e.g. media coverage.

Engaging in CSR and communicating about it can also have long-term consequences on corporate reputation. In fact, it all comes down to reputation: Consumers who won't buy a product, potential contract partners not willing to do business with the firm – those can either be short-term and short-lived setbacks, but if sustained on the long run, they indicate reputational damage. The same is true for the positive consequences; stakeholders might want to do business with corporations that have a reputation of responsibility. Therefore, reputational benefits stemming from CSR can be seen as an intermediary stage that comes before the actual rewards. The link between reputation and potential rewards becomes apparent in the following quotation:

> "These efforts at establishing an ethical reputation may prevent customer churn and labour turnover, attract new customers and high-calibre job candidates, or

> enable companies to charge premium prices solely on the basis of their first-class reputations." (Schlegelmilch & Pollach, 2005, p. 268)

Corporate reputation also plays a part when it comes to legitimacy. Cho and Patten (2007, p. 641) state that "firms seeking to gain or maintain legitimacy have an incentive to use communication strategies […] to potentially influence societal perceptions." Corporate reputation is, per definition, an aggregate societal perception about the company. A corporation with the reputation of having no regard for the environment and the people in it will sooner or later face legitimacy issues. However, if a company with a reputation of being highly responsible is being accused of acting irresponsibly in a certain aspect, the threat to legitimacy is not that high since the misdemeanor might be considered a minor slip.

4.1.3 Reasons for Disclosure

To sum up, the most important reasons for disclosing information on CSR will be listed and discussed[16]:

- Legitimacy
- Imitation
- Accountability
- Impression management
- Rewards

The principle reason to communicate about CSR is to achieve and maintain legitimacy. One might even go so far as to say there is coercive pressure that forces companies to communicate their triple bottom line performance (DiMaggio & Powell, 1983). This pressure comes from stakeholders demanding information. Another form of pressure is competitive in nature: If competitors communicate about CSR, a firm might feel pressured to imitate them (DiMaggio & Powell, 1983). This is particularly the case when the company that is already communicating CSR is seen as an example: "Organizations tend to model themselves after similar organizations in their field that they perceive to be more legitimate or successful." (DiMaggio & Powell, 1983, p. 152)

On the other hand, a corporation might voluntarily disclose information for various reasons. First, the firm provides accountability because it believes that stakeholders have a right to know. Second, the company might disclose social and environmental information to enhance reputation or image, or to show commitment. Finally, the corporation might expect rewards for good performance against the triple bottom line.

However, a company can only expect to be rewarded for good social and environmental performance if it is able to communicate its achievements (and shortcomings) in a credible way. This will be discussed in chapter 4.3.

[16] It is important to note that these reasons are not strictly isolated from one another; they are, to some extent, indistinct.

4.2 Basics of CSR Communication

Before the specifics of CSR communication (namely its lacking credibility) will be discussed, this chapter deals with corporate communication in general (4.2.1) and with rhetoric (4.2.2).

4.2.1 Corporate Communication

This subchapter will approach the corporation as communicator. Communication about a company's triple bottom line performance can come from different sources, such as NGOs, consumer interest groups, or the media. In this thesis however, CSR communication as corporate communication is of interest.

Cheney (1983) claims that all organizational communication directed towards parties outside the company (i.e. in its environment) is persuasive. CSR communication therefore has the purpose of persuading its addressees, namely stakeholders. This view is in line with the argument that CSR communication is directed at achieving and maintaining legitimacy. However, one needs to be careful with how far the persuasion goes.

Cheney and McMillan state that „organizational documents engage consistently in self-justifying arguments which praise the organization for successes and absolve it from responsibilities for failures; such messages tend to reinforce the organizational identity and protect the organizational image" (Cheney & McMillan, 1990, p. 104). While this is a way for corporations to build their reputation, as the alignment of an organization's identity and image is the foundation of a solid corporate reputation (Argenti, 2009), it would be wise to take care when it comes to corporate communication of CSR. It is reasonable that a corporation will want to present itself in the most favorable light possible, but CSR communication must not be confused with advertising. Excessive praise is not appropriate in this context; and absolving a company from its responsibilities is as far from the idea of CSR as it gets.

Still, from a corporate communication perspective, communication about CSR is aimed at enhancing corporate reputation (Hooghiemstra, 2000). The trouble is that the purpose of CSR communication is not just to gain legitimacy, but rather to provide accountability. These two goals are not irreconcilable; as a matter of fact, they have to go hand in hand. Providing accountability will help a corporation build its reputation, and thereby gain legitimacy. This, however, only holds under the premise that the corporation has taken on responsibility for its business activities.

Aside from its persuasive nature, another distinct trait of corporate communication is that it is impersonal, meaning it is not directed toward specifics persons, and not signed by "The Organization" (Cheney & McMillan, 1990). As a consequence, it is hard to pin down the sources and audiences of corporate communication, or even the message itself. Further, this feature complicates issues inherent to CSR, like accountability and responsibility: "For example, when an organization has erred in the eyes of the law or the public, to *whom* do we attribute the mistake or the crime?" (Cheney & McMillan, 1990, p. 99, emphasis in the original)

Since corporate communication tries to persuade its addressees, there are several strategic decisions to be made in the communication process. First, the corporation needs to determine what response it desires from the audience in question, and what resources it is willing to deploy for this purpose (Argenti, 1996). Once that is set, the company "must determine what kind of credibility it has with the constituency in question" (Argenti, 1996, p. 89). This credibility is based on the audience's perception of the organization, i.e. it is what has been introduced above as corporate or source credibility. This is one part of the analysis of the audience that is another important step in the communication strategy. Further steps to be taken for a communication to succeed are structuring the message and choosing a communication channel (Argenti, 2009).

When discussing corporate communication, one also has to look at organizational rhetoric. Rhetoric can help structurize the communicative situation and will be discussed in the following.

4.2.2 Rhetoric

Rhetoric has obtained a rather unfavorable reputation of only being concerned with how to best present a given speech or text in order to achieve persuasion. However, it should not be forgotten that in its birth hour, rhetoric had a more holistic purpose, namely providing "advice on the invention, disposition, formulation, memorization, and presentation of a speech" (Ihlen, 2011, p. 149). When it comes to CSR, there is the suspicion that "rhetoric helps corporations to carry on with harmful activities by deflecting criticism" (Ihlen, 2011, p. 151). However, rhetoric is merely an instrument; it is the way it is used that determines its being "good" or "bad".

Rhetoric is helpful in determining the communicative situation. Following Ihlen (2011), the rhetorical situation in relation to CSR presents itself as follows:

1. *problem:* legitimacy
2. *audience:* stakeholders
3. *constraints:* skepticism

The problem is that corporations, if they want to continue their business, are in need of legitimacy, and communication about CSR is an important step in the legitimation process. The (potential) audience of CSR communication is made up by the company's various stakeholder groups. However, there are constraints in this rhetorical setting, most notably there is skepticism towards corporate communication about socially and environmentally responsible behavior. The trustworthiness of said communication is being questioned, which will be discussed in further detail in the following chapter.

Trustworthiness is a requirement for successful communication[17], and it can be achieved via different persuasive appeals: “To come across as trustworthy, a corporation can make logical arguments (logos) or emotional appeals (pathos), but they also need to make some kind of ethical appeal.” (Ihlen, 2011, p. 159) In rhetoric (at least in Aristotelian tradition), ethos, pathos, and logos are the three possible ways (or types of evidence) of persuasion. While pathos denotes the emotional dimension and logos the logical (or rational) one, ethos refers to the character of the speaker or author. So, for a communication to be trustworthy, one can appeal either to logic or emotion, but if the communicating organization itself (ethos) is not trustworthy, the rhetoric will not be successful (Ihlen, 2011). Therefore, ethos refers to corporate (or, more generally: source) credibility (see also Schlegelmilch & Pollach, 2005).

To build trust and in further consequence credibility, a communication has to fulfill certain requirements (see above: rightness, truth, sincerity). CSR communication presents itself as a special case because one needs to be even more careful as people are wary of this kind of communication (ethics communication). Schlegelmilch and Pollach state that there are three factors that determine the success or failure of ethics communication:

> “Three critical success factors in ethics communication appear to be the credibility of the communicator, the honesty and truthfulness of its assertions, and the audience's involvement with the issues communicated.” (Schlegelmilch & Pollach, 2005, p. 278)

The credibility of the communicator (source credibility, ethos) has already been discussed in chapter 3.4 (see figure 2). The honesty and truthfulness of the communication itself remind of Habermas’s validity norms, more specifically or sincerity and truth, which also have been discussed previously. What is new is audience involvement. In this thesis, audience involvement will not be analyzed, but it is assumed to be given to a certain point. One reason is that CSR and sustainability are topics that people care about. Another reason is that CSR communication is usually not imposed on the recipients; CSR is often communicated via pull media, for instance the WWW. Stakeholders therefore have to actively search for information on this matter, which is an indicator for high involvement (Schlegelmilch & Pollach, 2005). So, CSR communication can be successful in gaining or maintaining legitimacy (its attempt of persuasion) if those three factors are given:

1. corporate credibility,
2. credibility of the communication, and
3. stakeholder involvement.

The points 1 and 2 have been discussed and illustrated in figure 2. The third point, the involvement level of the audience (the stakeholders), is assumed to be high, as CSR is communicated primarily via pull media. It would not be sensible to use push media to

[17] Successful in this context means that the intended persuasion is achieved to some extent.

communicate CSR, because CSR communication faces distrust and skepticism which would only be enhanced by communicating it too loudly. The next chapter will deal with the doubts that CSR communication faces, and the challenge that comes with them.

4.3 The Communication Challenge

Successful communication needs credibility. In CSR (or more generally, ethics) communication there is mistrust towards the communicating corporation's intentions and in further consequence, the communication itself. This credibility gap that sticks to CSR communication is discussed in 4.3.1, followed by a discussion of its implications (4.3.2). CSR communication is tailored to stakeholders' expectations, and as these expectations differ across stakeholder groups, this poses another challenge for corporations communicating CSR (4.3.3). Finally, the audience of CSR communication can be divided into different groups (4.3.4).

4.3.1 The Credibility Gap

All corporate communication is met with some degree of distrust by the (potential) recipients. The reason for this lies first and foremost in the persuasive character of corporate communication. If the main goal of the communicator is to persuade, people are apprehensive of being deceived. This problem is all the more true for CSR communication. The corporation is "viewed with a great deal of cynicism and suspicion when it attempts to convey a more socially responsible image" (Jahdi & Acikdilli, 2009, p. 104). In particular, stakeholders suspect the company to only engage in and communicate about CSR for impression management purposes:

> "When corporations communicate about CSR, they are faced with a number of challenges, the most basic of which is finding a way to convince important stakeholders that their CSR efforts are more than just window dressing." (Ihlen, 2011, p. 148)

The suspicion is easily comprehensible if one remembers that CSR (and communication about CSR) can build credibility and enhance a company's reputation. Seen in this context, CSR communication is a means to an end and therefore "serves corporate self-interest" (Ihlen, Bartlett, & May, 2011, p. 11). As such, corporations are likely to depict themselves as well as possible, they have an incentive to be not completely honest. They might not disclose everything stakeholders would need to know, or the information given might be whitewashed (or rather greenwashed). However, as stakeholders depend on this information to make assessments and decisions, they want the information to be complete and accurate, because "inaccurate and possibly misleading disclosures can lead stakeholders to make erroneous assessments of particular organizations" (Cho, Laine, Roberts, & Rodrigue, 2015, p. 80).

Though corporate disclosure of triple bottom line performance is increasing, it is still met with distrust and suspicion:

> “There is a growing realisation that the current trend in increasing levels of disclosure by corporates and other organisations of their social, ethical and environmental (SEE) performance is being undermined by a lack of confidence in both the data and the sincerity of the reporting organisations.“ (Dando & Swift, 2003, p. 195)

Mentioned in this quotation are two aspects of the distrust towards CSR communication that have been implicitly discussed above. The first is that there is apprehension towards the truthfulness and the completeness of the data. The second is found in stakeholders’ skepticism towards the corporation’s intentions, its sincerity.

One reason why companies might withhold or whitewash data is to present themselves in a more favorable light. However, there is also the strain between sustainability and capitalism: “[T]he question remains whether corporations can realistically be expected to provide substantial and transparent accounts of their social and environmental impacts within the present institutional arrangements.” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 81) If a socially or environmentally responsible decision leads to lower returns (for instance because a growth opportunity has been turned down on ethical grounds), this decision might need justification to investors or shareholders.

The second point is the distrust in the sincerity of the communicating corporation. In an ideal world, the company’s intention would be to give a full account of its triple bottom line performance. However, it could also be their intention to use CSR communication as a marketing tool for impression management. Following that train of thought, Dawkins (2004) traces the lacking credibility of CSR communication back to stakeholders’ skepticism towards companies’ motivations to engage in CSR activities. In particular, the suspicion is that a firm decision to make investments in corporate sustainability is primarily motivated by marketing considerations (Dawkins, 2004). In this case, when it comes to communication, some facts might be obfuscated while others might be euphemized, which again leads to the first point, namely stakeholders’ apprehension towards the data itself. So one can see that these two aspects, although treated separately, are interlinked.

4.3.2 Implications

Now that is has been established that credibility and trust do not share a close relationship with CSR reporting, what does this mean for communicating CSR? If it is important for corporations to establish a reputation of responsibility, the CSR efforts taken have to be made known, i.e. communicated somehow.

> “The challenge is for companies to be perceived as socially responsible across stakeholders. The difficulty is in how to make it known, and acknowledged by

> stakeholders, that the company is dedicated to a path of social responsibility, and further, to what extent and how the company deliberately should communicate it." (Morsing, Schultz, & Nielsen, 2008, p. 98)

There are three questions to be answered when preparing to communicate about CSR, with the first two being mentioned in above quotation:

1. To what extent do you communicate your CSR efforts?
2. How do you communicate them?
3. What information is to be disclosed?

The appropriate extent of CSR communication has been discussed frequently. What most authors agree upon is that communicating CSR too aggressively will not do any good (Arvidsson, 2010; Ihlen, Bartlett, & May, 2011; Morsing, Schultz, & Nielsen, 2008; Schlegelmilch & Pollach, 2005). The reason is that communication about CSR might be seen as self-serving PR or windowdressing (Morsing, Schultz, & Nielsen, 2008). Among other things, communicating too much about CSR might hurt a company's credibility (Arvidsson, 2010). As a result, firms engaged in CSR face a paradox:

> "On the one hand, there is an expectation by the public that companies engage in CSR activities. On the other hand, the public does not appreciate that companies communicate too 'loud' to them about this engagement." (Morsing, Schultz, & Nielsen, 2008, p. 108)

Corporations are expected to take on responsibility for the impact of their business, but communicating about their commitment or actions too loudly is rather harmful. Therefore, Ihlen et al. (2011, p. 11) propose a "minimalist approach to CSR communication".

After determining how much is to be communicated, the question remains *how* to communicate. This comprises the decision about what media to use as well as the way the communication is edited. Here, two things are relevant: Frist, the style of the communication, and second, the broader constructs behind it, most importantly sincerity (which, for the purposes of this thesis, is seen as an indicator for trustworthiness and in further consequence credibility). The overall assumption is that CSR should be communicated indirectly, or "in a less conspicuous way" (Morsing, Schultz, & Nielsen, 2008, p. 102), to be perceived as credible.

The difficulty of CSR communication is for a corporation to be perceived as responsible as it actually is (or as its actions are). Deviations in stakeholders' perceptions can go in two directions:

> "Inconsistencies between behaviour and perceptions can be put down primarily to ineffective communication (behaviour more positive than perceptions) or too much communication (perceptions more positive than behaviour)." (Schlegelmilch & Pollach, 2005, p. 282)

When CSR behavior is more positive than it is perceived, this can be traced back to lacking credibility of CSR communication. In the second case, the company's communication suggests a higher engagement in CSR than is actually happening. This usually depends on the content of CSR communication, and refers to the validity norm of truthfulness. The most extreme case would be lies; but also by choosing what information to disclose and what to leave out one can establish an organizational façade of a more favorable reputation.

4.3.3 Stakeholder Expectations and Organized Hypocrisy

When deciding how much, what, and in which way to disclose information about CSR, companies should take into account their stakeholders' expectations. Dawkins (2004, p. 119) states that a key lesson for companies communicating CSR is to "tailor the content, style and channel of communications to the different expectations of the various stakeholder audiences (while, of course, maintaining the overall coherence of the company's message". The trouble is that the different stakeholder groups have different expectations (Daub, 2007; Dawkins, 2004). As CSR communication is based on diverse stakeholder expectations and information needs, a corporation has to somehow balance these different interests and expectations. This task is difficult in the best case, as stakeholder interests can be irreconcilable.

> "If different influential stakeholder groups, whose approvals are needed for the organization to retain its legitimacy, place irreconcilable demands on the organization, management must develop strategies that at least meet some minimal level of acceptable agreement by each stakeholder group." (Cho, Laine, Roberts, & Rodrigue, 2015, p. 81)

One way to do that is organized hypocrisy. Organized hypocrisy means that there are inconsistencies between a company's three main outputs: talk (i.e. spoken and written communication directed at the external environment), decisions, and actions. If an organization's talk does not reflect its decisions and actions (or, to put it differently, if "words do not match deeds" (Schlegelmilch & Pollach, 2005, p. 268)), one can speak of an organizational façade designed by the corporation to create legitimacy (Cho, Laine, Roberts, & Rodrigue, 2015). In this case, organized hypocrisy is bordering on deception and must be seen with skepticism.

They key is to "orchestrate their talk, decisions, and actions in a way that forms a legitimate solution, pacifies conflicting stakeholder demands, and yet does not reveal damaging discrepancies across these activities" (Cho, Laine, Roberts, & Rodrigue, 2015, p. 81). Kolk (2008, p. 12) suggests "that learning how to balance different interests, making choices and implementing and explaining them in a transparent manner is the very nature of sustainability (corporate responsibility) and corporate governance".

An organization whose actions and decisions do not (yet) reflect its talk will strive to align its three outputs to avoid inconsistency. So, with the causality the reverse, organized hypocrisy can lead to positive results if companies are aware of it and choose to act in order to eliminate existing inconsistencies. Ihlen (2015, p. 148) talks in this context about "the performative function of rhetoric", stating that "such communication can create a 'creeping' commitment for CSR". However, this positive potential of organized hypocrisy can only be accessed when the corporation's intention is not to deceive stakeholders:

> "For organized hypocrisy and organizational façades to carry the potential for additional positive consequences, organizational talk must not be duplicitous; instead it should be *aspirational*." (Cho, Laine, Roberts, & Rodrigue, 2015, p. 84; emphasis in the original)

If corporations fail to align their decisions and actions with their "aspirational" talk, this "sustained incongruence […] will ultimately erode the credibility of its disclosures, in essence reveal the façade, and thus result in a significant loss of the trust of financial market participants and other stakeholders" (Cho, Laine, Roberts, & Rodrigue, 2015, p. 83). Therefore, organizational façades that are revealed will lead to loss of trust, reduce a company's credibility, and damage corporate reputation. As a consequence, future communication's credibility will suffer.

