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THE SOCIAL DIMENSION IN CORPORATE RESPONSIBILITY REPORTING OF LARGEST EUROPEAN FOOD RETAILERS

Abstract

The increased interest towards corporate responsibility (CR) has lead into increased reporting of corporate responsibility by the companies. Instead of merely trusting the companies, the stakeholders demand proofs on the level CR. However, the measures of CR are still evolving and especially the measures of social dimension of CR need attention. The most relevant form of CR depends on the industry and the geographical scope, and for this study, European food retailing is chosen. Retailing has a major effect on consumers' life and food has an impact of human's health. In addition, retailing is a major employer and the European retailers have similar characteristics. In Europe, the history of social dimension of corporate responsibility is somewhat similar due to European Union. The purpose of the study is to **analyse how appropriate are the measures of social dimension in the leading European food retailers' CR reports**. The research question is divided into sub questions:

- How do the measures of social dimension of CR meet reliability?
- How do the measures of social dimension of CR meet validity?
- How do the measures of social dimension of CR meet comparability?

The purpose of the study was approached through theories on stakeholders, retailing, social dimension of CR, process of measuring the social dimension of CR, CR reporting and criteria for appropriate measures of CR. The research questions were answered by analyzing corporate responsibility reports from four large European retailers publishing a report, namely *Carrefour S.A., Tesco, Metro AG* and *Ahold.* Eight reports from each company were analysed thoroughly and additional four reports published by them were coded using content analysis. For the analysis, frameworks and decision rules were developed using the theories presented in the study.

The main findings of this study are that there are only 9 appropriate measures out of 1 870 analysed ones: *majority of the measures are not appropriate enough, i.e. similarly valid, reliable and comparable*. This result supports the statement that *a reliable measure usually suffers from low validity to stakeholders*, since an issue easy to measure is usually indifferent to the stakeholder group. It is also concluded, that the ideal type of a measure is something that has both its aim and compliance communicated. For companies, the main focus in developing measures of social dimension of CR should be on developing more *valid* indicators. External verification is another necessary step for the companies in order to increase the *reliability* of the reports as well as the trust of the stakeholders. *Comparability* between companies needs improvement, and this gained by developing standards for industries in cooperation with the companies reporting social dimension of CR.

Key words	Retail trade, corporate responsibility, reports, Europe
Further information	

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Tiivistelmä

Kasvanut kiinnostus yhteiskuntavastuuta kohtaan on johtanut lisääntyneeseen yhteiskuntavastuun raportointiin yrityksissä. Kuitenkaan sidosryhmät eivät luota raportteihin ilman tuloksia tukevia todisteita. Haasteeksi muodostuu se, että yhteiskuntavastuun raportoinnin mittarit, ja erityisesti sosiaalisen vastuun mittarit, ovat vaativat vielä kehitystyötä. Yhteiskuntavastuu riippuu yrityksen toimialasta ja maantieteellisestä sijainnista. Tässä tutkimuksessa keskitytään eurooppalaisiin elintarvikejakelijoihin. Vähittäiskauppa vaikuttaa suuresti kuluttajiin ja ruoka ihmisten terveyteen. Euroopassa vähittäiskauppa on suuri työllistäjä ja yrityksillä on muutenkin yhtäläisyyksiä. Lisäksi yhteiskuntavastuun sosiaalinen ulottuvuus on Euroopassa samankaltainen Euroopan Union vaikutuksesta. Tutkimuksen tarkoituksena on analysoida **miten tarkoituksenmukaisia sosiaalisen vastuun mittarit ovat suurimpien eurooppalaisten elintarvikejakelijoiden yhteiskuntavastuun raporteissa**. Lisäksi tarkastellaan,

- miten mittarit saavuttavat reliabiliteetin,
- miten mittarit saavuttavat validiteetin ja
- miten mittarit ovat vertailukelpoisia.

Tutkimusongelmia lähestyttiin vähittäiskaupan teorian, yhteiskuntavastuun sosiaalisen ulottuvuuden, yhteiskuntavastuun sosiaalisen ulottuvuuden mittaamisen, yhteiskuntavastuun raportoinnin, tarkoituksenmukaisuuden kriteerien ja sidosryhmäteorian avulla.