4.3.4 Audiences of CSR Communication

As corporations might use CSR communication to establish organizational façades, it is met with skepticism. However, as CSR activities have to be communicated somehow, in order to inform stakeholders (accountability) and benefit from the CSR engagement (rewards), companies face a problem that is not easily solved. To circumvent this problem, Morsing et al. (2008) proposed first, an inside-out approach on CSR, meaning the inclusion of employees in a company's CSR agenda, to ensure their commitment and create a sense of ownership; and second, a two-step flow of communication regarding CSR. Both measures should contribute to the trustworthiness of CSR communication.

The inside-out approach avoids that CSR seems like PR ordered by top management, and makes sustainability seem more like a value shared throughout the company. The second point directly regards communication about CSR. The authors state that "it is not effective to communicate directly to the public or to consumers to achieve a favourable CSR reputation" (Morsing, Schultz, & Nielsen, 2008, p. 105). It is better, they claim, "to direct corporate CSR communication towards an exclusive group of experts, i.e. politicians, local authorities, the media, investors, and interest groups" (Morsing, Schultz, & Nielsen, 2008, p. 105), and rely on these experts to convey the information to the general public.

Aiming at a two-step flow of communication can help CSR communication with its credibility issues. Information on CSR seems more credible if it is not coming directly from the company, but from third parties. Similarly, it can be useful to let employees talk to media in CSR issues, rather than top management. A prerequisite, however, is employee commitment. This procedure “contributes to making the company appear more trustworthy and socially committed” (Morsing, Schultz, & Nielsen, 2008, p. 107).

In a similar fashion, Dawkins (2004) differentiates between communicating CSR to a) opinion leaders, b) the general public and c) employees. Opinion leaders include stakeholders external to the organization, such as legislators, the media, NGOs, and investors, i.e. those groups that Morsing et al. (2008) call experts. Dawkins too sees employees as “potentially powerful advocates of a company’s corporate responsibility programme.“ (2004, p. 116); they are another stakeholder group and consequently potential audience for CSR communication.

The general public on the other hand is not considered a primary target audience for CSR communication. However, it is still interested in companies’ performance on sustainability related issues. One factor that should not be overlooked is that the public has consumer power based on their purchasing behavior, and using that, they can reward or punish companies for their environmental and social performance. For socially and environmentally responsible companies to benefit from that, they need to communicate their achievements to the general public, either directly or via opinion leaders or experts (two-step flow of communication).

These audiences (employees, opinion leaders/expert stakeholders, public) differ in their expectations and their levels of trust towards CSR communication (Dawkins, 2004). What they share, however, is that they deem CSR reporting an appropriate way of communicating CSR. Sustainability reporting will be the topic of the next chapter.

5 CSR Reporting

Theoretically, there are various forms for corporations to communicate CSR: on the product (label) itself, via advertising, on the company's homepage, and so on. The most important form however is CSR reporting. In an introductory chapter (5.1), CSR reporting will be defined and its relevance will be discussed. Then a closer look will be taken at the role of CSR reporting (5.2). However, there are problems attached to CSR reporting, most notably its lacking credibility (5.3). Finally, the various influences on reporting will be discussed (5.4).

5.1 An Introduction

In this brief introduction to CSR reporting, the term will be defined and the development of the concept will be discussed (5.1.1), as well as the relevance of reporting as the prime channel for communicating CSR (5.1.2).

5.1.1 Definition and Development

CSR reporting goes by various names of which the most important are non-financial reporting, sustainability reporting, triple bottom line reporting, and social, ethical and environmental (SEE) reporting. Here the term CSR reporting will be used as CSR reports usually contain detailed information on specific projects and efforts the company is engaged in on its quest to sustainability. Of course, one could argue that since sustainability is the goal of these efforts, the term sustainability reporting is more appropriate as the reports inform stakeholders on the progress a company makes in this field. This is a matter of orientation – towards the journey (CSR) or the goal (sustainability).[18]

A reason for the inconsistent terminology can be seen in the very broad definition of CSR reporting. The Global Reporting Initiative (GRI), an enterprise providing a set of standards and guidelines for CSR reporting, defines CSR reports as follows: „A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities." (Global Reporting Initiative, 2015) Similarly, Kolk (2008, p. 3) describes corporate sustainability reporting as "a mostly voluntary activity oriented at giving account of the societal and environmental implications of doing business to external stakeholders". The idea of accountability driving CSR reporting is also supported by Adams who states that a CSR report should "represent a genuine attempt to provide an account which covers negative as well as positive aspects of all material impacts" (2004, p. 732). In order to be accountable, acceptance of corporate responsibilities is needed (Adams, 2004).

The predecessors of sustainability reports are annual reports, environmental reports, and social reports (Daub, 2007). Before CSR reports have become popular, corporations would either resort to integrated reporting, i.e. include information on social and environmental

[18] In this thesis, sustainability reporting will be used as a synonym for CSR reporting.

topics in the annual report, or publish a standalone environmental report (Elkington, 1999). Over time, the reporting material has grown from focusing on environmental issues only to including the social and financial dimensions as well (Kolk, 2008), and with that, sustainability reporting really took root. Now, CSR reporting is a common business practice for large corporations. A KPMG survey analyzing reporting practices of the 100 biggest companies in 41 countries around the globe found that of these 4.100 corporations, over 70 percent report on CSR (KPMG International, 2013).

CSR reporting, as we now know it, is modelled on financial reporting. But while there are clear rules about the contents and structure of financial reports, there are no legal regulations about CSR reporting. It follows that "it is mainly up to the individual company to decide what to put into the report, how to measure social performance, and how to verify and audit the report" (Crane, Matten, & Spence, 2008, p. 355). As a result, CSR reports are often subject to the critique that they are nothing but PR instruments trying to make the company look better than it actually is (see for instance Doane, 2008). There are, however, several organizations that have come up with guidelines, principles, and definitions, all with the goal of standardizing CSR reports and making them more comparable and transparent (and, ultimately, more credible) in the process. One of these organizations is the GRI which will be discussed further below.

5.1.2 Relevance

The subject of accountability has been broached when defining CSR reporting, with accountability being per definition the goal of CSR reporting. In this regard, there are two main reasons why reporting has become more and more important:

> "The moral arguments for greater corporate accountability arise from the increases in size, power and global spread of multinational companies and increased awareness of the impacts of companies on the environment and local communities." (Adams, 2004, p. 733)

On the one hand, as companies become bigger and more powerful, their potential impacts also increase in quantity and/or intensity. On the other hand, there is a heightened sense of awareness and sensitivity for environmental and social topics that results in people's (in a narrow sense: stakeholders') increased interest in how a company conducts its business. Therefore, stakeholders demand corporate disclosure about the company's operations and its impacts.

Disclosure can be achieved by various forms of communication, and still CSR reports are the main channel for communicating CSR (Dawkins, 2004; Ziek, 2009), closely followed by corporate websites (Morsing, Schultz, & Nielsen, 2008).[19] Now, what singles out websites

[19] As most CSR reports can be accessed and downloaded via corporate websites, this distinction is more theoretical than practical.

and sustainability reports as effective communication channels for CSR issues? First of all, reports belong to pull media (Schlegelmilch & Pollach, 2005), meaning that the interested reader has to demand a hard copy or search the report on the web. An advantage of pull media is that active information seekers process information more effectively than when it is imposed on them (Jahdi & Acikdilli, 2009). Also, the WWW offers the possibility for interaction; therefore dialogue with stakeholders is feasible (Jahdi & Acikdilli, 2009). The characteristic of belonging to pull media makes CSR reports a "legitimate" way of communicating CSR as they are rather unobtrusive. As a consequence, sustainability reports are the "most widely accepted" (Elkington, 1999, p. 165) channel of disclosure, and might be met with less distrust than other CSR communication.

CSR reports, in order to provide accountability and satisfy stakeholder demands, need to address topics relevant to the different stakeholder groups. Therefore, the content of CSR reports should be "tailored to the information needs and materiality considerations of different stakeholder groups" (Barkemeyer, Preuss, & Lee, 2014, p. 5). Only then can stakeholders reward or sanction good/bad corporate performance against the triple bottom line (Barkemeyer, Preuss, & Lee, 2014). On the long run, a sustainability report "must contain qualitative and quantitative information on the extent to which the company has managed to improve its economic, environmental and social effectiveness and efficiency in the reporting period and integrate these aspects in a sustainability management system" (Daub, 2007, p. 76).

5.2 The Role of CSR Reporting

As discussed in chapter 4, reasons for disclosing social and environmental information are wide and varied; the most important ones, accountability and legitimacy (5.2.1) as well as impression management (5.2.2), will be discussed here explicitly in regard to CSR reporting.

5.2.1 Accountability vs. Legitimacy

It has been stated above that the main goal of CSR reports is to provide accountability. The other side of the coin is that, since accountability is demanded by stakeholders, failing to provide a credible account threatens a corporation's legitimacy. Sustainability reporting is therefore a legitimizing tool, ensuring a company's survival (Comyns, Figge, Hahn, & Barkemeyer, 2013). In this light, corporations report on their triple bottom line performance to gain legitimacy and thereby ensure their license to operate. Sustainability reports can be seen "as a response by companies to increasing calls by various groups within society to legitimise their actions" (Daub, 2007, p. 77). Consequently, CSR reporting is a result of stakeholder pressure (Comyns, Figge, Hahn, & Barkemeyer, 2013).

In the tradition of legitimacy theory, sustainability reporting can be seen "as a mechanism through which organizations can influence how they are perceived by society" (Cho, Laine, Roberts, & Rodrigue, 2015, p. 80) Sustainability reports, as all corporate communication, are persuasive. The persuasion in CSR reporting lies in their intent to influence societal perceptions in order to achieve legitimacy (Cho & Patten, 2007; O'Donovan, 2002). The problem is that with legitimacy as the goal of CSR reports (and not accountability), the motivation for corporate disclosure bases on self-interest: According to this view, the main reason to report is to be perceived as socially and environmentally responsible in order to maintain legitimacy (Comyns, Figge, Hahn, & Barkemeyer, 2013). In this regard, CSR reporting would be a strategic action rather than a communicative one (Habermas, 1988), as it is set to reach a goal, namely legitimacy. From this point it is only a short leap to the accusation that sustainability reporting is mere window-dressing and impression management (Cho, Laine, Roberts, & Rodrigue, 2015).

Corporations therefore find themselves in a dire situation: While CSR reporting is a way of legitimizing their operations, their intention cannot be to use it as such, because that would put them in a poor spot when it comes to the credibility of the communication. Again, the keyword here is stakeholder trust, or rather a lack thereof.

> "The growth in reporting is not resulting in increased confidence in the ability or intention of business to take sustainability seriously. Without this confidence, sustainability reporting will not serve the demands of stakeholders for information, […] nor the need for organisations to give a credible account of their performance."
> (Dando & Swift, 2003, p. 195)

Although a constant growth in sustainability reporting is observed (KPMG International, 2013), the potential reader's trust (i.e. their confidence in corporations' *intentions*) is not increasing. Without trust, neither accountability nor legitimacy can be achieved due to the report's lacking credibility. The primary goal of CSR reporting should be accountability, only then can legitimacy be achieved.

5.2.2 Impression Management: Building a Responsible Reputation

Impression management "is aimed at influencing public perception by selectively managing and manipulating information, even negative information, and choosing how it should be presented to the public" (Comyns, Figge, Hahn, & Barkemeyer, 2013, p. 233). It is simultaneously an opportunity and a risk to use sustainability reports as a tool for impression management. On the one hand, it is reasonable that corporations would present themselves in a positive light when disclosing social, ethical, and environmental information; on the other hand, it should be clear that CSR reports are not public relations vehicles with the sole purpose of enhancing reputation (O'Donovan, 2002). Emerging from legitimacy theory, mistaking sustainability reports as PR tools bears the risk that "reports may not be an accurate reflection of company performance but are used to present a socially responsible image and manage public perceptions" (Comyns, Figge, Hahn, & Barkemeyer, 2013, p. 232), making them symbolic actions rather than substantive ones (Walker & Wan, 2012).

This practice usually leads to a significant gap between the disclosed information and the actual corporate performance on sustainability[20] (Cho, Laine, Roberts, & Rodrigue, 2015). If it is the case that corporations do not walk the sustainability talk, they practice green-washing. Green-washing can be defined as "a strategy that companies adopt to engage in symbolic communications of environmental issues without substantially addressing them in actions" (Walker & Wan, 2012, p. 227). A prerequisite for green-washing is information asymmetry. With companies having superior information about their activities and performance, there exists an information gap between the firm and its stakeholder groups (Comyns, Figge, Hahn, & Barkemeyer, 2013). While CSR reporting is a means to reduce the information asymmetry (ibid.), it is this information gap that enables corporations to practice green-washing.

The fact that corporations tend to instrumentalize it for their own purposes, reducing it to a "legitimating exercise" (Adams, 2004, p. 751), is one of the most critiziced aspects of CSR reporting. Due to that and other reasons, reports are said to suffer from poor quality (Comyns, Figge, Hahn, & Barkemeyer, 2013). In the next chapter, the problems that stick to sustainability reporting will be discussed in more detail.

5.3 Problems with Reporting

> "Critics [of sustainability reporting] question voluntary sustainability reporting because it tends to be limited in scope, disingenuous, and utilized as a legitimacy tool." (Cho, Laine, Roberts, & Rodrigue, 2015, p. 79)

Cho et al. address the most important problems that reporting faces today. The tendence to be limited in scope implicates the problem of incompleteness (5.3.1). That sustainability reports are disingenuous, i.e. not sincere, suggests credibility issues based on lacking trust (5.3.2). The last point, the use of CSR reports as legitimacy tools, has already been discussed above. The central problem of sustainability reporting is for corporations to use them for credibiltiy building without abusing them (5.3.3).

5.3.1 Incompleteness

Adams states that "the most serious problem with current reporting […] is its lack of completeness" (2004, p. 732). Reports can only be complete if they cover all aspects that are relevant from the stakeholders' perspective, so in order for reports to be complete, stakeholders must be consulted. However, due to power imbalances, the mere contact with stakeholders concerning reporting could be seen as a sufficient indicator of a report's

[20] While this gap is not subject of this thesis, it is one of the main problems sticking to CSR communication and reporting in particular; and it is also the reason why communication about CSR is met with distrust and therefore faces credibility issues.

completeness, or, as Adams puts it: “stakeholder dialogue could become the ultimate legitimating tool” (2004, p. 733).

Incompleteness derives from non-disclosure of relevant material. Several relevant topics might not be disclosed because companies are reluctant to report on negative impacts, or because the social or political context does not motivate such disclosure (Adams, 2004). Therefore, completeness includes a report’s balance, i.e. that the good and the bad is being disclosed. The completeness of disclosed information is a driver for a report’s credibility. Elkington (1999, p. 166) states that “stakeholders are much more likely to believe the good news where there is also a frank, detailed discussion of the remaining problems”.

The problem of reports’ incompleteness can be traced back to reports being used as legitimacy or public relations tools. If the corporation’s intention is to depict itself in the most favorable light possible, the good things, i.e. the accomplishments in the field of sustainability, will be emphasized in the report, while the shortcomings might not be addressed at all.

5.3.2 Credibility Issues

The afore-mentioned problems of green-washing, incompleteness, and CSR reports representing symbolic actions all stem from information asymmetry. The corporation has superior information, and it is difficult for the readers of sustainability reports to determine whether the given information is correct and complete. Therefore, a lot of information in CSR reports has credence good characteristics which impacts report quality in a negative way:

> “The biggest quality problem exists for credence information as readers cannot verify the quality of this information even in the long term. Therefore, it is likely that this aspect of sustainability reporting will remain poor with quality going undetected with companies having no impetus to improve.” (Comyns, Figge, Hahn, & Barkemeyer, 2013, p. 240)

As there is virtually no possibility for readers to verify the given information and corporations have an incentive to depict themselves in a better light, it is likely that reports will not be 100 percent accurate and complete (because negative information might be concealed). Add to this that CSR communication in general is met with suspicion and distrust; it is no surprise that CSR reporting faces credibility issues.

The credibility of corporate communication “is determined strictly through its verifiability by the market” (Cho, Laine, Roberts, & Rodrigue, 2015, p. 83). Verification means that the disclosed information in CSR reports paints a truthful picture of the corporation’s performance against the triple bottom line. To enhance the credibility of sustainability reports, verification of the disclosed information is needed. Since verification of credence information can be impossible, or, in the best case, costly and time-consuming for the readers (and since it would not make sense for corporations to “verify” the information they themselves give), the verification of CSR reports is usually transferred to third parties (Comyns, Figge, Hahn, & Barkemeyer, 2013).

In reporting, the provision of verification is called assurance, which can be defined as the process of “assuring the public and other users that the information in a report is true and fair” (Dando & Swift, 2003, p. 196). Assurance is seen to “add credibility to these disclosures by certifying their accuracy and truthfulness“ (Schlegelmilch & Pollach, 2005, p. 277). Therefore, external assurance is a means to make CSR reports more credible (see also Adams, 2004; Elkington, 1999). It is also part of the GRI guidelines for sustainability reporting[21] (Global Reporting Initiative, 2011). For the assurance itself to be credilbe, it is vital that it is being provided by an independent third party (Dando & Swift, 2003; Elkington, 1999).

By providing assurance and thereby adding credibility to CSR reports, the reporting corporation can also dissociate itself from the criticism that sustainability reports are “public relations schemes without substance” (Adams, 2004, p. 735). Assurance, however, should be provided not for the benefit of the corporation (it is not a tool to enhance the crediblity of a disingenuous report), but on account of report users:

> “Stakeholders need to know that the information in a report provides a complete, accurate, relevant and balanced representation of the organisation's performance and an assurance provider will need to provide an opinion on this.” (Dando & Swift, 2003, p. 198)

Report users have to be able to rely on the information given in a report, as they need this information to base decisions on, and an external party needs to provide assurance as they themselves can verify the credence information only with great difficulty. The list of qualities of the reports that are to be assured is long; following the quotations above, it comprises: true, fair, accurate, truthful, complete, relevant, and balanced. One can argue that all these adjectives refer to one bigger construct that might be called truthfulness. Therefore, proving third-party assurance is a way to enhance the credibility of a sustainability report by ensuring it fulfills the validity norm of truth (to come back to Habermas’ validity norms).

5.3.3 A Tightrope Walk

It has been stated that credible disclosure of a company’s performance against the triple bottom line can help build trust and in further consequence corporate credibility. Therefore, CSR reports can play a crucial role in corporate credibility building. What can come in the way of this, however, is the lack of trust that corporate communication, and CSR communication in particular, is met with. This lack of trust can roughly be attributed to the apprehension that CSR reports are nothing but public relations vehicles designed to persuade and manipulate rather than to inform and disclose.

[21] More details about the GRI guidelines are to be found below.

Now the paradox with sustainability reporting is that for CSR reports to be able to build credibility and therefore enhance reputation, they cannot be used for this purpose. CSR reports need to be sincere and truthful in order to be trustworthy. Sincerity means that the intention behind the report is disclosure and not persuasion; truthfulness has many dimensions, as discussed above, including balance and completeness. Reporting only the "good" things and neglecting the shortcomings in the striving for sustainability is not truthful. Using CSR reports as PR vehicles is not sincere, and does not contribute to credibility building. Only a credible report can do that. Credibility, however, can be improved by the provision of assurance, and assurance will only be provided if the report fulfills certain requirements (if the information is accurate, complete, relevant, and so on).

Sustainability reporting is designed to reduce the existing information asymmetry between a corporation and its stakeholders (Comyns, Figge, Hahn, & Barkemeyer, 2013); but information asymmetry is also an opportunity for firms to gloss over their social and environmental performance. CSR reporting that is grounded on the idea of accountability can reduce the information gap; CSR reporting that mainly focuses on achieving legitimacy will use the information asymmetry in order to ensure the corporation's license to operate. It is true that gaining or maintaining legitimacy is a goal of CSR communication, by making it the primary goal however companies base their CSR communication on self-interest and run the risk of reducing sustainability reports to PR instruments.

It is a tightrope that firms have to walk when communicating CSR. They can only gain legitimacy when they strive for accountability; they can only enhance their credibility and reputation when their intentions are sincere and their disclosure is truthful. It follows that by *not* trying to use CSR reports for reputation enhancement and credibility building, the reporting company's credibility can be improved – and with it its reputation.

5.4 Influences on Reporting

To conclude this chapter, some influences on sustainability reporting will be discussed in short, namely the standards and guidelines developed specifically for this purpose (5.4.1) and the importance of the reporting company's origin (5.4.2).

5.4.1 Guidelines

Sustainability reporting is a voluntary exercise in most countries. Therefore, there are no rules regulating the content and form of these reports. Contrary to its predecessor financial reporting, CSR reporting is moving in a relatively law-free zone. That is why guidelines and standards for sustainability reporting have become so important.

In our globalized (business) world, firms operate in various countries all over the globe. Even if national law on CSR reporting was provided, the problem would be which law is applicable to a company that has subsidiaries all over the world. It would need a singular, worldwide valid legal framework to rule a company's behavior. As such does not exist, one is left with only guidelines. These guidelines were developed by multinational enterprises and are applicable to corporations worldwide. The underlying assumption is "that there is a set of universal values that can be applied to all businesses worldwide" (Chen & Bouvain, 2009, p. 302). By closer inspection this might not be the case; it is however reasonable to assume that the fundamental idea of sustainability, namely "meet[ing] the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 16), is shared by all people.[22]

Guidelines, as the name already tells, are not binding. However, corporations are well-advised to follow guidelines in sustainability reporting, because they can be helpful in drawing up the report, they improve accountability (Ziek, 2009), and even enhance the report's credibility. There are various guidelines one can follow when drawing up a CSR report, the most important are the GRI guidelines (Global Reporting Initiative, 2015), the AA 1000 (AccountAbility, 2015), and the OECD Principles of Corporate Governance (OECD, 2015). Here, only the GRI guidelines shall be discussed in detail since they are the most used in practice (Barkemeyer, Preuss, & Lee, 2014; Ceulemans, Molderez, & Van Liedekerke, 2014).

The GRI G3.1[23] guidelines provide detailed instructions for preparing a sustainability report. The guidelines consist of principles defining report content and principles ensuring report quality, as such, they give information on what and how to report (Global Reporting Initiative, 2011). The principles defining content include materiality, stakeholder inclusiveness, sustainability context, and completeness. The principles defining quality comprise balance, comparability, accuracy, timeliness, clarity, and reliability (Global Reporting Initiative, 2011). Here, only the principles ensuring report quality shall be discussed in more detail, as those will be relevant for the empirical part of this thesis.

Balance means that positive and negative aspects should be included in the report; comparability refers to the comparability of the corporation's CSR reports over time, so that stakeholders are able to analyze changes in the company's performance (Global Reporting Initiative, 2011). Also, the information needs to be accurate and detailed (accuracy). Timeliness is given if "reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions" (Global Reporting Initiative, 2011, p. 16). The dimension clarity requires that the information is presented in a way that is understandable. Finally, reliability addresses the processes entailed in the preparation of the information disclosed in the sustainability report, namely that the information is processed in

[22] It is the concrete manifestation of this value that might differ; one reason for that is culture, which will be discussed below.

[23] The most recent guidelines available are the G4 (2015), however, as in the empirical part of this paper CSR reports based on the G3.1 will be analyzed, the G3.1 will be discussed.

a way that “could be subject to examination and that establishes the quality and materiality of the information” (Global Reporting Initiative, 2011, p. 17).

5.4.2 Culture

Additionally to these guidelines, CSR reporting is influenced by a country’s norms and institutions. As CSR communication is subject to stakeholders’ expectations, it is not surprising that these expectations have crucial influence on a company’s CSR report. However, stakeholder influence “tends to vary considerably from one country to another, a result of the influence of societal norms, political and economic systems, and government regulations” (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010, p. 136). Institutions build the framework for a company’s operations and its communication, and in different countries, different institutions are relevant. It would be no surprise if CSR reports differ from each other according to the country where the company originates from.

Another important influence on reporting that is related to institutions is culture. As pointed out in chapter 3.3, culture determines human behavior and consequently communication. Using Hall’s (1976) concept of high- and low-context, cultures can be classified according to the point on the continuum where they are. High-context (HC) cultures rely heavily on context to communicate meaning; low-context (LC) cultures do the opposite and create meaning primarily via information. It should be noted that the terms HC and LC cultures are not accurate; these countries are not found *at* opposite poles of the continuum, they rather converge to these poles. It would be more appropriate to speak of a *tendentiously* low- respectively high-context culture (which will not be done due to simplicity).

Generally, LC and HC cultures communicate differently (by using less/more context to create meaning), therefore it can be assumed that CSR reports by corporations originating from a LC culture will differ from CSR reports by corporations with a HC cultural background. However, if one were to classify CSR reports themselves on the HC-LC continuum, the reports would approximate the low end. While HC communication is fast and efficient, it can only happen when time has been devoted to programming (Hall, 1976). LC communication, on the other hand, “can be changed easily and rapidly” (Hall, 1976, p. 101). This is one indication why CSR reports must be low-context communications. They are what Hall would call “extensions”. Hall describes the low-context characteristic of extensions, using photographs as an example:

> “Pictures taken through lenses give a macular view of things. One of the consequences is that the viewer never knows what’s going on off camera. This makes it possible to trick him, as in the case with all low-context systems […].” (Hall, 1976, p. 121)

Though there are no lenses in written language, it is still true that sustainability reports have a certain focus, which will lead to things being left out, making reports low-context communication. Due to the low-context nature of reports, there is the possibility that one could abuse the process of focusing and leaving things out and therefore paint a false picture of the corporation’s triple bottom line performance.

While CSR reports can be expected to be found at the low-context end of the continuum, there is also reason to assume that cultural differences will show. It will be interesting to see whether the influence of culture will dominate the “true nature” of this form of communication or vice-versa.

6 Current State of Research

While research on CSR communication is catching up, the body of literature on this topic is still relatively small. A lot of studies in this field take a general view on CSR communication, either providing a discussion of its opportunities and/or risks, or discussing its importance and status within the corporation or in society. Those authors that have concentrated on CSR reporting often focus on report content. For instance, it has been shown that culture influences the topics on which corporations report (Chen & Bouvain, 2009; Kolk, 2008). The topics of CSR reports are however not subject of this thesis, they are of relevance only insofar as they constitute completeness; leaving out topics material to stakeholders would render a report incomplete, reduce accountability, and not seem trustworthy.

Focussing on country differences, Kolk (2008) established that the level of assurance provided in reports differs between US, European and Japanese companies. In particular, European companies' reports were externally verified more often than their Japanese counterparts, with approxiamtely 45 percent and 25 percent respectively, while US firms' CSR reports hardly ever included external verification (ca. 3 percent) (Kolk, 2008). Assurance is needed because CSR reporting is generally not trustworthy; the main concern is that there is a considerable gap between the portrayal of the corporation's performance against the triple bottom line and its actual performance.

One of the studies demonstrating this gap comes from Adams (2004), who analyzed the sustainability reporting of a case study company ("Alpha") and compared the portrayal in the report with information about the corporation's triple bottom line performance obtained from other sources. The goal was to "give an indication of the extent to which stakeholders can rely on corporate reporting as a means of assessing corporate performance" (Adams, 2004, p. 733), and the findings were that Alpha's CSR reports were not reliable as the level accountability was low. Of course, this is only an example that cannot be generalized just like that, but it is illustrative.

Lack of completeness and balance is a symptom of corporations trying to use CSR reports as public relations tools. Based on legitimacy theory, the whole idea behind sustainability reporting is to gain legitimacy; and with that goal in mind, reports will be filled with positive information, while the disclosure of negative information is rare (Hahn & Lülfs, 2014). In line with legitimacy theory, one explanation for the predominance of positive aspects is that "negative disclosure can potentially harm corporate legitimacy and the financial bottom line" (Hahn & Lülfs, 2014, p. 412). On the other hand, based on signaling theory, the disclosure of negative aspects might send a positive signal to stakeholders as it indicates awareness and proactivity (Hahn & Lülfs, 2014). However, most researchers argue that the intention behind CSR reporting is to present the corporation in a positive light (Doane, 2008; O'Donovan, 2002).

An overly positive picture painted in CSR reports was also found by Ihlen (2011) who identified five rhetorical strategies in CSR reporting:

1. Corporations claimed to contribute to a better world, appealing to reason (logos) rather than emotions (pathos).
2. Corporations claimed to “have cleaned up their own act” (Ihlen, 2011, p. 160, italics removed).
3. Third party praise was included in the sustainability reports.
4. A corporate statement that the company has “joined the CSR movement” (ibid., italics removed) was included.
5. Corporations claimed to “care about the audience” (ibid., italics removed).

These strategies clearly indicate that corporations use CSR reports to present themselves in a positive light, supporting the view that companies “often seem to try to use overly positive, whitewashed sustainability reports merely for PR purposes as a tool for gaining and improving a company’s reputation and legitimacy” (Hahn & Lülfs, 2014, p. 402).

Also Comyns et al. (2013) claim that report quality is, though varying from firm to firm, overall poor, and blame this partly on the “lack of regulation in the reporting process” (Comyns, Figge, Hahn, & Barkemeyer, 2013, p. 232). As mentioned previously, there are no binding laws and regulations on sustainability reporting; there are merely guidelines. Following guidelines in drawing up a report is voluntary, although it can be argued that it is expected (if not demanded) by report readers, therefore reducing the level of voluntariness. It remains, however, that a corporation can choose whether or not to produce its CSR report according to certain guidelines. Adams (2004) points out that due to the guidelines’ voluntary character and the non-existent possibility to enforce compliance, companies still have a lot of room to maneuver when it comes to reporting. Reports as well as the underlying guidelines might be abused and might portray nothing “but a legitimating tool and insurance policy” (Adams, 2004, p. 749). Still, following a set of guidelines can increase a report’s credibility as long as the guidelines are actually being followed and not used as a pretense. For the GRI G3.1 guidelines, this means that compliance with the principles defining report content and the principles ensuring report quality can enhance report credibility. In particular, by complying with CSR reporting initiatives, corporations signal transparency and their willingness to follow rules (Carroll & Einwiller, in press).

7 Research Questions and Hypotheses

The theoretical concepts that have been introduced provide the foundation for the following research questions and hypotheses, as well as for the methodological approach to answering those, discussed in chapter 8.

The question guiding this thesis is what opportunities and perils CSR communication presents. The difficulties of communicating CSR mainly stem from the fact that corporate communication (and CSR communication in particular) is met with distrust and, as a result, faces credibility issues. The other side of the coin is that taking on corporate responsibilities can improve a company's trustworthiness and therefore build credibility. The CSR efforts have to be made known via communication. So, credible communication of CSR can build trust and, in further consequence, corporate credibility. In a nutshell: CSR communication, though itself facing the challenge of credibility, can enhance a corporation's credibility, i.e. contribute to credibility building. The question that remains is: How? Therefore, the overall research question is the following:

How can CSR communication contribute to a corporation's credibility?

This question is twofold as the credibility of CSR communication is dependent on the reporting company's credibility (made up by its competence and trustworthiness) on the one hand, and the way the information is communicated on the other. Therefore, the overarching question opens the door for several others:

1. Under what circumstances is communication about CSR credible?
2. How trustworthy are CSR reports?
3. What differences in CSR communication of HC and LC cultures can be observed?

In the theoretical part of this thesis, the circumstances under which CSR communication is credible have been discussed; therefore, the first question can already be answered. A communication is only credible when the communicator is credible (corporate credibility) and when the communication itself fulfills several requirements. The list of potential requirements is inexhaustible, yet can be broken down to three basic requirements that apply to all forms of communication: A communication has to be right, true, and sincere (Habermas, 1988).

Rightness refers to the appropriateness of the communicative act; in CSR communication, it is expected not to communicate too intrusively, or too "loudly". Therefore, communicating about CSR in reports is a way of fulfilling this first validity norm, especially if the CSR report is drawn up according to existing guidelines, such as the GRI G3.1 guidelines.

Truth means that the information given in a sustainability report is objectively true (and not false). To ensure report readers that the report content is true, verification is needed. Assurance provided by independent third-parties is a way to prove that the CSR report fulfills the validity norm of truth.

Sincerity refers to the reporting corporation's intentions. Broadly put, a company's intentions can be considered sincere if the information given in the sustainability report actually reflects the firm's performance against the triple bottom line. Using CSR reports as PR tools for impression management would be a violation of this validity norm and leads to loss of trust. Therefore, only a report that fulfills all these norms can earn a corporation its stakeholders' trust, and only then reputational advantages can be expected from engaging in CSR.

Now that it has been discussed why reports have to be credible and how this credibility is construed, the second research question aims at finding out if sustainability reports actually fulfill the requirements needed to be perceived as credible. To do this, a content analysis will be conducted (see next chapter). [24] This analysis should also answer the third research question about cultural differences in CSR reporting. For the two research questions to be answered in the empirical part of this thesis, hypotheses have been formulated.

Generally, there is an impetus for firms to use CSR reports for impression management rather than for the purpose of providing accountability. The trouble is that the information given in the report have credence good characteristics, they can be verified only with great difficulty or effort. Assurance providers' job is the verification of CSR reports; however, there is no consensus about what exactly is to be verified, or about who is qualified to provide assurance. As a result, there is no universally acknowledged entity one could turn to in order to receive a seal of approval for one's CSR report. However, there are guidelines. Therefore, the adherence to guidelines can be an indication for credibility insofar as the guidelines are actually followed; the claim to have drawn up the report "according to GRI guidelines" is not sufficient.

The material of analysis will be CSR reports according to GRI guidelines. As mentioned previously, the GRI guidelines provide principles concerning the quality and the content of a report. In order to communicate in a credible way, it would make sense for companies to stick to these principles. Hence, hypothesis 1 is formulated:

H1: Corporations try to make their CSR reports trustworthy by adhering to GRI guidelines.

However, since the guidelines are not binding, this leaves companies room for maneuver when drafting the report. Turning to research question three, one might expect differences in the adherence to GRI guidelines for LC and HC cultures. The object of analysis will be CSR reports, therefore the following formulation would be more suitable: What differences in the CSR reports of corporations originating from countries with HC respectively LC cultures can be observed? This research question is derived from the idea that societal norms and expectations (institutions) differ in different cultural settings. As sustainability reports are

[24] To actually analyze the credibility of CSR reports, one would have to choose a different approach, namely one that includes the reports' readers or addressees (e.g. interviews, questionnaire). What will be analyzed in this study are the properties of a report that (theoretically) influence credibility. To avoid ambiguity, this shall be denoted the trustworthiness of a report.

subject to these expectations, it is likely they will show differences on a topics as well as a communications level. Since the focus of this thesis lies on credibility building, topical differences will not be of importance; the main interest is in the way the content is communicated.

It has been stated that CSR reports are generally low-context communications (see 5.4). The GRI guidelines push sustainability reports even more towards the low end of the continuum, as they demand, among other things, accuracy and clarity (principles ensuring quality). This suggests the use of explicit language and a context-information-ratio that is low on context and high on information. For LC cultures, this is closer to their own form of communication as for HC cultures, as in HC cultures, the creation of meaning relies heavily on context. Corporations originating from HC cultures go against their communicative nature when drawing up a report according to GRI guidelines, therefore on can assume that the adherence to guidelines will be lower compared to LC cultures.

H1.1: CSR reports by corporations originating from LC cultures show a higher degree of adherence to the GRI guidelines' principles ensuring quality than CSR reports by companies from HC cultures.[25]

The notion of high and low context has already been introduced, now the countries chosen to represent HC and LC cultures will be discussed. By the interaction of information and context, meaning is created (Hall, 1976). Depending on the ratio of these two elements, cultures can be classified on a continuum with the two poles high context (HC) and low context (LC) (Hall, 1976). Although there is not sufficient empirical evidence to neatly locate countries on the continuum (Kittler, Rygl, & Mackinnon, 2011), Asian countries are said to be found on the HC end of the continuum, the USA somewhat in the middle, and selected European countries on the LC end. Therefore, the following clusters (from the societal cluster classification according to Gupta, Hanges, & Dorfman, 2002) are chosen to present HC respectively LC cultures:

[25] This thesis concentrates on the way the information in reports is conveyed, rather than the actual content. For that reason, only the adherence to the GRI principles of quality will be analyzed.
What has to be noted is that by adhering to the GRI's principles of quality, the trustworthiness of a report can be increased. From this point of view, if hypothesis 1.1 proves to be the case, one could argue that CSR reports by firms originating from HC cultures are less trustworthy.

HC		**LC**	
Confucian Asia	China	Germanic Europe	Austria
	Hong Kong		Germany
	Japan		The Netherlands
	Singapore		Switzerland
	South Korea	Nordic Europe	Denmark
	Taiwan		Finland
			Sweden

Table 1: Clusters representing high- and low-context cultures

Kittler et al. (2011) analyzed existing research classifying countries along the HC/LC continuum. The findings showed the above mentioned countries (with the exception of the Netherlands and Singapore) to be usually classified as HC respectively LC cultures, with little or no ambiguity. However, what has to be mentioned is the “problematic issue of using nation as a proxy for culture” (Kittler, Rygl, & Mackinnon, 2011, p. 77). The problem is that especially in large countries, different ethnic groups are found (Kittler, Rygl, & Mackinnon, 2011), which makes it hard to classify a whole country as having HC or LC culture. This is particularly relevant for the US, a huge nation with several ethnic minorities. Still, for the above mentioned countries there were no mixed or contradictory results (Kittler, Rygl, & Mackinnon, 2011), suggesting the classification of these countries as HC or LC cultures is reasonable. On the other hand, Hofstede points out that societies (or nations) are useful in the study of cultures as “they are the most ‘complete’ human groups that exist” (Hofstede, 1982, p. 21).