Tutkimuskysymyksiin vastattiin analysoimalla yhteiskuntavastuun raportteja neljältä niitä julkaisevalta eurooppalaiselta yritykseltä eli Aholdilta, Carrefourilta, Metrolta ja Tescolta. Sisällön analyysin avulla jokaiselta yritykseltä analysoitiin perusteellisesti kahdeksan raporttia ja neljä raporttia koodattiin. Analyyseja varten kehitettiin analyysikehikot ja päätössäännöt.

Tutkimuksen tuloksien mukaan vain 9 mittaria 1 870:stä ovat tarkoituksenmukaisia: suurin osa analysoiduista mittareista ei ole tarkoituksenmukaisia eli samanaikaisesti reliaabeleita, valideja ja vertailukelpoisia. Tulokset tukevat väitettä, jonka mukaan reliaabeli mittari omaa yleensä alhaisen validiteetin, koska yleensä helposti mitattava asia on sidosryhmille yhdentekevä. Lisäksi on todettava, että ihannemittarissa yhdistyy yhteiskuntavastuun tavoite ja sen noudattamisen arviointi. Yrityksille yhteiskuntavastuun mittareiden osalta pääkehityskohde tulee olla validimpien mittareiden kehittämisessä. Mittareiden ulkoisen varmistuksen kehittäminen on myös tärkeä osa-alue, sillä se nostaa raporttien reliabiliteettia ja sidosryhmien kokemaa luottamusta yritystä kohtaan. Sosiaalisen vastuun mittareiden vertailukelpoisuutta yritysten välillä tulee parantaa, ja tämä voi tapahtua samalla alalla toimivien ja raportoivien yritysten välisenä yhteistyönä.

Asiasanat	Vähittäiskauppa, raportit, yhteiskuntavastuu, sosiaalinen vastuu, Eurooppa
Muita tietoja	

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1   INTRODUCTION

Socialism failed because it couldn't tell the economic truth; capitalism may fail because it couldn't tell the ecological truth (Brown 2006).

There are also others who say that corporate responsibility (CR) is here to stay and it moulds the way business is done. Corporate responsibility has taken its place in business discussions (e.g. Zadek 2001; Wilenius 2005; Zadek, Pruzan & Evans 1999a; Laszlo 2005; Swartz & Carroll 2003; Niskala & Tarna 2003; Clement-Jones 2005). Combining the quoted prophecy and title of the study, i.e. corporate responsibility measures and social dimension, is not as far fetched, as it may seem at the first glance. E.g. Dellaportas, Gibson and Alagiah (2005), Zadek, Pruzan and Evans (1999a), Gray, Owen and Adams (1996) as well as Elkington (1999) argument that the conservative means in measuring corporate success are indeed rooted in capitalist thinking, and they do not take into consideration the externalities produced by companies. Externality is a concept used in economics to describe the consequences of economic activity outside the company. The alternative perspective presented by the academics states that eventually external negative influences caused by companies become internal, i.e. affect their business. (Gray et al 1996, 1–2)

Globalisation and increased power of multinational enterprises (MNEs) have evoked discussion on accountability and transparency of corporations. Since 1960s through nowadays the discussion has lead into creating international standards and institutions regulating MNEs. (Tulder & Zwart 2006, 236–7) Additionally a number of voluntary standards and guidelines on corporate responsibility have been designed for companies. They can be divided into three categories: (1) initiatives that require commitment; (2) standards regarding management and business activity systems; and (3) guidelines and reporting guidelines (Niskala & Tarna 2003, 40). In order to prove their degree of responsibility companies bind themselves into reporting, standards or guidelines, or a mix of these. (Niskala & Tarna 2003, 49–50)

To some it is not enough that companies *say* that they are responsible - companies should *prove* their responsibility (Wilenius 2005, 135). Companies should show that they are worth the trust of the public by enhancing their non-financial performance (Zadek 2001, 1). In order to obtain a sufficient level of corporate responsibility action the company needs to act on three levels. Firstly, the company should make a public commitment to corporate responsibility. By providing stakeholders with a *report* on how responsibility is incorporated, the company assures that it is working on the issue. Secondly, the company needs a clear *goal* for corporate responsibility activities. Thirdly, it needs a *reporting system and indicators*. These enable other actors, influenced by the company's actions, to monitor the company's development. (Wilenius

2005, 140) This study focuses on reporting systems and, more importantly, the measures.

Within 20 years the international business environment has changed deeply. Economies, societies and individuals are tied together more closely than before. Because the value of global business is higher than before, international business is very powerful. (Wilenius 2005, 138) The challenge for the corporations is to realise that their responsibility should match their influence on the world (Wilenius 2005, 142).

1.1   The concept of corporate responsibility

Corporate responsibility (CR) is still a vague concept and it is not easily understood (Wilenius 2005, 136). To mingle up the already abstract discussion, corporate responsibility is not by all means the only concept used in the discussion of companies' position in society. On the contrary, there is a legion of terms in use. One widely used concept is corporate social responsibility, CSR, which refers to same issues as CR. Rather than finding the most appropriate word to describe the concept, it would be more relevant to analyse the discussion of corporate responsibility.

Different approaches of CSR may be grouped into four categories: inactive, reactive, active and pro-/interactive. The four phases form a continuum where a company may be situated depending on the level and characteristics of its responsibility actions.[1] (Tulder & Zwart 2006, 143–6)

In this study, *corporate responsibility (CR)* is used to describe the responsibility of companies and organisations. This is due to the fact that CR is usually divided into three spheres: economic, environmental and social responsibility (e.g. Rohweder 2004, 98). Thus using corporate *social* responsibility, CSR, could cause some confusion. CSR contains the word *social* even though it refers to all three dimensions of corporate responsibility, namely environmental/ecological, economical and social.

Usually CR reports follow the three-fold division of CR: economic, ecological or social dimension (Rohweder 2004, 98). Also terms *profit, planet and people* are used for the three dimensions of CR. Profit guarantees the continuity of the company in economic and financial terms. Planet describes the ecological and public dimension and it focuses on integration of environmental protection and operational management. The term People refers to the socio-ethical dimension of CR. It describes the responsibility issues of social justice outside and within the company. The three di-

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[1] The approach is further elaborated in chapter 3

mensions form together the so-called triple bottom line. (Tulder & Zwart 2006, 142–3)

The discussion on the concept of CR is not much of help, if it is not possible to analyse how companies' corporate responsibility is determined. Nevertheless, the task is not easy. Every company forms a unique entity and its connections to the environment vary. The forces affecting an individual company's CR are described in table 1.

Table 1: The aspects affecting company's CR (based on Niskala & Tarna 2003, 21–24)

In-company forces
Business idea, value chain and industry
Actual and relative size of the company
Degree of internationalisation
The company's values, principles and objectives steering the company's actions
Expectations of the company's stakeholders
Forces affecting business
National legislation
International legislation and treaties
Expectations of international stakeholders and opinion leaders
Voluntary guidelines and standards
The examples set by leading companies

The business idea and the industry of the company are the foundation for the discussion on the aspects affecting the company. The use of raw materials, production and the product itself vary depending on the company. For instance, a company working on the energy sector is closely tied to the sustainable use natural resources. In contrast, in retailing the product safety and the working conditions in the *value chain* are more central issues. Additionally, it is central is to define the limits of the company's responsibilities. The typical solution is that the company is responsible for all the issues it can affect. This aspect is also essential when discussing company's *actual and relative size;* the bigger the company, the larger are its responsibilities, since it has more power. *The degree of internationalisation* refers to the countries where the company is doing business; the political, economical and social situation, the structures of labour market, the level of compliance of human rights and the state of the environment, all affect how the company evaluates the risks facing it. There is also a danger of using double standards, when the company's reactions to their responsibilities are adapted depending on the country. Basically it is advised that companies should live up the minimum ethical standards of their country of origin or if the level

is lower than in the target country, respect the higher-level requirements. (Niskala & Tarna 2003, 21–25)

Values, principles and objectives determine greatly what a company's stand is in terms of responsibility; some see CR as a tool for competitiveness, some see it as a basic value. However, these values cannot be in conflict with those of stakeholders; if shareholders, employees, customers or the local community do not share these values, they might be against the company. (Niskala & Tarna 2003, 22–26) Indeed, one of the reasons for the discussion on corporate responsibility is understood to be the stakeholders' expectations and demands (Perrini 2006, 73; Niskala & Tarna 2003, 55). Stakeholders are individuals and groups who are affected by the company or who can affect the company (Freeman 1995, 35). Stakeholders may be divided into smaller groups by different criteria, e.g. primary and secondary stakeholders, stakeholders inside and outside the company or direct and indirect stakeholders. Even though stakeholders vary depending on the company, the most common stakeholders are owners, employees, customers, local community, public and the government. (Niskala & Tarna 2003, 53–4)