The reason why Asian and European countries have been chosen is twofold. First, since those countries are found on very different positions in the HC-LC continuum (namely converging towards the ends), it justifies using a dichotomous approach to what originally has been developed as a continuum. The dichotomy of HC and LC is used due to practicability. Second, a „US/Asian dominance” (Kittler, Rygl, & Mackinnon, 2011, p. 74) has been observed in the samples of existing studies. Therefore, the sample to be analyzed consists of Confucian Asia and Germanic and Nordic Europe.

Although differences in CSR reporting of HC and LC countries seem reasonable due to different cultural backgrounds, it is also possible that the adherence to GRI guidelines reduces or eradicates these differences, leading to standardization. Therefore, the alternative hypothesis is:

H1.2: There are no significant differences between HC and LC cultures in the adherence to GRI guidelines.

The next hypotheses also deal with the trustworthiness of CSR reports, and underlie the general assumption that CSR reports are used as a tool for impression management and, as a result are not trustworthy.

H2: The focus of CSR reports is on achievements rather than shortcomings.

The underlying assumption is that firms are more concerned with presenting themselves in a positive light than with providing accountability. It is likely that the focus will be on (past) accomplishments; failures, setbacks, and current problems that lack solutions might be withheld or downplayed (exclusion of negative disclosure). Overall, it can be assumed that the corporation's performance against the triple bottom line is not depicted truthfully. However, if this hypothesis turns out to be true, this means that the GRI principles of completeness and balance have been bypassed.

H3: CSR reports will present the data vaguely rather than in a straightforward manner.

CSR reports are modelled on financial reports; however, while corporate financial reports consist of hard facts and underlie a strict set of rules, the same cannot be said for CSR reports. To hide the lack of substance, the data in CSR reports might be presented in a roundabout manner. This would go against the GRI principles of clarity and accuracy.

H4: CSR reports will be cautious to refrain from self-praise.

Corporations are aware that their communication about CSR is under scrutiny, therefore they will be cautious not to applaud themselves too obviously. Indulging in self-praise can only be counter-productive; it is likely that firms will show restraint when it comes to voicing their satisfaction with their triple bottom line performance.

It is possible that for the hypotheses 2 to 4 there will also be cultural differences between the clusters. However, there is not enough empirical evidence to formulate hypotheses in this regard. Therefore, the differences in report sincerity between HC and LC cultures remain to be seen.

8 Methodology

This chapter will first take a look at the method (content analysis) and the material of analysis (8.1), and then explain the operationalization of the constructs that will be of importance (8.2).

8.1 Content Analysis and Material of Analysis

A computer-aided content analysis will be conducted to test the above given hypotheses. The program used is DICTION 7.0 (Hart & Carroll, 2013), a content analysis program that uses a set of dictionaries (31 in number) to establish a general understanding of a text. The output is a list of variables, and the scores of each variable can be compared to those of other text forms (norms). The normative data base on more than 50.000 texts that have been run through DICTION (Hart & Carroll, 2013). There is a variety of norms, ranging from public speeches and business reports to poetry and e-mail correspondence, and one normative profile combining all norms (the default in DICTION). By the use of the various DICTION norms, the scores for the analyzed texts can be compared to normative ranges. The normative ranges extent from a lower limit (-1 standard deviation from the mean) to an upper limit (+1 standard deviation from the mean).

The material that will be analyzed are standalone 2012 CSR reports in accordance with GRI guidelines by Germanic and Nordic European and Confucian Asian[26] companies found in the top 500 of the Forbes Global 2000 list published in 2013. The Global Reporting Initiative is the most prominent enterprise that provides guidelines for CSR reporting, and most companies use these guidelines (Crane, Matten, & Spence, 2008). The countries (clusters) representing high- and low-context cultures have already been discussed above. The Forbes Global 2000 is a ranking of “the biggest, most powerful and most valuable companies in the world” (Forbes Media, 2015), according to the criteria sales, profits, assets, and market value. According to legitimacy theory, “large companies are socially more visible and more exposed to public scrutiny“ (Arvidsson, 2010, p. 342) and therefore face the greatest pressure to behave responsibly and sustainably. As a result, CSR reporting is particularly important for big corporations (Ziek, 2009), which is why those will be the objects of this study.

Among the first 500 of the Forbes Global 2000 (2013) are 64 corporations from Germanic and Nordic Europe, and 104 firms from Confucian Asian countries, which makes a total of 168 corporations in the sample. The exact listing of the number of corporations per country is given in table 2. This is the list of countries that theoretically make up the sample; however, they will only be considered if they have issued a standalone CSR report for the year 2012.

[26] For reasons of readability, in the following the short forms “European” and “Asian” will be used to denote these specific clusters.

Austria	2
Germany	23
The Netherlands	10
Switzerland	15
Denmark	3
Finland	2
Sweden	9
	64
China	31
Hong Kong	8
Japan	41
Singapore	6
South Korea	15
Taiwan	3
	104
Total	**168**

Table 2: Number of corporations in the Forbes Global 2000 top 500, per (relevant) country

The Forbes Global 2000 2013 list relies on data from the fiscal year 2012; so, accordingly, the sustainability reports to be analyzed are from the year 2012. Only standalone sustainability reports are considered, information on triple bottom line performance in annual reports (integrated reporting) will not be taken into the sample. The reports have been downloaded from the corporate websites; for the analysis they have been converted into text files, to reduce interference with DICTION (e.g. due to pictures).[27]

8.2 Operationalization and Calculation of Normative Ranges

In order to be perceived as credible, a communication has to come from a credible source (corporate credibility) and has to be trustworthy itself. The two major components that make up corporate credibility are competence and trustworthiness of a company (Hansen, 2014). By analyzing CSR reports from the biggest and most valuable corporations in the world (according to the Forbes Global 2000), one can assume that competence is given. Trustworthiness, on the other hand, can be built by communicating the corporation's CSR efforts. However, this communication (i.e. the sustainability report) has to be credible itself, in particular, it has to fulfill the validity norms of rightness, truth, and sincerity (Habermas, 1988).

Rightness is fulfilled if the communication seems appropriate in respect to its context. As sustainability reports are probably the most appropriate way of communicating CSR, this

[27] For two reports (China Construction Bank and Toyota Motors) the conversion was not possible due to the documents' formats; therefore, these two were not analyzed.

validity norm is fulfilled for all material to be analyzed. Truth refers to the factual accuracy of the information given in a CSR report. To check whether this validity norm is fulfilled, one could look for third-party assurance in the report, or compare report content with information about the company's triple bottom line performance obtained from other sources. To check the truth of CSR reports is not subject of this thesis, however, the variables presented in the following can be indicators for the truthfulness of a CSR report. Finally, sincerity refers to the intentions behind drawing up a sustainability report, shortly put: whether the reporting corporation wants to give stakeholders a full account on their triple bottom line performance or use the report for impression management. In the following, it will be explained how DICTION's output variables will be reconfigured to provide an indication to the reports' sincerity.

The analysis will consist of two major parts: First, the adherence to GRI guidelines (more specifically: to the principles defining quality) will be examined, to test hypothesis 1. The variables needed to do this are adopted from Carroll and Einwiller (in press). Second, a new set of variables will be constructed (by reconfiguring DICTION's output variables) as indicators for the report's truth and sincerity, thereby checking hypotheses 2 to 4.

8.2.1 Adherence to GRI Principles for Ensuring Quality

Adherence to GRI guidelines is also an indicator for a report's trustworthiness. The principles ensuring report quality comprise balance, comparability, accuracy, timeliness, clarity, and reliability (Global Reporting Initiative, 2011). Carroll and Einwiller (in press) provide the conceptual measures for all of these principles except comparability[28]. Additionally, normative ranges have to be adapted to be able to interpret the scores; the calculations for the normative ranges will also follow Carroll and Einwiller (in press).

To be able to interpret the scores for DICTION's output variables, one needs to contextualize them by comparing them to other texts. Since DICTION only gives the normative ranges for its standard output variables, the normative ranges for the calculated variables must also be calculated. Here, for the lower limit of the measure's range, the lower limits of the DICTION variables have to be added together. For the lower limit of reverse-scored variables, the upper limits have to be subtracted. For the upper limit of the conceptual measures, the upper limits are added together; if the variable is reverse-scored, the lower limit is subtracted. The following table, adapted from Carroll and Einwiller (in press)[29], shows the calculation for the variables needed to check for adherence to GRI principles ensuring quality:

[28] To be able to analyze comparability, the temporal component of this variables needs to be considered; the material of analysis would have to be reports from several different years.

[29] This is a reduced version of the table found in Carroll & Einwiller (in press). For their variable "disclosure alignment", they analyzed two more variables, namely materiality and stakeholder inclusiveness (principles defining content).

GRI Guidelines: Principles Ensuring Quality			
	Formula	Lower Limit	Upper Limit
Balance	+ Hardship + Accomplishment - Praise - Satisfaction	+ Hardship $_{LL}$ + Accomplishment $_{LL}$ - Praise $_{UL}$ - Satisfaction $_{UL}$	+ Hardship $_{UL}$ + Accomplishment $_{UL}$ - Praise $_{LL}$ - Satisfaction $_{LL}$
Timeliness	+ Present Concern	+ Present Concern $_{LL}$	+ Present Concern $_{UL}$
Accuracy	+ Numerical Terms	+ Numerical Terms $_{LL}$	+ Numerical Terms $_{UL}$
Clarity	- Ambivalence	- Ambivalence $_{UL}$	- Ambivalence $_{LL}$
Reliability	+ Inspiration	+ Inspiration $_{LL}$	+ Inspiration $_{UL}$

Table 3: Conceptual measures for adherence to GRI principles ensuring quality (adapted from Carroll & Einwiller, in press)

The scores of the calculated variables will then be compared with the according normative ranges, and will be classified as being as within, above, or below the normative range. To check the statistical significance of these classifications, t-tests will be conducted: For those corporations having a score below the lower limit, a new group mean will be calculated and will be compared to the lower limit. The group mean of corporations reaching scores above the upper limit will be compared to the upper limit. The mean of corporations being within the normative range will be compared to both the upper and the lower limit. This procedure will be repeated for all variables (including the variables indicating report sincerity, see below).

Aside from the classification, one can also look at the means of the different variables, and compare them to a hypothetical mean. The hypothetical means are calculated by adding the lower and upper limits of a normative range together, and dividing them by two. Thus, the hypothetical mean is the point that splits the normative range into an upper and a lower half. The hypothetical means differ according to the norm one uses to interpret the scores. T-tests will be conducted to see whether the (overall) means of the variables differ significantly from the corresponding hypothetical means. Again, this procedure will be followed for the other set of variables (indicators for sincerity) too.

Additionally, to compare the means for the European and Asian groups, t-tests will be conducted for each variable.

8.2.2 Indicators for Sincerity

The second part of the analysis will focus on specific traits of the analyzed CSR reports. Hypothesis 2 stated that disclosure in CSR reports will be overly positive, with a focus on accomplishments. To test this hypothesis, two variables are created: one that indicates negative disclosure in a CSR report, and one that measures disclosure of past successes. The variable *Negative Disclosure* consists of DICITON’s Hardship and Present Concern. The DICTION variable Present Concern is included because it is an indicator for present issues that have not yet been dealt with; disclosing this suggests a corporation’s concession that there are still problems in the field of sustainability that need attention. The second variable, *Past Successes*, consists of Accomplishment and Past Concern, both of which together indicate the successful coping with past challenges. This variable can be scored "normally" or negatively; the difference lies in its interpretation. Past Successes has not been scored negatively, to be in line with its counterpart Negative Disclosure. Therefore, a high score on Past Successes means the disclosure of past accomplishments is high.

Further, it was hypothesized that the presentation of data in CSR reports will be vague, to hide a potential lack of substance. To test this, the variable *Tangibility* (of data) is developed. The disclosed information is tangible (and not vague) if it is reinforced by numbers, which leads to the inclusion of Numerical Terms in the calculation. Vagueness, however, is given when there is ambiguity, and when a lot of leveling terms are used, therefore DICTION's Ambivalence and Leveling Terms were included (negatively scored).

Finally, hypothesis 4 stated that corporations are aware of the fact that CSR reports underlie skepticism, and that they would therefore be cautious in their use of words. The corresponding variable is called *Restraint* and comprises the DICTION variables Inspiration, Praise, and Satisfaction, with the two latter negatively scored. The variable Restraint is an indicator for sincerity: Self-praise and/or excessive display of satisfaction with one's triple bottom line performance suggests that the corporation tries to promote itself, thereby reducing sincerity. The dictionary Inspiration includes words such as responsibility, commitment, and foresight, and therefore a high score on this variable indicates sincerity. Another DICTION variable that one can look at in this respect is *Embellishment*, a "selective ratio of adjectives to verbs" (Hart & Carroll, 2013). Embellishment is a calculated variable, and can therefore not be included in the formula for the variable Restraint.

The developed conceptual measures and the corresponding normative ranges are shown in table 4. While all these variables are indicators for sincerity, to some extent they can also be indicators for a report's truth.[30]

Indicators for Sincerity			
	Formula	Lower Limit	Upper Limit
Negative Disclosure	+ Hardship + Present Concern	+ Hardship $_{LL}$ + Present Concern $_{LL}$	+ Hardship $_{UL}$ + Present Concern $_{UL}$
Past Successes	+ Accomplishment + Past Concern	+ Accomplishment $_{LL}$ + Past Concern $_{LL}$	+ Accomplishment $_{UL}$ + Past Concern $_{UL}$
Tangibility	+ Numerical Terms - Ambivalence - Leveling Terms	+ Numerical Terms $_{LL}$ - Ambivalence $_{UL}$ - Leveling Terms $_{UL}$	+ Numerical Terms $_{UL}$ - Ambivalence $_{LL}$ - Leveling Terms $_{LL}$
Restraint	+ Inspiration	+ Inspiration $_{LL}$	+ Inspiration $_{UL}$

[30] To actually examine a report's truth, however, one would have check for the factual accuracy of the information given, i.e. compare it with information obtained from other (non-corporate) sources.

	- Praise - Satisfaction	- Praise $_{UL}$ - Satisfaction $_{UL}$	- Praise $_{LL}$ - Satisfaction $_{LL}$
Embellishment (Hart & Carroll, 2013)	[Praise + Blame +1] ÷ [Present Concern + Past Concern +1]	According to DICTION	According to DICTION

Table 4: Conceptual measures for indicators for report sincerity

What has to be noted is that a certain degree of overlap between variables indicating sincerity and the variables indicating adherence to GRI guidelines can be expected. After all, the variables used are the same to some extent, only configured differently.

For hypotheses 2 to 4 the cultural differences will also be analyzed. However, since this is a rather exploratory approach, no hypotheses have been formulated as to the outcome of this analysis. Another note in this respect: Asian reports are usually published both in English and the respective country's language. Therefore, it is possible that the originally high context gets lost in translation (from e.g. Japanese to English).

8.3 Norms

As mentioned above, the DICTION output consists of scores on the presented variables. These scores have to be contextualized, which is why normative ranges will be calculated. DICTION provides a large set of norms, ranging from poetry to business communication. In the analysis, the scores of the calculated variables will be compared to three kinds of norms:

- the general norm (comprising all text forms),
- corporate public relations (PR),
- and corporate financial reports.

Comparing the scores to the overall norm gives a general idea of how to interpret the scores. However, it also makes sense to compare CSR reports to specific text types, in this case PR and corporate financial reports. Corporate financial reports are chosen because CSR reporting is modelled on financial reporting, and it will be interesting to see whether it actually takes after financial reporting. On the other hand, it is also possible that CSR reporting shares more similarities with the related communications field PR.

9 Findings and Discussion

In this chapter, the findings will be presented and discussed. After giving general information on the reporting activity of the corporations in the sample (9.1), the two dimensions of interest, adherence to GRI principles ensuring quality (9.2) and variables indicating report sincerity (9.3), will be discussed separately. Also, the correlation of the variables and the two constructs will be discussed (9.4).

9.1 Reporting Activity

In the Forbes Global 2000 2013 list are 168 firms listed in the first 500 places, that fall into the selected clusters to represent high- and low-context cultures (see above). Of these 168 corporations, 64 fall into the Germanic and Nordic European clusters, and 104 into the cluster Confucian Asia. However, not all of these companies issued a standalone CSR report in the year 2012. As one can see in table 5, the majority of corporations (ca. 80%) engage in some form of sustainability reporting, either CSR reports or integrated reports.

CSR reporting seems to be prevalent especially in Europe, with more than 80% of the corporations having issued a CSR report in 2012, and only 10% disclosing triple bottom line information not in any report-form. When looking at the Asian cluster, this picture is a little different. For the year 2012, only half of the companies in the top 500 of the Forbes Global 2000 provide a standalone sustainability report. While approximately 20% of these corporations have issued CSR reports in previous years or include information on their triple bottom line performance in their annual reports, more than a quarter do not engage in any kind of sustainability reporting. This does not mean that they do not disclose information on their social and environmental performance at all; they merely do not do this via reporting. These corporations could have chosen other channels for disclosure, e.g. their corporate websites.

	2012 CSR Report	**Integrated Report**	**CSR Report Other Years**	**No Report**	
Europe	52 81.25%	3 4.69%	3 4.69%	6 9.38%	64 100%
Asia	54 51.92%	10 9.62%	12 11.54%	28 26.92%	104 100%
All	106 63.10%	13 7.74%	15 8.93%	34 20.24%	168 100%

Table 5: Reporting activity of corporations (absolute values and row percentages)

As mentioned in the section methodology, only standalone CSR reports for the year of 2012 will be analyzed. Therefore, 106 corporate sustainability reports make up the material of analysis. However, since two of these reports could not be converted into text files, this number will be reduced to 104. Incidentally, the 104 reports left in the sample split neatly into the two groups of HC and LC cultures, with 52 reports to be analyzed in each.

9.2 Level of Adherence to GRI Principles Ensuring Quality

The results concerning the level of adherence to the GRI principles ensuring quality will be presented in the following manner: First, the scores of all analyzed reports will be compared to the according normative ranges for all norms, as well as for PR and financial reports (9.2.1). Then, the two groups (HC and LC) will be compared with each other (9.2.2), based on the normative ranges for all norms. Finally, a discussion of the presented results (9.2.3) concludes this subchapter.

9.2.1 Whole Sample

As described in the methodology section, the CSR reports that have been analyzed are divided into three categories: having a score below, within, or above the normative range. T-tests comparing the category means against the lower and/or upper limits (depending on the category, see methodology) help determining whether the classifications are significant.[31] The t-tests reveal that the classifications are significant or even highly significant, except in those cases where the group belonging to the category was too small.

When compared with the normative range of all genres provided by DICTION (all norms), it shows that the analyzed reports are mostly within the normative ranges, or even above. Only on one variable (Timeliness) the scores are significantly lower than the lower limit. Table 6 shows an overview of the results.

	Normative Range		**No. of Reports**				
	LL	UL	Below	Within	Above	**Mean**	**SD**
Balance	-9.46	31.02	0	92**	12**	21.53	9.52
Timeliness	7.02	16.66	47**	53**	4	8.04	3.50
Accuracy	0.30	15.04	0	56**	48**	19.93	17.67
Clarity	-19.21	-6.49	0	6*	98**	-2.86	2.43
Reliablity	1.56	11.12	2	94**	8*	6.19	3.25

Table 6: Adherence to GRI principles ensuring quality
N=104

* The category mean deviates from the relevant limit(s) with a significance of p<.05.
** The category mean deviates from the relevant limit(s) with a significance of p<.00.

The scores of 92 out of 104 reports are within the normative range for Balance, the remainder of reports scored above the upper limit. This is also reflected in the mean for all corporations (above and within) for the variable Balance, which is 21.53. The mean is clearly within the normative range (-9.46; 31.02), yet has a tendency towards the higher end. It can be stated that the analyzed reports are balanced, at least when compared to an average text.

[31] All category means are listed in tables in the appendix.

The results for the variable Timeliness show a different picture. While the reports of 4 firms scored higher than the upper limit (classification not significant), approximately half of the reports are within the normative range. However, the number of reports that scored below the lower limit is relatively big, with 47 reports falling in this category. When one looks at the overall mean, it shows that it is only slightly higher than the lower limit. Therefore, one can say that timeliness is not a strong attribute of the analyzed CSR reports, at least when compared to other text types.

Approximately half of the sustainability reports analyzed scored higher than the upper limit on the variable Accuracy, with the other half being within the normative range. The mean for all reports also lies above the upper limit, suggesting that the analyzed CSR reports are accurate.

Even more distinct are the results for the variable Clarity. The majority of reports scored higher than the upper limit, 6 reports are within the normative range, and none are below. The mean of -2.86, though negative, is still higher than the upper limit (-6.49). This indicates that the analyzed CSR reports are – compared to other text types – relatively clear.

The last of the GRI principles concerning report quality is Reliability. On this variable, most of the reports scored within the normative range. Only two are below the lower limit, however, the mean of these 2 reports did not differ significantly from the lower limit. The scores of 8 of the 104 analyzed reports are above the upper limit. The overall mean also falls squarely in the normative range. This suggests that the analyzed CSR reports are reliable.

This first impression becomes clearer when looking at the percentages of reports below, within, and above the normative ranges given in table 7.

	Normative Range		**% of Reports**			
	LL	UL	Below	Within	Above	Total
Balance	-9.46	31.02	0.00%	88.46%	11.54%	100%
Timeliness	7.02	16.66	45.19%	50.96%	3.85%	100%
Accuracy	0.30	15.04	0.00%	53.85%	46.15%	100%
Clarity	-19.21	-6.49	0.00%	5.77%	94.23%	100%
Reliablity	1.56	11.12	1.92%	90.38%	7.69%	100%

Table 7: Adherence to GRI principles ensuring quality, percentages
N=104

On only one out of the five variables, the percentage of firms whose report scores are below the lower limit is considerable (Timeliness). For all other variables, most analyzed reports scored within the normative range or even above. Especially high are the scores on the variable Clarity, with almost 95% of the analyzed reports being above the upper limit.

DICTION provides a variety of norms to compare the analyzed data with. The norm that has been used above as a basis for interpreting the scores was the universal norm comprising all norms. Now, the reports will be compared to two specific norms provided by DICTION, namely PR (denoted “corporate public relations” in DICTION) and corporate financial reports. Again, the reports will be classified as being below, within, or above the normative range for the respective norms, and these classifications will be compared with the one done above. Additionally, the sample means for the variables will be compared to the hypothetical means by running t-tests.

When classifying the analyzed material into the categories below, within, and above the normative range for PR, the results are quite similar to the ones when using all norms as the basis for classification. Overall, a shift towards the left (i.e. towards being classified into lower categories) can be observed. The figures are found in table 8, and the classifications are significant, with the exception of those groups that are too low in number to be classified significantly into one category (only 4 reports or less).

	Normative Range		**No. of Reports**				
	LL	UL	Below	Within	Above	**Mean**	**SD**
Balance	-1.31	42.15	1	99**	4	21.53	9.52
Timeliness	8.10	17.63	61**	40**	3	8.04	3.50
Accuracy	3.14	16.12	0	58**	46**	19.93	17.67
Clarity	-17.50	-2.89	0	44**	60**	-2.86	2.43
Reliablity	1.46	15.84	1	101**	2	6.19	3.25

Table 8: Adherence to GRI principles ensuring quality, norm PR
N=104

* The category mean deviates from the relevant limit with a significance of p<.05.
** The category mean deviates from the relevant limit with a significance of p<.00.

For the variable Balance, more reports are in the category “within” and less in “above” than when classified using the normative range for all norms. The same goes for the variables Accuracy and Reliability. 14 reports more fall into the “below” category in the variable Timeliness, with the “within” category being reduced accordingly. For the variable Clarity, the left-shift is even more pronounced. Before, only 6 reports fell into the “within” category; this number has risen to 44, when using the normative range for PR as a reference.

All in all, the results for the classifications are not too different when using PR or all norms as the basis for comparison. The most distinct difference shows itself for Clarity, with the analyzed reports becoming less clear when compared to PR, than when compared to various text types. This is due to the fact that the upper limit for PR (-2.89) on the variable Clarity is above the upper limit for all norms (-6.49). Interpreting this, one can say that PR is, compared to all text types scored by DICTION, relatively clear, and as a consequence, the analyzed CSR reports become less clear when PR is used as a reference.

Turning to corporate financial reports as a reference, the results seems to be mirrored to some extent. All results are given in table 9. The classifications are all statistically significant.

	Normative Range		No. of Reports				
	LL	UL	Below	Within	Above	**Mean**	**SD**
Balance	10.60	47.98	10*	93**	1	21.53	9.52
Timeliness	1.06	8.54	0	66**	38**	8.04	3.50
Accuracy	40.62	112.24	93**	11**	0	19.93	17.67
Clarity	-6.16	0.46	9*	95**	0	-2.86	2.43
Reliablity	-0.16	7.14	0	75**	29**	6.19	3.25

Table 9: Adherence to GRI principles ensuring quality, norm corporate financial reports
N=104

* The category mean deviates from the relevant limit with a significance of p<.05.
** The category mean deviates from the relevant limit with a significance of p<.00.

For the variable Balance, the majority of reports still fall into the “within” category, but while the rest have been classified as being above the normative range for all norms and PR, now most of the reports not located in the “within” stream are found below the lower limit for financial reports. Also on the variable Timeliness the results are very different. When compared to financial reports, the analyzed CSR reports scored mostly within the normative range, and a considerable number even above, whereas before, most reports were below or within the normative ranges.

On the variable Accuracy, none of the reports have been found below the lower limit of PR or all norms; however, due to the high lower limit of Accuracy in financial reports, most analyzed reports now fall into the category “below”. Similarly, on the variable Clarity, the majority of analyzed reports fall within the normative range for corporate financial reports, when most of them scored above the upper limits for PR and all norms. The least apparent difference shows itself for the variable Reliability, where most reports still score within the normative range, but more reports than before are classified as being above the upper limit.

Leaving the classification aside, one can also compare the means of the different variables to the hypothetical means. The hypothetical means are calculated as described above in the methodology section, and as they base on the normative ranges, they differ according to the norm one uses. T-tests are conducted to compare the means against the hypothetical means of a) all norms, b) PR, and c) financial reports. The results are shown in table 10.

	All Norms			PR			Financial Reports		
	Hyp.M.	Mean	SD	Hyp.M.	Mean	SD	Hyp.M.	Mean	SD
Balance	10.78	21.53**	9.52	20.42	21.53	9.52	29.29	21.53**	9.52
Timeliness	11.84	8.04**	3.50	12.87	8.04**	3.50	4.80	8.04**	3.50
Accuracy	7.67	19.93**	17.67	9.63	19.93**	17.67	76.43	19.93**	17.67
Clarity	-12.85	-2.86**	2.43	-10.20	-2.86**	2.43	-2.85	-2.86	2.43
Reliablity	6.34	6.19	3.25	8.65	6.19**	3.25	3.49	6.19**	3.25

Table 10: Adherence to GRI principles of quality, comparison with hypothetical means

N=104

* The actual mean deviates from the relevant hypothetical mean with a significance of p<.05.
** The actual mean deviates from the relevant hypothetical mean with a significance of p<.00.

When compared with DICTION'S universal norm comprising all norms, the sample means' deviation from the hypothetical means is significant for all variables but Reliability. The means for Balance, Accuracy, and Clarity are significantly higher than the hypothetical means, while the mean for Timeliness is lower. When comparing the means against the variables' hypothetical means of PR, the mean for Balance does not differ significantly. However, the means for Accuracy and Clarity are significantly higher, and the means for Timeliness and Reliability significantly lower. Turning to the norm corporate financial reports, all means show significant differences to the hypothetical means, but for one variable, Clarity. The means for Balance and Accuracy are significantly lower than the corresponding hypothetical means of financial reports, while the means for Timeliness and Reliability are significantly higher.

This indicates that the analyzed CSR reports share the most resemblance to PR for the variable Balance, are closest to financial reports on the variable Clarity, and, on average, score similar to a profile of various text types on the variable Reliability.

9.2.2 Asia and Europe Compared

Now that the results for the whole sample have been given, it is time to take a closer look at the two groups into which the sample can be split: the countries representing HC and LC cultures (Confucian Asia and Germanic and Nordic Europe, in the following referred to as Asia and Europe). This comparison will be done in two ways: First, the above given percentages of the categories below, within, and above the normative range will be apportioned to the two groups. Second, the means for the groups Asia and Europe will be compared in a t-test.

Table 11 bases on the percentages of table 7, and shows how these are distributed between the two groups. The percentages were calculated based on the absolute numbers of Asian/European reports falling into the respective categories.[32] Since both groups comprise the same number of reports (n=52), an even distribution in a category (below, within, or above) is given when the percentages for Asia and Europe are equal. Therefore, assimilation of these figures indicates that there are no distinct differences between the two groups in the variable of interest.

[32] A table showing these numbers is found in the appendix.

Variable	Cluster	% of Reports			
		Below	Within	Above	Total
Balance	Europe*	-	45.19%	4.81%	
	Asia*	-	43.27%	6.73%	
	N=104	-	**88.46%**	**11.54%**	**100%**
Timeliness	Europe*	24.04%	24.04%	1.92%	
	Asia*	21.15%	26.92%	1.92%	
	N=104	**45.19%**	**50.96%**	**3.85%**	**100%**
Accuracy	Europe*	-	25.96%	24.04%	
	Asia*	-	27.88%	22.12%	
	N=104	**-**	**53.85%**	**46.15%**	**100%**
Clarity	Europe*	-	1.92%	48.08%	
	Asia*	-	3.85%	46.15%	
	N=104	**-**	**5.77%**	**94.23%**	**100%**
Reliablity	Europe*	0.96%	46.15%	2.88%	
	Asia*	0.96%	44.23%	4.81%	
	N=104	**1.92%**	**90.38%**	**7.69%**	**100%**

Table 11: Adherence to GRI principles ensuring quality, percentages per group
* n=52

The approximately 90% of reports that fall within the normative range for Balance are more or less evenly distributed between Asian and European companies' reports, as are the remaining 11.5% scoring above the upper limit. Slightly more pronounced are the differences for the variable Timeliness, where the category "below" comprises more European firms while Asian companies outweigh in the category "within". A tendency towards this can be observed also for the variable Accuracy. For this variable, the category "within" is dominated by European reports, whereas more reports of Asian corporations scored higher than the upper limit. A similar picture shows itself for the variable Clarity, with Asian firms' reports slightly in the majority in the category "above". When it comes to Reliability, the picture is again very similar. Here, the category "below" is evenly distributed among the two groups, but differences are found in the other two categories. While more European reports have been classified as being within the normative range, there are more Asian reports among those that have scored higher than the upper limit.

When taking the approach of diving reports into the three categories below, within, and above the normative range, it seems that the differences between the countries representing HC and LC respectively are not as considerable as one might have expected, considering the different cultural backgrounds. However, this approach reduces accuracy by dividing the data into three categories and neglecting the actual scores hereafter. Therefore, the second approach to comparing HC and LC cultures will be to conduct t-tests comparing the group means. First, the overall group means will be compared. Then, coming back to the classification, the group means will be compared category-wise.

The results of the t-test support the impression that cultural differences in reporting are rather small in the sample. Table 12 shows that the group means differ from another significantly on only one variable, Balance. Asian reports scored a higher mean than European reports did (23.52 to 19.53). The differences for the variables Timeliness, Clarity, and Reliability are not only not statistically significant, but very little too. Only on the variable Accuracy, European corporations scored distinctly higher on average than Asian companies did (20.96 to 18.91), however, due to high standard deviations, this difference is not significant.

		N	Mean	SD	Sig.	Diff.
Balance	Europe	52	19.53	8.83	0.03	-3.99
	Asia	52	23.52	9.84	0.03	3.99
Timeliness	Europe	52	7.97	3.64	0.84	-0.14
	Asia	52	8.11	3.40	0.84	0.14
Accuracy	Europe	52	20.96	19.00	0.56	2.05
	Asia	52	18.91	16.34	0.56	-2.05
Clarity	Europe	52	-2.68	1.93	0.45	0.36
	Asia	52	-3.04	2.85	0.45	-0.36
Reliability	Europe	52	5.78	2.96	0.20	-0.82
	Asia	52	6.60	3.51	0.20	0.82

Table 12: Adherence to GRI principles ensuring quality, comparing group means

Going more in depth with the analysis of differences, now the group means for each category (below, within, and above) are calculated and compared in a two-tailed t-test. This procedure should allow a closer examination of the differences in distribution of the two groups among the categories shown in table 11, as well as an evaluation whether or not they are statistically significant. The results are, not surprisingly, very similar to those of the previous test comparing group means.

Table 13 gives for each category the numbers of the two groups (N), the group means (Mean) and standard deviations (SD), the difference between the two group means (Diff.), as well as the p-value indicating the statistical significance of the observed difference (Sig.).

BELOW		N	Mean	SD	Sig.	Diff.
Balance	Europe	0	-	-	-	-
	Asia	0	-	-	-	-
Timeliness	Europe	25	5.34	1.49	0.808	0.1
	Asia	22	5.24	1.17	0.808	-0.1
Accuracy	Europe	0	-	-	-	-
	Asia	0	-	-	-	-

Clarity	Europe	0	-	-	-	-
	Asia	0	-	-	-	-
Reliability	Europe	1	-	-	-	-
	Asia	1	-	-	-	-
WITHIN						
Balance	Europe	47	17.41	6.05	0.013	-3.62
	Asia	45	21.03	7.56	0.013	3.62
Timeliness	Europe	25	9.80	2.57	0.778	0.17
	Asia	28	9.63	1.91	0.778	-0.17
Accuracy	Europe	27	9.97	2.95	0.429	0.66
	Asia	29	9.31	3.24	0.429	-0.66
Clarity	Europe	2	-8.42	0.91	0.288	2.61
	Asia	4	-11.03	2.80	0.288	-2.61
Reliability	Europe	48	5.37	2.12	0.320	-0.45
	Asia	46	5.82	2.20	0.320	0.45
ABOVE						
Balance	Europe	5	39.49	4.78	0.984	-0.08
	Asia	7	39.57	7.58	0.984	0.08
Timeliness	Europe	2	18.03	1.85	0.818	-0.43
	Asia	2	18.46	1.15	0.818	0.43
Accuracy	Europe	25	32.82	21.81	0.757	1.81
	Asia	23	31.01	18.20	0.757	-1.81
Clarity	Europe	50	-2.45	1.56	0.809	-0.07
	Asia	48	-2.38	1.56	0.809	0.07
Reliability	Europe	3	13.76	2.84	0.597	-1.02
	Asia	5	14.78	2.32	0.597	1.02

Table 13: Adherence to GRI principles ensuring quality, comparing group means per category

Comparing the group means category-wise supports the impression one gets from looking at the distribution of the classification into the three categories, namely that the differences between the countries representing HC and LC cultures respectively are minor. One look at the column “Significance” shows that the group means differ from each other significantly for only variable in one category: In the category “within”, the Asian reports’ mean (21.03) is significantly higher than the mean of European reports (17.41) for the variable Balance.

There are no other significant differences in the group means. One reason is that the differences are generally very little (see column “Difference”). Only in three other cases there are considerable differences in the group means, namely for the variables Clarity (in the category “within”) as well as Accuracy and Reliability (in the category “above”). However, these differences are not statistically significant. For Clarity (“within”) and Reliability (“above”), the group numbers are too small for the differences in the means to be significant. The difference in the group means for the variable Accuracy (“above”) is not significant because the standard deviation is very high in both groups.

Not surprisingly, the results of the category-wise group means comparison reflect the results of the t-test comparing overall group means. The only significant difference was observed in the variable Balance, with Asian reports scoring higher on average than European reports. This and other notable results concerning the variables indicating adherence to GRI principles of quality will be discussed in more detail in the following.

9.2.3 Discussion of Results

When compared to all norms, the scores of the analyzed CSR reports are mostly within the normative range or above the upper limit on all variables but Timeliness. This is also reflected when comparing the group means with the hypothetical means of the variables: For Balance, Accuracy, and Clarity, the actual means are significantly higher than the corresponding hypothetical means of all norms, and only the mean for Timeliness is lower.

However, when compared to corporate financial reports, arguably a congeneric text type, the analyzed CSR reports scored within or above the normative range on Timeliness. Also, the corresponding mean is significantly higher than the hypothetical mean of financial reports. The reason is that Timeliness is measured by use of DICTION’s Present Concern, and it seems that Present Concern is rather prominent in PR and all text types taken together. Therefore, it can be argued that the measurement for Timeliness is functional only when CSR reports’ scores on this variable are interpreted against a similar background (e.g. financial reports).

The comparison against the normative ranges for public relations shows a similar picture than when using all norms as a reference. A notable result is that, compared to the hypothetical mean of PR, the actual mean on the variable Reliability is significantly lower. This would indicate that the analyzed CSR reports are less reliable than public relations (on average). While there is no significant difference when it comes to Balance, the analyzed reports are more accurate and clear than PR is.