The forces affecting business comprises a world of their own, which is already briefly discussed in the beginning of the introduction. The reality for companies is that there are more and more voluntary standards and guidelines, all the more expectations from international opinion leaders and increasing amount of examples of CR actions set by leading companies. Altogether, companies are taking their stands in the discussions whether to bring CR issues in to the national legislation or to leave CR activities voluntary. Internationally the discussion is evolving. (E.g. Tulder & Zwart 2006; Zadek et al. 1999a; Elkington 1999; Niskala & Tarna 2003)

Instead of merely trusting big corporations, public demands proof from corporations. A way to provide proof is to monitor activities and provide objective information about companies' operations. (Wilenius 2005, 135) The requirements have lead to a situation where voluntary and involuntary guidelines and standards as well as reporting are part of doing business.

1.2   The difficulty of measuring corporate responsibility

As it has been mentioned earlier, reporting is a way to inform the company's stakeholders about its processes, both inside and outside the company. Since the 1990s the number of CR reports has increased significantly (Niskala & Tarna 2003, 13). In 2006, 1 000 international companies from 60 different countries were registered as reporters following Global Reporting Initiative standards (Ballou, Heitger &

Landes 2006, 66). There are several reporting models for CR and the variety keeps on growing (Tulder & Zwart 2006, 246).[2]

As CR reporting has become more popular it is also criticised. Even though reports are supposed to inform stakeholders about the company's performance, the reports are often too general and not tailored enough to meet stakeholders' needs (Dawkins 2004, 119). The process of reporting and gathering data requires resources in companies; thus it is resources, e.g. time, away from other activities. Additionally the measures of corporate responsibility reporting is questioned since the metrics itself affects the actions of companies: While being busy fulfilling the requirements, companies might overlook some other harm caused by living up to the standards. (Chatterji & Levine 2006, 30–31)

In general, before one can report, one has to measure and create measures, and corporate responsibility reporting makes no exception. In CR reporting the measurement is said to be very demanding since it is complex to quantify or describe issues based on value judgements, rather than hard data or issues that are not even in the control of the company (Keeble et al. 2003, 149–150).

According to Chatterji & Levine (2006, 32–5) the reliability, comparability and validity of CR measures are usually hard to meet. *Reliable* measure would provide the same outcome more than once but this is not always the case when using non-financial metrics. It should be also possible *to compare* different companies over time. A *valid* measure again would provide information that is important to society.

The measures for CR should be tailored on corporate and project level because company strategies differ. Thus companies should use the indicators and measures relevant to their needs. (Keeble et al. 2003, 150–2) Still, it should be possible to develop industry wide measures and standards since the comparison between companies is necessary (Zadek 2001, 185). According to the studies, (e.g. Knox and Maklan 2004, 512) industry is found to be a reference point for most companies in CR issues.

According to Zadek, (2001, 189) when drafting standard measures the only discussion should not be on what the indicator measures. Additionally the *author* as well as the *purpose* of the indicator should be discussed. This is due to the fact that indicators need to communicate to a variety of audiences. There is inevitably power in measuring and providing arguments.

This study builds on the assumption that before a company may report its corporate responsibility, it needs appropriate measures (e.g. Chatterji & Levine 2006; Porter and Kramer 2006, 81). Even if corporate responsibility is hard to measure, the measures for CR must be developed in order to gain trust and proof for CR actions.

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[2] The variety is described in more detail in chapter 3.

Basically, if companies' actions are wished to be accountable and transparent, measures should be developed accordingly.

1.3   Purpose of the study

Since the areas of corporate responsibility and CR measures are vast, it is reasonable to limit the scope of the study. Three viewpoints narrow down the scope of the study: (1) the dimensions of CR, (2) the industry and (3) geographical limits.

Compared to the indicators of economic and environmental dimension, most indicators for *social dimension* of CR are still developing (Székely & Knirsch 2005, 645; Niskala & Tarna 2003, 145; Ranganathan 1999, 478). Especially the social dimension of corporate social responsibility is said to be very difficult to measure (Korhonen 2003, 37). Nevertheless, it should be noticed that also measures on environmental performance were said to be hard to measure at first before their development, even though the measures for environmental performance have moved towards phase of standardising (Ranganathan 1999, 482). When considering the development in reporting of CR, the social dimension of CR clearly needs more attention and consensus on *what* should be measured and *how*, since the current convention does not reflect the expectations of the society (Székely & Knirsch 2005, 645). Social dimension may be divided into e.g. labour practices and decent work, human rights, society and product responsibility (Global Reporting Initiative 2006, 30–35). The concept of social dimension of corporate responsibility is further discussed on chapter 2.