Very different are the results when interpreting the scores using corporate financial reports as a reference. Aside from the above-mentioned Timeliness, the results for the variables Balance and Accuracy demand particular attention. On the variable Accuracy, the analyzed CSR reports score particularly low. This can be explained by the operationalization of the variable: Accuracy is measured with DICTION’s Numerical Terms, and as numbers are dominant in financial reports, it is no surprise that CSR reports scored below the normative range of this norm. Therefore, it is not workable to use financial reports as a basis of comparison for this variable. Instead, for the interpretation of scores for this variable, it is more useful to resort to all norms as a reference. Also the mean of the variable Balance is significantly lower than the hypothetical mean of financial reports. This indicates that the analyzed CSR reports are less balanced than financial reports.

All in all, the results indicate that the analyzed CSR reports do adhere to the GRI principles of quality. What should be noted at this point, however, are the contradictory results for the variables Balance and Reliability. The analyzed CSR reports are less reliable than public relations, and less balanced than financial reports. Therefore, hypothesis 1, stating that corporations will adhere to the GRI guidelines, or more specifically the principles ensuring report quality does not entirely prove true for the given sample. There is a clear tendency towards adhering to GRI principles of quality, but it does matter what type of text is the basis of interpretation.

Turning to the comparison of the two groups, the hypothesis (1.1) was that CSR reports by corporations originating from LC cultures show a higher degree of adherence to the GRI guidelines' principles defining quality than CSR reports by companies from HC cultures. The data do not support this. The differences found between the countries representing HC and LC cultures respectively are few and minor; the only significant difference is in the variable Balance. On this variable, Asian firms (HC) scored higher on average than European corporations did. This indicates the opposite of what has been hypothesized.

The rationale of H1.1 was that CSR reports are closer to LC communication than HC communication, and therefore countries with a LC culture would have less problems adjusting. A possible explanation for the converse outcome of the analysis is that countries with a HC culture stick closer to the GRI guidelines as communicating with low context and a high degree of information is not their usual communication style, and therefore they need this guidance.

However, with Balance being the only significant difference, the results speak for the alternative hypothesis (H1.2), stating that there are no cultural differences in CSR reporting due to standardization. Overall, the results speak for standardization in sustainability reporting rather than cultural differences. Therefore, one can say that CSR reporting has become standardized, much thanks to the GRI guidelines.

9.3 Indicators for Sincerity

The results for the variables indicating report sincerity[33] will be presented in a similar manner as in 9.2. First, the whole sample will be analyzed, comparing the analyzed reports' scores against all norms, PR, and financial reports (9.3.1). A comparison of the cultural clusters follows (9.3.2). Finally, the results will be discussed (9.3.3).

[33] "Report sincerity" means that the report shows qualities that allow the conclusion that the reporting company's intentions were sincere.

9.3.1 Whole Sample

To begin with, the whole sample is classified into the three categories below, within, and above the normative range for all norms. The means for each category are tested against the upper and/or lower limit, to evaluate the classification. The results of this t-test show that the category means differ from the relevant limit(s) significantly, provided the case number in the category is big enough. Not statistically significant is the difference between the mean for the "above" category in the variable Restraint (n=6), therefore this classification is ambiguous.

	Normative Range		**No. of Reports**				
	LL	UL	Below	Within	Above	**Mean**	**SD**
Neg. Disclosure	8.28	27.14	41**	63**	0	10.24	4.27
Past Successes	5.93	29.97	0	70**	34**	27.14	9.04
Tangibility	-31.67	3.53	0	36**	68**	12.02	18.98
Restraint	-14.12	7.88	0	98**	6	1.52	3.89
Embellishment	0.16	1.14	1	102**	1	0.40	0.20

Table 14: Indicators for report sincerity

N=104

* The category mean deviates from the relevant limit(s) with a significance of p<.05.

** The category mean deviates from the relevant limit(s) with a significance of p<.00.

Table 14 shows that the analyzed reports all scored within or below the normative range on the variable Negative Disclosure. The mean of 10.24, although within the normative range, is closer to the lower limit than the upper limit. The reverse is true for the variable Past Successes: Here, all reports scored within or above the normative range, with the mean (27.14) converging towards the upper limit. Therefore, there is a tendency towards positive disclosure in the analyzed CSR reports.

A new variable (Problem Orientation) can be generated by calculating the ratio of Negative Disclosure to Past Successes. To do this, the scores of the first are divided by the scores of the latter. The mean for this variable is 0.41, indicating that for every accomplishment that is reported, only 0.41 shortcomings are disclosed. Turning this ratio around, one can say that there is approximately 2.5 more positive than negative information in the analyzed CSR reports.

On the variable Tangibility, the scores lie within or above the normative range, suggesting that the information in the analyzed reports is presented in a tangible way. Most of the reports scored above the upper limit, which is also reflected in the mean (12.02) that is considerably higher than the upper limit.

The last two variables, Restraint and DICTION's Embellishment, are related. Provided both measures are valid, they are opposed to each other: If a CSR report shows restraint, it will likely not use embellishing language and vice-versa. Therefore, Embellishment can be considered a “support variable” for reviewing the variable Restraint. For Restraint, almost all of the analyzed reports scored within the normative range, and those that did not, could not be significantly classified as being above the upper limit. The mean (1.52) lies within the normative range. Very similar is the picture for Embellishment: All but two reports’ scores lie within the normative range, as does the mean (0.40). These results suggest that, compared to various texts, the analyzed CSR reports neither show particular restraint nor use considerably embellishing language.

Again, the scores of the analyzed reports are compared against the related business communication fields PR and financial reports, and will be classified as being below, within, or above the normative range for these two specific norms. The classification when using the normative ranges of PR is presented in table 15. The t-test shows that all classifications are significant (with the exception of one category that comprises only two reports).

	Normative Range		**No. of Reports**				
	LL	UL	Below	Within	Above	**Mean**	**SD**
Neg. Disclosure	8.93	25.42	45**	59**	0	10.24	4.27
Past Successes	14.52	43.11	5*	93**	6*	27.14	9.04
Tangibility	-27.72	8.44	0	53**	51**	12.02	18.98
Restraint	-14.95	12.49	0	102**	2	1.52	3.89
Embellishment	0.27	0.94	31**	72**	1	0.40	0.20

Table 15: Indicators for report sincerity, norm PR

N=104

* The category mean deviates from the relevant limit(s) with a significance of p<.05.
** The category mean deviates from the relevant limit(s) with a significance of p<.00.

The classification is very similar to the one when using the normative ranges of all norms, with some differences standing out. The lower as well as the upper limit of the variable Past Successes is now higher; therefore more reports fall into the “within” category and less in the “above” category. Additionally, 5 reports are now lower than the lower limit, whereas before none were. On the variable Tangibility, the reports are now more evenly distributed between the categories “within” and “above”. Compared to before, the number of the “above” category has shrunk, and there are more reports falling within the normative range for PR. On the variable Embellishment, 31 reports score below the lower limit for PR, when for the lower limit of all norms, only 1 report did. Consequently, the “within” category shrunk to 72 reports. This is explained by the fact that, on this variable, the lower limit of PR is higher than the lower limit of all norms.

For Negative Disclosure and Restraint, the changes in the classification are minor. While the normative ranges for Negative Disclosure are very similar for PR and all norms, the upper limit for Restraint is higher for PR than for all norms. As a result, a few less reports are found in the category "above".

In summary, there is a left-shift to be observed, particularly on the variables Past Successes and Embellishment. These two variables do not indicate sincerity, but rather the opposite. Therefore, when compared to PR, the analyzed CSR reports seem more sincere.

Table 16 shows the results of the classification when using the normative ranges for corporate financial reports, as well as the according t-test. Again, the category means deviate significantly from the lower and/or upper limits for all categories except the ones that are too small in number.

	Normative Range		**No. of Reports**				
	LL	UL	Below	Within	Above	**Mean**	**SD**
Neg. Disclosure	0.06	12.32	0	77**	27**	10.24	4.27
Past Successes	17.84	46.96	15**	85**	4	27.14	9.04
Tangibility	27.29	112.28	89**	15**	0	12.02	18.98
Restraint	-7.28	8.23	0	100**	4	1.52	3.89
Embellish-ment	-0.69	2.60	0	104**	0	0.40	0.20

Table 16: Indicators for report sincerity, norm corporate financial reports

N=104

* The category mean deviates from the relevant limit(s) with a significance of p<.05.

** The category mean deviates from the relevant limit(s) with a significance of p<.00.

Classifying the analyzed CSR reports according to the normative ranges for financial reports shows a picture that is very different from the one before. The reason is that the ranges for all five variables have changed considerably. Both the upper and the lower limit for Negative Disclosure are now lower, resulting in a distribution among the categories that is almost opposite to the one before: None of the reports are below the lower limit anymore, while 27 are even above the upper limit. The lower and upper limits for financial reports on the variable Past Successes are higher than those for all norms, and while most reports still score within the normative range for financial reports, there are several reports falling below the lower limit, and only a handful remaining above the upper limit.

The most drastic change in the normative range shows itself for the variable Tangibility. Both lower and upper limit are a lot higher for financial reports, which is attributable to DICTION's Numerical Terms being used for the calculation of this variable. Most reports fall below the lower limit for financial reports on Tangibility, with only 15 remaining in the "within" category, and none in the "above" category. Although the lower limit for the variable Restraint is higher for financial reports than for all norms, the classification barely changes. Since the normative range on the variable Embellishment is expanded for financial reports, all reports now fall into the “within” category. This, however, is also not a big change to the classification according to all norms.

Additionally to the differences in the classifications, the means for the five variables can be compared to the hypothetical means for each norm. Table 17 gives an overview of the hypothetical means (calculation as explained above). The actual means deviate significantly from the hypothetical means in all cases but one: On the variable Past Successes, the differences between the mean and the hypothetical mean for PR is not significant.

	All Norms			PR			Financial Reports		
	Hyp.M.	Mean	SD	Hyp.M.	Mean	SD	Hyp.M.	Mean	SD
Neg. Disclosure	17.71	10.24**	4.27	17.18	10.24**	4.27	6.19	10.24**	4.27
Past Successes	17.95	27.14**	9.04	28.82	27.14	9.04	32.40	27.14**	9.04
Tangibility	-14.07	12.02**	18.98	-9.64	12.02**	18.98	69.79	12.02**	18.98
Restraint	-3.12	1.52**	3.89	-1.23	1.52**	3.89	0.47	1.52*	3.89
Embellish-ment	0.65	0.40**	0.20	0.61	0.40**	0.20	0.96	0.40**	0.20

Table 17: Indicators for report sincerity, comparison with hypothetical means
N=104

* The actual mean deviates from the relevant hypothetical mean with a significance of p<.05.
** The actual mean deviates from the relevant hypothetical mean with a significance of p<.00.

The mean for the variable Negative Disclosure is significantly lower than the hypothetical mean for all norms and PR, and significantly higher than the hypothetical mean for financial reports. For the variable Past Successes, the opposite is true: while the actual mean is higher than the hypothetical mean for all norms, it is lower when compared to financial reports. The same difference, only more pronounced, can be observed for the variable Tangibility. The actual mean of the variable Restraint is in all cases (all norms, PR, financial reports) significantly higher than the hypothetical means. Similarly, the mean for Embellishment is lower than the hypothetical means for all norms, PR, and financial reports.

9.3.2 Asia and Europe Compared

After giving the numbers of reports for each category in table 14, table 18 shows the percentages as well as the portions that fall into the two groups, Europe and Asia. The classification is based on the normative ranges of all norms. The approximately 40% of reports that are below the lower limit for the variable Negative Disclosure are relatively evenly distributed amongst the two groups; and as a result, so are the remaining 60% that make up the category “within”. For the variable Past Successes, the differences are more distinct: While there are more European reports in the “within” category, Asian reports dominate the “above” category. It seems that European reports are more withholding when it comes to disclosing past accomplishments, compared to their Asian counterparts. However, it remains to be seen whether this difference is significant.[34]

On the variable Tangibility, more Asian reports have been classified as being above the upper limit, and consequently, the "within" category is dominated by European reports. Accidently, there are absolutely no differences between the two groups when it comes to the classification for the variable Restraint: The ca. 94% of reports falling into the category "within" are in equal parts from Asian and European corporations, as are the remaining 6% that have been classified (not significantly) as being above the upper limit for Restraint. Minor differences are observable for the variable Embellishment. While the "within" group is evenly distributed between Asian and European reports, the one report below the lower limit is from a European company, and the one report above the upper limit from an Asian firm.

Variable	**Cluster**	**% of Reports**			
		Below	Within	Above	Total
Negative Disclosure	Europe*	20.19%	29.81%	0.00%	
	Asia*	19.23%	30.77%	0.00%	
	N=104	39.42%	60.58%	0.00%	100%
Past Successes	Europe*	0.00%	41.35%	8.65%	
	Asia*	0.00%	25.96%	24.04%	
	N=104	0.00%	67.31%	32.69%	100%
Tangibility	Europe*	0.00%	18.27%	31.73%	
	Asia*	0.00%	16.35%	33.65%	
	N=104	0.00%	34.62%	65.38%	100%
Restraint	Europe*	0.00%	47.12%	2.88%	
	Asia*	0.00%	47.12%	2.88%	
	N=104	0.00%	94.23%	5.77%	100%
Embellish-ment	Europe*	0.96%	49.04%	0.00%	
	Asia*	0.00%	49.04%	0.96%	
	N=104	0.96%	98.08%	0.96%	100%

Table 18: Indicators for report sincerity, percentages per group
* n=52

Another approach to comparing the two groups is a t-test comparing the means of the groups Asia and Europe. Before checking the group means for each category, and thereby providing more information on the observed differences in the classification of reports, the overall group means will be compared to get a general sense of the direction of the differences.

The t-test comparing group means was run for six variables. Additionally to the five variables featured in tables 14 to 18, Problem Orientation, the variable introduced above, is also part of

[34] See results of the t-test comparing group means in table 19.

the comparison. Problem Orientation reflects the ratio of Negative Disclosure to Past Successes. The results of the t-test are shown in table 19.

		N	Mean	SD	Sig.	Diff.
Neg. Disclosure	Europe	52	9.86	4.15	.364	-0.76
	Asia	52	10.62	4.39	.364	0.76
Past Successes	Europe	52	24.16	7.82	.001	-5.96
	Asia	52	30.12	9.27	.001	5.96
Problem Orient.	Europe	52	0.44	0.22	.158	0.06
	Asia	52	0.38	0.19	.158	-0.06
Tangibility	Europe	52	12.97	20.55	.611	1.90
	Asia	52	11.07	17.41	.611	-1.90
Restraint	Europe	52	2.52	3.51	.008	2.01
	Asia	52	0.51	4.03	.008	-2.01
Embellishment	Europe	52	0.34	0.17	.006	-0.11
	Asia	52	0.45	0.21	.006	0.11

Table 19: Indicators for report sincerity, comparing group means

On the variable Negative Disclosure, the mean for the group Asia is higher than the European group’s mean, however, the difference is not statistically significant. Very significant is the difference in the variable Past Successes, where the Asian mean (30.12) is distinctly higher than the European mean (24.16). This leads to the conclusion that the analyzed Asian reports disclose more positive information than the European reports do. However, when one looks at the ratio of Negative Disclosure to Past Successes (Problem Orientation), there are no significant differences between the two groups.

The group means on the variable Tangibility do differ, however not significantly, which can be explained by the high standard deviations. This result is in line with the above given analysis of the distribution in the categories.

The differences in the means of the last two variables, Restraint and Embellishment, are both significant. Reports from European corporations scored on average 2.52 on Restraint, while the Asian reports’ mean is 0.51. Looking at the variable Embellishment, the opposite is true: The mean for European reports (0.34) is significantly lower than the mean for Asian reports (0.45). This suggests that the European reports in the sample are more cautious in their use of language, refraining from self-praise and embellishing language.

Coming back to the classification into the categories below, within, and above the normal range, group means (Asian and European) for each of these categories have been calculated and compared in a two-tailed t-test. This is a combination of the two approaches above, and should provide deeper insight in cultural differences and their significance. Table 20 shows the results, which are similar to the results of the previous t-test.

BELOW		N	Mean	SD	Sig.	Diff.
Neg. Disclosure	Europe	21	6.30	1.63	0.936	-0.05
	Asia	20	6.35	1.57	0.936	0.05
Past Successes	Europe	0	-	-	-	-
	Asia	0	-	-	-	-
Tangibility	Europe	0	-	-	-	-
	Asia	0	-	-	-	-
Restraint	Europe	0	-	-	-	-
	Asia	0	-	-	-	-
Embellishment	Europe	1	-	-	-	-
	Asia	0	-	-	-	-
WITHIN						
Neg. Disclosure	Europe	31	12.27	3.57	0.240	-1.03
	Asia	32	13.30	3.32	0.240	1.03
Past Successes	Europe	43	21.46	4.75	0.115	-1.93
	Asia	27	23.39	5.20	0.115	1.93
Tangibility	Europe	19	-2.27	4.21	0.812	0.39
	Asia	17	-2.66	5.59	0.812	-0.39
Restraint	Europe	49	1.99	2.73	0.001	2.06
	Asia	49	-0.07	3.26	0.001	-2.06
Embellishment	Europe	51	0.35	0.17	0.015	-0.09
	Asia	51	0.44	0.18	0.015	0.09
ABOVE						
Neg. Disclosure	Europe	0	-	-	-	-
	Asia	0	-	-	-	-
Past Successes	Europe	9	37.11	6.58	0.914	-0.29
	Asia	25	37.40	6.86	0.914	0.29
Tangibility	Europe	33	21.75	21.11	0.394	4.01
	Asia	35	17.74	17.32	0.394	-4.01
Restraint	Europe	3	11.26	3.63	0.703	1.19
	Asia	3	10.07	3.48	0.703	-1.19
Embellishment	Europe	0	-	-	-	-
	Asia	1	-	-	-	-

Table 20: Indicators for report sincerity, comparing group means per category

What is notable, however, is that when comparing group means category-wise, the difference in the variable Past Successes is no longer significant. In the “within” category, the difference between the European and Asian mean on Past Successes is considerable, however it is not significant (p=.115). Two variables in the category “within” show significant differences: Restraint and Embellishment. The European mean of Restraint in this category is 1.99, and thus clearly higher than the Asian mean (-0.07). On the variable Embellishment, the reverse holds: The mean for European reports is significantly lower than the mean for Asian reports. In the category "above", the difference in the variable Tangibility stands out (4.01). Although the European mean is distinctly higher than the Asian mean, the difference is not significant, which might be explained by the high standard deviations.

Now that the results concerning the variables indicating report sincerity have been presented, they will be discussed in more detail in the following section.