The most relevant form of corporate responsibility for a company depends on the *industry* the company is doing business in; some companies are innately more close to one type of CR than the other. This is explained by the expectations of the company's stakeholders, who assume the company behaves in ways suitable for the industry. For instance, the construction sector has its obligations to take care of the work place health and safety. (Brammer & Pavelin 2004, 706–7) After considering these arguments one industry is chosen that is identified with social dimension of CR, i.e. retailing.

Retailing is a means to distribute producers' goods and services to a high number of customers through middlemen, opposed to selling the goods directly from producers to customers or through an agent (Keegan & Schlegelmilch 2001, 436). Retailers are powerful as they are among the largest companies in the world, affecting economic and social life, e.g. the life of consumers and communities (Bell, Davies & Howard 1997, 854).

Retailing has a major affect on consumers' life (Jones, Comfort & Hillier 2007, 21). Basically retailing is unavoidable for consumers, unless they want to produce the products and services by themselves. According to economic theories (Katz & Rosen 1997, 21–52; Parkin 1999), consumers are said to have power over the companies by either consuming or refusing to consume; the demand is needed in order to create supply. The claimed power of consumers makes retailing interesting: the masses can be affected, e.g. through marketing and a monopoly, but they cannot be commanded in a democratic society.

Consumers' power is culminated in ethical consumerism, which is related to the buying behaviour of certain consumers. More and more consumers are demanding transparent information on production and safety of products. However, most consumers are not willing to pay a premium price for sustainable products. This is seen as a difference in consumers' aims and actual buying behaviour; even though claiming to purchase sustainable products in surveys and polls, the same consumers may still refuse to buy them in shops. Despite the contradicting discussion related to aims and actual behaviour, consumers have proven to be very powerful in pressuring the companies. (Székely & Knirsch 2005, 630–631) Ethical consumerisms has become mainstream and companies should be more aware of it (Seligman 2002, 20). Consumers do interact greatly with retailers: They might not be able to avoid consuming but they may choose where they consume, i.e. by choosing the shopping place.

Another reason for retailing being such a central industry is its role as an employer. The companies in retailing industry are remarkable employers (Bell et al. 1997, 854). According to the statistics[3], 3 per cent of the population is employed in retail in Europe (Mintel 2004, 13). The industry itself provides also statistics, and according to them, 16 % of EU's workforce is employed in the commerce[4] sector (Contributing to a prosperous and sustainable future, 5). Additionally, the retail companies' employment policies are considered important because of the nature and the structure of retail workforce (Whysall 2000, 310). More than half of the workforce in retailing are women. Additionally, the retail sector has a reputation of low pays and long working hours. (Merkel, Jackson & Pick 2006, 212)

The challenge in analysing retailing is its complexity. There is not a common type of a company to be found from the industry and this makes comparison hard (Dawson 2000, 8). Retailing as an industry may be divided into many *sectors*, for instance frequently purchased food and non-food products, home improvements and do-it-

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[3] The mean is calculated by the author of the thesis from the data provided by Mintel (2004, 13). In the data, Europe consists of 28 countries. The detailed calculation is in appendix 1.
[4] Commerce includes buying and selling, i.e. retail, wholesale and international trading companies (Corporate responsibility in a global economy, 2).

yourself items (DIY), home furnishing, clothing apparel, toys, cosmetics and convenience foods (Arnold 2002, 562). All of the sectors have the threat of ethical questions: the large players use global sourcing as it is done in any other business.

From the possible sectors, the *food sector* is chosen for the theme in this study. Food affects directly humans' health, e.g. through nutrition and metabolism, and is in the in interest of many actors in the society (CIAA 2002). In past years, several serious cases in agriculture have shaken the societies. Mistreatment of animals, the spread of animal deceases (Anselmsson & Johansson 2007, 836) and the debate on genetically manipulated food (A hollow victory… 2006, 3) have caused a lot of debate. Additionally, the global sourcing affects also food retailing (Tulonen 2007).

Geographically the study is limited into *European* food retail. Understandably the limitation to Europe is rather artificial since almost all big European retailers do have business also outside Europe. Also by focusing on Europe, the American big player Wal-Mart is limited out of the scope. Nevertheless, it is believed that compared to other regions, there is homogeneity between European companies in how they report on CR issues (Perrini 2005, 612), and selected European reports are the data analysed in this study. Additionally, Europe has a similar history in progression of social dimension of corporate responsibility: Europe is an origin of many innovative methods in social reporting. Reason for the similar development in CR is the European Union, which has taken a leading role in improving social policy, e.g. including social issues in its treaties. (Gray et al. 1996, 176)

Both the field of corporate responsibility as well as the field of retailing are complex and multidimensional. By focusing in this study only on the food sector in Europe, it is more likely to identify some common structures and limitations for different companies within the sector, since the structures and limitations have also their affects on CR (for further information see the table 1). By standardising some of the factors, i.e. the industry, size of the companies and the geographical area, it is easier to study the current reporting practices and measures of social dimension of CR.

Generally, retailing as an industry has become more centralised and thus more powerful (Dobson et al. 2001, 260). The large retailers influence the dynamics within the industry, therefore it can be said that their buying power towards their suppliers is high. In addition, food retailing is an influential industry since it affects to consumers' well being: Since food is a basic commodity, it should be safe to purchase. Currently, the aspects of contemporary food retailing and sourcing may cause some suspicions to the consumers and other stakeholders. In addition to the industry specific issues, retailers have basic relations to several actors in the society and they have to take care of their responsibilities like any other company, e.g. pay their taxes and comply the laws.

Thus it is vital to communicate about company's actions in appropriate ways, i.e. report on corporate responsibility. The question of *how* to measure the externalities produced by the largest European food retailers within the society, needs to be answered. Therefore developing the measures of social dimension of corporate responsibility has distinct managerial implications. By analysing the measures used, it is possible to develop the management of CR issues and CR measuring. In this study, the appropriateness of CR measures is analysed.

The leading thought and the idea of the study is that there are challenges in non-financial indicators and measuring of social dimension of corporate responsibility in European food retailing. The leading idea is that the measures for social dimension of CR are possible and necessary to develop. (Cf. Hirsjärvi et al. 2004, 62) The purpose of the study is to **analyse how appropriate are the measures of social dimension in the leading European food retailers' CR reports**. The research question is divided into sub questions:

- How do the measures of social dimension of CR meet reliability?
- How do the measures of social dimension of CR meet validity?
- How do the measures of social dimension of CR meet comparability?

The research question and sub questions are answered by forming analysis frameworks to study the corporate responsibility reports and the measures of social dimension of CR of the four largest European retailers, which report on corporate responsibility. The analysis frameworks are formed by combining a number of existing theories on social dimension of corporate responsibility, stakeholder theory and measures of CR.

2   THE SOCIAL DIMENSION AND STAKEHOLDERS IN EUROPEAN FOOD RETAILING

> *To succeed and prosper in the long run, retailers must take stock not only of their opportunities, but their duties as corporate citizens. With increasing legislation and pressures from society, they will need to rethink the way they manage, measure and demonstrate their CSR[5] performance. CSR must be more than a catchphrase or a feel-good initiative. It must be a true reflection of how a company operates. (Global powers of retailing 2006, 42)*

The neglecting attitude towards corporate responsibility is listed as one of the main risks to be managed nowadays in global retailing: CR requires purposeful actions from retailers, e.g. managing CR (Global powers of retailing 2006, 41–43). The largest food retailers in Europe have distinct characteristics, which affect their business. Furthermore, the stakeholders in retailing are in a central position when determining the pressure from the society. The demands of stakeholders in this study are viewed in the light of social dimension of corporate responsibility, which forms corporate responsibility together with economic and ecological dimensions.

2.1   Largest food retailers in Europe

Food retailers may be divided into categories by their sales volume, numbers of shops, number of countries they operate in, annual turnover and market value (Dawson 2001, 255). Retailing stores can also be divided into categories for instance by the floor space, level of service offered and the width and depth of product offerings (Keegan & Schlegelmilch 2001, 443). According to Dawson (2000, 7–8) the only valid measure for comparison is to compare gross and net margins of sale, when it is made between firms with similar portfolios of functions. Needless to say, such cases are quite rare - or even non-existent.

Indeed, categorising retailers depends greatly on the criteria. One widely used measure to comprehend European retailing is *the market shares* obtained by the retailers. There are several research companies who conduct research on retailers' market shares, for instance M+M Eurodata, Dobson consulting and A.S Nielsen (Dawson 2001, 256). Also Corporate Intelligence on Retailing is mentioned (Dobson et al.