9.3.3 Discussion of Results

The most important thing to be mentioned here is that of the five variables indicating report sincerity, some are related and have to be discussed as one item. First, the variables Negative Disclosure and Past Successes are two sides of the same coin. Taken together, they build the variable Problem Orientation, which gives an indication about the extent to which a report leans towards disclosure of negative information (in ratio to positive information). The results on these variables are used to check hypothesis 2, which stated that the focus of CSR reports is on achievements rather than shortcomings. The standalone variable Tangibility should help checking hypothesis 3, which postulated that the data in CSR reports is presented in a vague rather than straightforward manner. Finally, the variables Restraint and Embellishment stand in a negative relation to each other. If Restraint is high, Embellishment should be low, and vice-versa. These two variables are used to check hypothesis 4, which claimed that CSR reports will be cautious to refrain from self-praise.

When compared to all norms, the analyzed reports score within or below the normative range on the variable Negative Disclosure, with the mean being significantly lower than the hypothetical mean. However, when compared to financial reports, several reports score above the upper limit, while none remain below the lower limit. This indicates that while Negative Disclosure is low compared to all norms and public relations, it is high compared to financial reports. Looking at the related variable Past Successes, the reverse is true. Compared to the universal norm, all reports score within or above the normative range. For PR as a reference, the picture is similar, with some reports less falling into the category "above". Again, for financial reports the opposite direction is observable, and some reports even score lower than the lower limit. Correspondingly, the mean for Past Successes is higher than hypothetical mean for all norms and PR (the difference to PR is, however, not significant), but it is lower than the hypothetical mean for financial reports. This suggests that Past Successes are dominant in CSR reports, as long as compared to an universal norm or PR; compared to financial reports, however, this dominance is no longer given. Overall, the ratio of Negative Disclosure to Past Successes is low (0.41), which means that Past

Successes clearly outweigh Negative Disclosure. As such, H2 can be considered accurate, as shortcomings are less a subject of disclosure than accomplishments.

Turning to the comparison of the two groups representing HC and LC cultures, there are no distinct differences for the variable Negative Disclosure. However, the groups do differ on the opposite variable Past Successes: In the classification (all norms), European reports are the majority in the “within” category, while more Asian reports are found in the “above” category. Similarly, the Asian mean is significantly higher than the European mean on this variable. This indicates that in Asian reports, more positive information is disclosed than in European reports. However, when one looks at the ratio of Negative Disclosure to Past Successes (Problem Orientation), there are no significant differences between the two groups. Another noteworthy thing is that when comparing group means per category, the difference in the variable Past Successes loses its significance. There is a tendency, though not a clear one, that European reports focus less on past accomplishments than their Asian counterparts.

The next variable to be discussed is Tangibility. For PR and the universal norm alike, the results suggest that the information in the analyzed reports is presented in a tangible way, with the scores being within or above the normative ranges. However, when compared to financial reports, none of the reports fall into the “above” category, while most score below the lower limit (which is considerably higher than for the other norms); and the actual mean is below the hypothetical mean for financial reports. This can be traced back to the variable’s formula [+ Numerical Terms - Ambivalence - Leveling Terms]. It seems that the DICTION variable Numerical Terms dominates the other two used in the calculation, and the upper and lower limits for financial reports are accordingly high. Therefore, for the variable Tangibility, financial reports is not a useful norm. Unless one uses corporate financial reports as a reference, the results do not support hypothesis 3. In the sample, the information is substantial and not presented vaguely. For the variable Tangibility, no significant differences are found between the two groups.

On the variables Restraint and Embellishment, the analyzed reports scored mostly within the normative range for the universal norm, therefore not indicating a tendency towards either. This does not change much when using the norm public relations or financial reports. Only on the variable Embellishment, several reports are below the lower limit for PR. Looking at the comparison of actual and hypothetical means, one can detect a tendency: For the variable Restraint, the actual mean is significantly higher than the hypothetical means of all used norms; and the mean for Embellishment is significantly lower than the hypothetical means. Interpreting this, one can say that hypothesis 4 is accurate for the given sample.

When looking at the distribution of the Asian and European reports into the categories, there are virtually no differences for these two variables, as most of the reports fall in the “within” category. However, the comparison of group means shows that on the variable Restraint, the

European mean is considerably and significantly higher than the Asian mean, while for the variable Embellishment, the reverse holds. Interpreting this, one can say that European corporations are more cautious in their use of language when drawing up a CSR report than Asian companies. An explanation might be that in Europe, people are particularly wary of CSR communication (Morsing, Schultz, & Nielsen, 2008), and corporations take this wariness into account.

9.4 Correlation

As different combinations of the same DICTION variables have been used to create the variables indicating adherence to GRI principles ensuring quality and the ones indicating report sincerity, a certain degree of correlation can be expected. Table 21 shows the Pearson product-moment correlation coefficient for each variable indicating report sincerity in regard to all variables indicating adherence to GRI guidelines.

		Balance	**Timeliness**	**Accuracy**	**Clarity**	**Reliability**
Neg. Disclosure	Corr.	0.183	0.886	-0.300	-0.318	-0.108
	Sig.	0.063	0.000	0.002	0.001	0.276
Past Successes	Corr.	0.935	0.168	-0.292	0.048	0.114
	Sig.	0.000	0.087	0.003	0.625	0.251
Tangibility	Corr.	-0.161	-0.309	0.977	0.295	0.050
	Sig.	0.102	0.001	0.000	0.002	0.614
Restraint	Corr.	0.104	-0.332	0.220	0.197	0.717
	Sig.	0.294	0.001	0.025	0.045	0.000
Embellishment	Corr.	0.056	-0.394	0.017	0.113	0.272
	Sig.	0.573	0.000	0.867	1.252	0.005

Table 21: Correlation (Pearson)
N=104

It shows that there are several significant correlations. Most of them, however, are relatively small. The discussion here will focus on significant correlations higher than 0.350 and lower than -0.350. In sum, there are five correlation coefficients that deserve particular consideration, and those are the correlations between:

- Negative Disclosure and Timeliness (0.89; $p<.00$),
- Past Successes and Balance (0.94; $p<.00$),
- Tangibility and Accuracy (0.98; $p<.00$),
- Restraint and Reliability (0.72; $p<.00$), and
- Embellishment and Timeliness (-0.39; $p>.00$).

In the first four cases, the correlation is highly positive, indicating that the two variables measure similar notions. The correlation between Negative Disclosure and Timeliness can be explained by both variables including the DICTION variable Present Concern in their respective calculation. What is notable, however, is that the second variable included in the calculation of Negative Disclosure, Hardship, is dominated by Present Concern.

Another high positive correlation is between Past Successes and Balance, which is quite a paradox. Here, it is DICTION's Accomplishment that is the variable causing it. Balance was calculated with the formula [+ Hardship + Accomplishment - Praise – Satisfaction], while Past Successes included the variables Accomplishment and Past Concern (both positively scored). Accomplishment seems to dominate Hardship, Praise, and Satisfaction on the one hand, and Past Concern on the other.

The variables Tangibility and Accuracy correlate due to the fact that both comprise DICTION's Numerical Terms. For the calculation of Tangibility, Ambivalence and Leveling Terms were included; however their influence on the variable is not enough to distinctly differentiate it from Accuracy. Very similar is the situation when it comes to the correlation of Restraint and Reliability. While Restraint was defined by the formula [+ Inspiration - Praise - Satisfaction], Reliability was measured only by the use of the variable Inspiration. Again, it seems that the influence of one DICTION variable prevails.

The last correlation to be discussed here is the one between Embellishment and Timeliness. With a correlation coefficient of approximately -0.4, this correlation is distinctly lower than the others discussed previously. DICTION's Embellishment is defined by the formula [(Praise + Blame +1) ÷ (Present Concern + Past Concern +1)], which explains the correlation with Timeliness, as this variable is measured by Present Concern.

The correlation between Embellishment and Timeliness shows that there can be considerable correlation even between two DICTION variables that measure something very different. The other correlations found between the two sets of variables suggest that there are "strong" DICTION variables that dominate others; and in order to build variables that do not relate to each other, one has to not only reconfigure DICTION variables, but use completely different DICTION variables in the calculations.

Another correlation of interest is the one between the two analyzed constructs, adherence to GRI principles of quality and report sincerity. To measure the correlation between these two, the following procedure is implemented: For adherence to GRI principles ensuring quality, the five variables are added. Similarly, for sincerity, the variables Negative Disclosure, Tangibility, and Restraint are added, while Past Successes is subtracted. The reason for this is that the rationale was that an over-focusing on Past Successes does not stand for report sincerity. The Pearson correlation coefficient is 0.627 and highly significant ($p<.00$). The two constructs are therefore correlated positively. This can be explained by the correlations listed above as well as by the fact that adherence to GRI principles ensuring quality is in itself an indicator for report sincerity.

10 Conclusion

In this chapter, the theoretical contemplations and the findings of the emirical study will be recapitulated (10.1). Also, there will be a discussion of the implications (10.2) as well as the limitations of this thesis, and suggestions for further research will be given (10.3).

10.1 Recapitulation

Analyzing the rhetorical situation for CSR according to Ihlen (2011), one can formulate the *problem* as corporations being in need of legitimacy. Legitimacy can be granted by society, or, in a narrower sense, by the company's stakeholders. As a consequence, the *audience* of CSR communication are stakeholders. The most important *constraint* is that there is considerable skepticism towards CSR communication.

This skepticism arises from the fact that CSR communication can be used as a tool for impression management. As taking on responsibilty for corporate impact on the environment and on society can earn a company its stakeholders' trust and thereby help build credibility, corporations have an incentive to present themselves in a positive light. Additionally, corporate communication is persuasive in nature. Since there is information asymmetry between the corporation and its stakeholders, a company might use this information gap by giving information that is not true, or by leaving out information altogether. Further, information on the corporation's triple bottom line performance has credence good characteristics, meaning it is very difficult if not impossible for the recipients to assess the quality of this information.

For CSR reports, assurance can help in this regard by verifying the information given in a CSR report. Also, sustainability reports are an appropriate way of communicating CSR, especially when they are drawn up according to a set of guidelines. Guidelines are, however, not binding, which leaves companies room to maneuver. In the light of lacking regulations, companies can decide what to report and what to leave out. For these reasons, the suspicion towards CSR communication is easily comprehensible.

So, how can one enhance a report's credibility? On the one hand, the credibility of any communication depends on the credibility of the communicator. On the other hand, the communication itself has to fulfill certain requirements in order to be deemed trustworthy. It has been argued that the most important requirements to be fulfilled are rightness, truth, and sincerity (Habermas, 1988). Rightness is assumed to be given for CSR reports, as they are a rather unobtrusive way of communicating CSR. Truth is given if corporations actually walk the sustainability talk, i.e. if the disclosed information is not just a symbolic action. Sincerity refers to the reporting corporation's intentions. Sincerity means that the intention behind the report is disclosure and not persuasion; that the corporation is striving for accountability and not legitimacy.

It is paradoxical that in order to be able to benefit from CSR reporting, a corporation needs to give up on the idea of using it as a PR tool for reputation enhancement. Only if CSR reporting does not serve corporate self-interest, can it be perceived as credible, as only then it can contribute to corporate credibility and, in further consequence, reputation.

These were the contemplations laid out in the theoretical part of this paper, which constitutes the foundation on which the research questions and hypotheses are grounded. The overall research question was how CSR communication can contribute to a corporation's credibility. This encompasses the question under what circumstances communication about CSR is credible. The answer to that question was theoretical. The next question was about the trustworthiness of CSR reports. This question, as well as the third research question concerning cultural differences, was directed at the empirical part of the paper.

In the empirical part, a sample of CSR reports has been content analyzed using the program DICTION 7.0 to determine its trustworthiness. Credibility has been defined as perceived credibility and can as such not be analyzed by looking at the content of a communication. What can and was analyzed, however, are the companies' efforts to convey information in CSR reports in a way that will be perceived as credible. To avoid confusion, the term trustworthiness was used to denote this.

The two constructs of interest, adherence to GRI principles concerning quality, and report sincerity, are related, as the correlation has shown. A reason for this is that the adherence to the GRI principles itself is an indicator for sincerity. The GRI has drafted these guidelines in a process involving various stakeholders, and the purpose of the guidelines is to ensure transparency. Principles like balance and accuracy are mainly in the interest of report readers. Therefore, adherence to these guidelines means that a corporation is willing to draw up its report according to the needs of their readers, and not according to their own needs. As such, the corporation's intentions are sincere.

The analysis of 104 reports by European and Asian companies showed that overall, corporations do adhere to the GRI principles ensuring quality. One exception was the variable Timeliness. As timeliness, defined by the GRI (2011), refers to the regularity of the publication of reports, one can argue that measuring it by use of the DICTION variable Present Concern is problematic. It will therefore not be considered in the following discussion.

As the reports have been compared to three different norms, the results differed too. Compared against financial reports, the results indicate a smaller degree of adherence to the GRI principles ensuring quality than when compared to the universal norm or PR. Now one approach would be to use the "strictest measure" for determining the level of adherence. In this case, the variables Accuracy and Balance need to be discussed in more detail.

For both variables, several reports scored below the lower limit, and the actual means were significantly lower than the hypothetical mean of financial reports. When it comes to the variable Accuracy, the explanation is that it was measured by DICTION's Numerical Terms. However, for the variable Balance, the findings are not as easily explained. It seems that financial reports are more balanced than CSR reports, which indicates that this quality principle is not fulfilled.

The second step in the analysis was a comparison of the groups Europe and Asia. Due to the high- and low-context cultural backgrounds of the two groups, differences in their reports have been expected. In particular, it was hypothesized that CSR reports by corporations originating from LC cultures show a higher degree of adherence to the GRI guidelines' principles ensuring quality than CSR reports by companies from HC cultures (H1.1). This is not accurate. On the contrary, the only significant difference found that Asian reports are more balanced than their European counterparts, therefore indicating a tendency towards the other direction. However, since that was the only significant difference, this indicates that CSR reports have become standardized.

The results for the variables indicating report sincerity are similar. Hypothesis 2, stating that there will be a distinct focus on positive disclosure, has proven true. Positive information prevailed negative information in a ratio of almost 2.5. However, compared to financial reports, CSR reports' focus on Past Successes and their neglect of Negative Disclosure is no longer visible, indicating that the over-focusing on the positive is a problem that sticks to reporting in general. The cultural differences were ambiguous in that regard. While the data give reason to believe that European reports are more withholding when it comes to disclosing past accomplishments (compared to their Asian counterparts), this finding is not significant when set into relation with the groups' scores on the variable Negative Disclosure.

Hypothesis 3 stated that the presentation of data in CSR reports is vague. This was not the case. Only when compared to financial reports did the CSR reports score low on the corresponding variable Tangibility (again, this was because of DICTION's Numerical Terms being included in the formula for Tangibility). This indicates that CSR reports do have substance, and that they convey information in a rather straightforward manner.

The last hypothesis formulated the assumption that due to the skepticism towards CSR reports, corporations will be cautious in their use of language, and refrain from self-praise. The data indicate that this is accurate, especially when the actual means of the variables Restraint and Embellishment are compared to the hypothetical means. There is a tendency that CSR reports use less embellishing language than PR or financial reports or an array of text types taken together (universal norm), and that corporations show restraint when it comes to voicing their satisfaction in CSR reports. Comparing the two groups, this observation is more pronounced for European corporations' reports than for Asian reports.

10.2 Implications

One critical implication of this thesis is that is has pointed out how CSR communication, and consequently CSR reporting, can be abused as a PR instrument. However, the findings indicated that while there are still some problems with CSR reporting, overall, sustainability reports are not abused as PR vehicles (at least not in an obvious way). Adherence to the GRI principles defining quality was given; and the information in CSR reports was presented in a tangible way, with little embellishment or self-praise.

One result that stands out, however, is the high ratio of positive to negative information, the report's balance. In this respect, there is still room for improvement. As long as firms are not willing to give a full account on their triple bottom line performance (i.e. disclosing the good and the bad), accountability is not provided. It has been argued above that only by striving for accountability, legitimacy can be achieved. Corporations would therefore be well-advised to accept CSR communication as a service to their stakeholders. The idea is to integrate CSR and sustainability into business strategy, and to see communication about CSR not as a burden, but an opportunity (instrumental implications).

The differences between the two groups representing HC and LC cultures were little, and mostly not significant. Therefore, one can say that CSR reporting has become standardized, at least on a formal level. (The topics level has not been analyzed here.) Previous research has also come to the conclusion that CSR reporting has become institutionalized, most visibly by conforming to the GRI's expectations (Carroll & Einwiller, in press). The GRI guidelines have contributed to institutionalization, harmonization, and standardization in the field of CSR reporting.

The results found in this thesis lead to the following assertions:

- CSR reports are not as deceitful as their reputation might suggest.
- CSR reports still face problems; in particular they are lacking balance due to an over-focusing on past successes.
- Cultural differences in CSR reporting are dominated by the institutionalization and consequently standardization of this area.

10.3 Limitations

Using a content analysis to determine whether a communication is theoretically credible (trustworthy) is probably the biggest limitation of this thesis. To be able to actually examine the credibility of a communication, one needs to analyze perceptions, i.e. work with the (potential) audience. Therefore, a research approach would be to test the credibility of CSR communication with the aid of either a questionnaire or interviews.

This approach is also applicable when analyzing corporate credibility or reputation. The link between CSR communication and corporate reputation that has been established here was theoretical in nature; to check how CSR (communication) and corporate reputation interact, one has to both analyze communication about a company's CSR[35] as well as interview stakeholders to determine the corporation's reputation. However, what should not be forgotten here is that corporate reputation, especially corporate (or source) credibility, influences the way a communication is perceived, and not just the other way round.

Another disadvantage of the methodological approach is that only CSR reports have been analyzed. In order to get a more holistic picture of a corporation's CSR communication, one would have to analyze a broad array of (internal and external) corporate communication, e.g. websites, employee magazines. Also, to check the truthfulness of corporate communication about CSR, it is necessary to analyze communication about the corporation's CSR from other sources, like the media or NGOs.

Studies concerning the communication of CSR are few and far between, at least when compared to the body of literature on other subjects. Concentrating on CSR reports and their potential to contribute to credibility building and corporate reputation (under the premise that they are trustworthy), this thesis has attempted to address this gap in research. However, this thesis is yet another study examining just a small portion of the research field that is CSR communication. In this regard, what is left to say is that CSR communication deserves, or even demands, further attention in research.

[35] Here, not only corporate communication is relevant, but also communication about the company's CSR performance from other sources, e.g. the media.

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Appendix

i. List of Corporations in the Sample (Ranking)

ii. Tables

List of Corporations in the Sample (Ranking)

Rank	Company	Country	Report Available
1	ICBC	China	YES
2*	China Construction Bank	China	YES
7	Royal Dutch Shell	Netherlands	YES
8	Agricultural Bank of China	China	YES
9.2	PetroChina	China	YES
11	Bank of China	China	YES
14	Volkswagen Group	Germany	YES
20	Samsung Electronics	South Korea	YES
25	Allianz	Germany	YES
26	Sinopec-China Petroleum	China	YES
27	Mitsubishi UFJ Financial	Japan	YES
29	China Mobile	Hong Kong	YES
31*	Toyota Motor	Japan	YES
32	Nestlé	Switzerland	YES
36	Daimler	Germany	YES
46	Nippon Telegraph & Tel	Japan	Annual report
51	Siemens	Germany	YES
51	Sumitomo Mitsui Financial	Japan	YES
54	Bank of Communications	China	Other years
55	BMW Group	Germany	YES
57	Novartis	Switzerland	YES
60	ING Group	Netherlands	YES
69	BASF	Germany	YES
75	Zurich Insurance Group	Switzerland	Other years
78	Mizuho Financial	Japan	YES
81	Munich Re	Germany	YES
83	Ping An Insurance Group	China	Annual report
85	Nissan Motor	Japan	YES
86	Honda Motor	Japan	YES
89	Hyundai Motor	South Korea	YES
93	Roche Holding	Switzerland	YES
99	E.ON	Germany	YES
101	China Merchants Bank	China	Annual report
103	Unilever	Netherlands	YES
106	China Life Insurance	China	NO
107	China Minsheng Banking	China	Other years
110	Mitsubishi Corp	Japan	Annual report
111	Cnooc	Hong Kong	YES
113	Hon Hai Precision	Taiwan	NO

115	China Shenhua Energy	China	YES
117	Hitachi	Japan	YES
118	Nordea Bank	Sweden	YES
119	Schlumberger	Netherlands	Annual report
120	Bayer	Germany	YES
125	Shanghai Pudong Development	China	Annual report
126	Mitsui & Co	Japan	YES
127	Swiss Re	Switzerland	YES
128	China Citic Bank	China	NO
132	Credit Suisse Group	Switzerland	YES
133	Møller-Maersk	Denmark	YES
135	EADS	Netherlands	YES
137	Hutchison Whampoa	Hong Kong	Annual report
139	China Telecom	China	Annual report
142	Industrial Bank	China	YES
148	Softbank	Japan	YES
150	AIA Group	Hong Kong	NO
157	Glencore International	Switzerland	YES
158	ABB	Switzerland	YES
167	SAIC Motor	China	NO
172	Itochu	Japan	Other years
177	RWE Group	Germany	YES
181	Canon	Japan	YES
184	Posco	South Korea	YES
185	Jardine Matheson	Hong Kong	NO
190	Deutsche Post	Germany	YES
191	Japan Tobacco	Japan	YES
199	KDDI	Japan	Other years
202	Xstrata	Switzerland	YES
206	China State Construction	China	YES
207	Aegon	Netherlands	YES
210	Volvo Group	Sweden	YES
211	SAP	Germany	YES
213	ACE	Switzerland	YES
214	JX Holdings	Japan	YES
215	Sumitomo Corp	Japan	YES
217	China Unicom	Hong Kong	NO
220	East Japan Railway	Japan	YES
221	Seven & I Holdings	Japan	YES
226	People's Insurance Company	China	NO
227	Taiwan Semiconductor	Taiwan	YES
235	Continental	Germany	NO
240	China Everbright Bank	China	NO
243	LyondellBasell Industries	Netherlands	NO
243	SEB	Sweden	YES
247	Svenska Handelsbanken	Sweden	YES
248	Bridgestone	Japan	Other years

249	Sumitomo Mitsui Trust	Japan	YES
251	Shinhan Financial Group	South Korea	NO
252	Marubeni	Japan	YES
263	Toshiba	Japan	NO
264	Denso	Japan	Other years
265	Swedbank	Sweden	YES
268	Kia Motors	South Korea	YES
270	VimpelCom	Netherlands	YES
271	Linde	Germany	YES
274	DBS Group	Singapore	NO
278	China Pacific Insurance	China	NO
278	Hyundai Mobis	South Korea	YES
280	China Communications Construction	China	YES
281	Takeda Pharmaceutical	Japan	YES
283	Ping An Bank	China	NO
285	Danske Bank	Denmark	YES
286	TeliaSonera	Sweden	YES
292	Ericsson	Sweden	YES
295	SingTel	Singapore	YES
298	Oversea-Chinese Banking	Singapore	YES
299	Heineken Holding	Netherlands	YES
301	Deutsche Bank	Germany	YES
302	Central Japan Railway	Japan	NO
303	Mitsubishi Electric	Japan	YES
304	OMV Group	Austria	YES
305	Nippon Steel & Sumitomo Metal	Japan	Other years
307	Sun Hung Kai Properties	Hong Kong	Other years
313	Wilmar International	Singapore	Annual report
314	China Vanke	China	NO
316	China Railway Construction	China	NO
317	Henkel	Germany	YES
322	China Railway Group	China	NO
327	KB Financial Group	South Korea	YES
329	Fresenius	Germany	NO
330	Samsung Life Insurance	South Korea	YES
331	Komatsu	Japan	YES
335	Resona Holdings	Japan	YES
342	Inpex	Japan	Other years
345	United Overseas Bank	Singapore	NO
366	SK Innovation	South Korea	NO
367	Holcim	Switzerland	Other years
370	Baoshan Iron & Steel	China	NO
379	Hyundai Heavy Industries	South Korea	Annual report
383	Woori Finance Holdings	South Korea	YES
393	Syngenta	Switzerland	YES
395	Mitsubishi Estate	Japan	YES

403	Deutsche Lufthansa	Germany	YES
404	Huaneng Power International	China	NO
405	SK Holdings	South Korea	NO
407	Huaxia Bank	China	NO
409	UBS	Switzerland	YES
413	Talanx	Germany	Annual report
416	Orix	Japan	NO
419	Mitsui Fudosan	Japan	NO
423	Aeon	Japan	YES
428	Ahold	Netherlands	YES
430	Sampo	Finland	NO
431	Hana Financial Group	South Korea	YES
433	Deutsche Telekom	Germany	YES
434	Swisscom	Switzerland	YES
437	CLP Holdings	Hong Kong	YES
439	Novo Nordisk	Denmark	Annual report
444	Fubon Financial	Taiwan	NO
447	Richemont	Switzerland	YES
450	Shin-Etsu Chemical	Japan	Other years
451	Merck	Germany	NO
453	Toyota Tsusho	Japan	YES
455	Raiffeisen Bank International	Austria	Other years
462	Porsche Automobil Holding	Germany	YES
467	Kirin Holdings	Japan	Other years
469	Keppel Corp	Singapore	YES
470	Lotte Shopping	South Korea	NO
473	China Coal Energy	China	Annual report
475	EnBW-Energie Baden	Germany	YES
480	Fortum	Finland	YES
481	Atlas Copco	Sweden	NO
482	LG Chem	South Korea	YES
486	H&M	Sweden	YES
487	Suzuki Motor	Japan	YES
488	Bank of Beijing	China	Other years
492	Kyocera	Japan	YES
495	Otsuka Holding	Japan	YES

* These reports, although part of the sample, have not been analyzed because the documents could not be converted to text files.

Denotations:

YES.......................A standalone CSR report for the year 2012 was available

Annual report ....Information on CSR activities in annual report (integrated reporting)

Other years ....Standalone CSR reports for years other than 2012 were available

NO.........................No CSR reporting activity

Tables

Block I: Adherence to GRI principles ensuring quality

Classification per group and total (absolute numbers), norm: all norms

Variable	Cluster	No. of Reports			
		Below	Within	Above	Total
Balance	Europe	0	47	5	52
	Asia	0	45	7	52
		0	**92**	**12**	**104**
Timeliness	Europe	25	25	2	52
	Asia	22	28	2	52
		47	**53**	**4**	**104**
Accuracy	Europe	0	27	25	52
	Asia	0	29	23	52
		0	**56**	**48**	**104**
Clarity	Europe	0	2	50	52
	Asia	0	4	48	52
		0	**6**	**98**	**104**
Reliablity	Europe	1	48	3	52
	Asia	1	46	5	52
		2	**94**	**8**	**104**

Table A I.1

Category means for the whole sample, norm: all norms

	Normative Range		Category Means		
	LL	UL	Below	Within	Above
Balance	-9.46	31.02	-	19.18	39.53
Timeliness	7.02	16.66	5.30	9.71	18.24
Accuracy	0.30	15.04	-	9.63	31.95
Clarity	-19.21	-6.49	-	-10.16	-2.41
Reliablity	1.56	11.12	1.45	5.59	14.40

Table A I.2

Category means for the whole sample, norm: corporate public relations

	Normative Range		Category Means		
	LL	UL	Below	Within	Above
Balance	-1.31	42.15	-6.91	20.80	46.68
Timeliness	8.10	17.63	5.79	10.67	18.75
Accuracy	3.14	16.12	-	9.83	32.67
Clarity	-17.50	-2.89	-	-4.86	-1.40
Reliablity	1.46	15.84	1.40	6.01	16.80

Table A I.3

Category means for the whole sample, norm: corporate financial reports

	Normative Range		Category Means		
	LL	UL	Below	Within	Above
Balance	10.60	47.98	6.48	22.81	52.69
Timeliness	1.06	8.54	-	5.99	11.61
Accuracy	40.62	112.24	14.75	63.74	-
Clarity	-6.16	0.46	-8.89	-2.29	-
Reliablity	-0.16	7.14		4.64	10.20

Table A I.4

Block II: Indicators for sincerity

Classification per group and total (absolute numbers), norm: all norms

Variable	Cluster	No. of Reports			
		Below	Within	Above	Total
Neg. Disclosure	Europe	21	31	0	52
	Asia	20	32	0	52
		41	**63**	**0**	**104**
Past Successes	Europe	0	43	9	52
	Asia	0	27	25	52
		0	**70**	**34**	**104**
Tangibility	Europe	0	19	33	52
	Asia	0	17	35	52
		0	**36**	**68**	**104**
Restraint	Europe	0	49	3	52
	Asia	0	49	3	52
		0	**98**	**6**	**104**
Embellishment	Europe	1	51	0	52
	Asia	0	51	1	52
		1	**102**	**1**	**104**

Table A II.1

Category means for the whole sample, norm: all norms

	Normative Range		Category Means		
	LL	UL	Below	Within	Above
Neg. Disclosure	8.28	27.14	6.32	12.79	-
Past Successes	5.93	29.97	-	22.20	37.32
Tangibility	-31.67	3.53	-	-2.54	19.68
Restraint	-14.12	7.88	-	0.96	10.66
Embellishment	0.16	1.14	-	0.39	1.23

Table A II.2

Category means for the whole sample, norm: corporate public relations

	Normative Range		Category Means		
	LL	UL	Below	Within	Above
Neg. Disclosure	8.93	25.42	6.54	13.07	-
Past Successes	14.52	43.11	11.63	26.54	49.42
Tangibility	-27.72	8.44	-	0.12	24.39
Restraint	-14.95	12.49	-	1.26	14.75
Embellishment	0.27	0.94	0.21	0.47	1.23

Table A II.3

Category means for the whole sample, norm: corporate financial reports

	Normative Range		Category Means		
	LL	UL	Below	Within	Above
Neg. Disclosure	0.06	12.32	-	8.27	15.87
Past Successes	17.84	46.96	14.61	28.21	51.45
Tangibility	27.29	112.28	5.69	49.55	-
Restraint	-7.28	8.23	-	1.10	11.96
Embellishment	-0.69	2.60	-	0.40	-

Table A II.4

Curriculum Vitae

Angaben zur Person

Name	Bernadette GÜNTHER
Geburtsdatum und -ort	13.05.1989 in Salzburg
Staatsangehörigkeit	Österreich
Adresse	Schörgstätt 14, 5162 Obertrum
E-Mail	Bernadette.Guenther@gmx.at

Ausbildung

Januar 2014 – Juni 2014	**Erasmus** Auslandsemester in Tilburg (NL)
Oktober 2012 – aktuell	**Magisterstudium Publizistik- und Kommunikationswissenschaft** Universität Wien
März 2012 – aktuell	**Bachelorstudium Betriebswirtschaft** Universität Wien
März 2009 – August 2012	**Bakkalaureat Publizistik- und Kommunikationswissenschaft** Universität Wien
Oktober 2008 – Jänner 2009	**Bakkalaureat Recht und Wirtschaft (abgebrochen)** Paris-Lodron-Universität Salzburg
September 2003 – Juni 2008	**Höhere Lehranstalt für Tourismus** Klessheim
September 1999 – Juli 2003	**Wirtschaftskundliches Realgymnasium** Salzburg
September 1995 – Juli 1999	**Volksschule** Obertrum

Berufserfahrung

Juli – August 2015, Juli – August 2014, Juli – September 2013, Juli – September 2012	**Trumer Privatbrauerei Josef Sigl e.U.** Abteilung Marketing
Juli – August 2011	**SalzburgerLand Tourismus GmbH** Abteilung Presse und Marketing

Juli – August 2010	**Salzburger Flughafen GmbH** Stabstelle Medien
Juli – August 2009	**Salzburger Flughafen GmbH** Abteilung Security
Juni – September 2008	**TUI Österreich** Flughafenschalter Salzburg Airport (Kundenbetreuung)
Juli 2007	**Airest Gastronomy & Retail GmbH** Coffee Shop Salzburg Airport
Juni – August 2006	**Tourismus Salzburg GmbH** Salzburg Information

Persönliche Fähigkeiten und Kompetenzen

Sprachen	Deutsch, Muttersprache Englisch, ausgezeichnet Italienisch, Grundkenntnisse
Computerkenntnisse	Microsoft Office - Word - Excel - Power Point SPSS
Sonstiges	Führerschein B Teamfähigkeit Organisationsfähigkeit Selbstständigkeit
Persönliche Interessen	Städtereisen, lesen, kochen, Kino und Film

30.10.2015

Abstract (DE)

Das steigende Bewusstsein für Probleme wie Umweltverschmutzung, globale Erwärmung oder soziale Missstände hat dazu geführt, dass Menschen Unternehmen dazu auffordern, für die von ihnen verursachen Konsequenzen Verantwortung zu übernehmen. Diese Idee ist bekannt unter dem Namen CSR (Corporate Social Responsibility) beziehungsweise Nachhaltigkeit. Es ist allerdings nicht damit getan, nur Verantwortung zu übernehmen; Unternehmen müssen dies auch kommunizieren.

Zum einen erwarten verschiedenste Stakeholder-Gruppen, dass Unternehmen über ihre CSR Aktivitäten und deren Erfolg berichten. Firmen müssen diesen Erwartungen nachkommen, um nicht ihre Legitimität zu verlieren (und damit das Recht, in einer Gesellschaft Geschäfte zu betreiben). Zum anderen können Unternehmen durch ihr Engagement für Nachhaltigkeit auch ihre Glaubwürdigkeit und damit ihre Reputation verbessern.

CSR zu kommunizieren stellt für Firmen eine Herausforderung dar, weil Kommunikation über CSR üblicherweise mit Misstrauen begegnet wird. Diese Glaubwürdigkeitsprobleme rühren daher, dass CSR Kommunikation als PR-Masche gesehen wird, deren Zweck Manipulation und Persuasion ist (und nicht Information). Eine Möglichkeit, diesem Misstrauen zumindest etwas aus dem Weg zu gehen, sind Nachhaltigkeits- oder CSR-Berichte. Allerdings wird auch CSR-Berichten vorgeworfen, reine Legitimierungs-Tools zu sein. Diese Magisterarbeit beschäftigt sich mit den Voraussetzungen, die eine Kommunikation (insbesondere ein Nachhaltigkeitsbericht) erfüllen muss, um als glaubwürdig wahrgenommen zu werden.

Kultur beeinflusst menschliches sowie auch unternehmerisches Verhalten. Daher ist anzunehmen, dass CSR-Berichterstattung kulturellen Einflüssen unterliegt. Eine empirische Studie wurde durchgeführt, basierend auf Hall's Kontinuum von low bis high context Kulturen. Das Untersuchungsmaterial für die Inhaltsanalyse bildeten CSR-Berichte aus dem Jahr 2012 von Firmen, die in der Forbes Global 2000 Liste 2013 in den Top 500 zu finden waren und aus den folgenden Ländern kommen: Österreich, Deutschland, Niederlande, Schweiz, Dänemark, Finnland, Schweden, sowie China, Hongkong, Japan, Singapur, Südkorea und Taiwan.

Zwei Konstrukte wurden untersucht: die Einhaltung der GRI (Global Reporting Initiative) Prinzipien bezüglich der Qualität von Nachhaltigkeitsberichten sowie die Aufrichtigkeit der Berichte. 104 Berichte wurden mithilfe des Programms DICTION 7.0 analysiert. Die Ergebnisse legen nahe, dass die GRI Qualitätsprinzipien eingehalten wurden. Die Resultate bezüglich der Aufrichtigkeit der Berichte waren nicht eindeutig. Die Unterschiede zwischen den beiden Kulturen waren gering, was darauf schließen lässt, dass CSR-Berichterstattung relativ standardisiert ist.

Abstract (EN)

As people grow more aware of issues like climate change, pollution, and social injustice, they are also starting to question the corporation's role in causing these problems. This has led to claims that companies must take on responsibility for their business and its impacts, a notion commonly known as corporate social responsibility (CSR). Just accepting corporate responsibilities however is not enough; firms must also show their commitment and convince stakeholders that they are, in fact, socially and ecologically responsible. This is where communication about CSR comes in.

Stakeholders expect companies not only to act responsibly, but to disclose their triple bottom line performance. Corporations are eager to meet these demands for increasing transparency and accountability, as failing to do so can harm their legitimacy and ultimately erode their license to operate. On the other hand, taking on corporate responsibilities can improve a company's trustworthiness and therefore build credibility. In any case, the CSR activities have to be communicated.

Communicating CSR can be difficult, because corporate communication is met with distrust, and as a result faces credibility issues. This lack of trust can be attributed to the apprehension that CSR communication is a PR invention designed to persuade and manipulate rather than to inform and disclose. A means to communicate CSR in an objective and credible way are sustainability (or CSR) reports. However, even CSR reporting has been criticized as being nothing but a legitimizing exercise. This thesis examined what requirements CSR communication (CSR reports in particular) has to fulfill in order to be regarded credible.

As culture shapes human and corporate behavior, it is likely that it will also have an influence on sustainability reporting. Based on Hall's notion of high- and low-context cultures, an empirical study was conducted comparing the CSR reports of selected Asian and European companies. The sample consists of Austrian, German, Dutch, Swiss, Danish, Finnish, and Swedish, as well as Chinese, Hongkongese, Japanese, Singaporean, South Korean, and Taiwanese corporations in the top 500 of the Forbes Global 2000 (2013) that have issued a standalone CSR report in 2012.

Two constructs were of interest, namely the adherence to GRI principles ensuring report quality, and report sincerity. Working with the content-analysis program DICTION 7.0, 104 reports from European and Asian corporations have been analyzed. The findings suggest that CSR reports do adhere to the principles concerning quality; while the results for the construct sincerity are mixed. Comparing the two groups (Europe and Asia), only minor differences have been found, indicating a standardization in reporting rather than supporting the idea of cultural differences.