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[5] Corporate social responsibility, i.e. corporate responsibility in this study.

2001, 260). The research companies have their own methodology in calculating market shares and thus they may come up with slightly different numbers.

Since the latest market share information tends to be available only by purchase, the author of this thesis has combined information from available sources to evaluate the largest food retailers in Europe. The complete table is presented in appendix 2.

According to market share calculations, retailing has its dominant players in Europe. *Undeniably, the largest food retailer in Europe is Carrefour.* After Carrefour, the order of retailers is harder to determine, since it depends which area the sales volume covers. Moreover, for some sources there is no data for most of the companies in interest. According to Mintel (European retail handbook 2004/5, 213, 253, 428, 690) the second largest retailer would be Ahold, which is not mentioned at all in Europe Intelligence's list dating to the year 2001.

However for the purpose of this study, it is sufficient to conclude that *Carrefour S.A., Tesco PLC, Intermarché/ITM Entreprises, REWE-Zentral AG, Edeka Zentrale AG, Metro AG, Aldi* and *Ahold* are the largest food retailers in Europe. Though the exact market shares would be indeed interesting, it is more significant to identify the large food retailers with corporate responsibility reports in order to answer the research questions. Only four of the companies listed have CR reports available, namely *Carrefour S.A., Tesco, Metro AG* and *Ahold.* Thus their reports are chosen as ones to study.

2.2   Characteristics of European food retailing

Since food retailers are among the largest European retailers (Global powers of retailing 2007, 8), the general characteristics related to retailing in Europe are applicable to food retailers as well. Retailing in Europe has gone through great changes since 1980's (Dawson 2001, 255; Dobson, Clarke, Davies & Waterson 2001, 247–248). Structural changes include changes in the following themes: (1) the retailers' position in value chain (Dawson 2000) and evolving functions of retailers (Dawson 2001, 255–6), (2) strong Central European concentration of retailers (Dobson et al. 2001, 260), (3) retailing as service (Dawson 2001) and (4) continuing variety of consumer demand, competition and organisational issues (Dawson 2001, 255–6). These characteristics make retailing a unique business.

Retailers are in a central position in many industries because they have become more international and concentrated than before. This is due to the fact that retailers have successfully launched their own brands and they have gained more power in the *value chain* by adding value to the offerings. Unquestionably retailers have succeeded

in networking, when buying products from numerous suppliers and coordinating a vertical chain of actions and actors. (Elg 2003, 107) The equilibrium between internal and external functions of retailers is changing. Growing amount of retailers consider which services they produce themselves and which they buy. For instance, logistics is more often bought from the outside opposed to product development, which is usually done in-house. The latter can be explained by the increase of retail-brands[6], which have become more popular both in food and non-food sectors. Interestingly, the production usually is still externalised. (Dawson 2001, 256)

Retailing has experienced strong *concentration*, when the number of smaller retailers has decreased and the size of large companies has increased more than the size of the sector has grown. According to studies, top ten retailers in Europe accounted for approximately one third of the food and grocery sales in 1997. (Dawson 2001, 255–6) European retailers still internationalise largely within Europe close to their home markets. For instance French retailers are more commonly present in Spanish, Greece, Portuguese, Swiss and Italian markets. Similarly German retailers also retail more commonly in Swiss and Italian, but also in Dutch, British and Austrian markets. Approximately half of the French and German retailers' non-domestic outlets are in France or in Germany: French and German retailers count up to 20% and 28% of European retailing, almost 50% altogether. Dutch and Swedish retailers make up the second tire with a bit more than 10% per nationality. (Myers & Alexander 2007, 11–12)

The concentration of retailing has evoked public and political interest in order to protect the consumers (Dobson et al. 2001, 260). This underlines the importance of retailing as an industry - it is present in consumers' everyday life and its development affects their ability to consume. In order to decide whether the companies in retailing industry have too much power in buying goods from the suppliers, there have been economical analyses made (e.g. Dobson et al. 2001). However, the analyses have been criticised, since the models do not take into consideration the *changed nature of retailing*. The models' assumptions tend to rely on the production-oriented school of thought. Even so the studies might suggest otherwise, the current situation is that the supply chain is not entirely dominated by manufacturers. Additionally, the demand chain is not necessarily all in retailers' power. The underlying notion is that nowadays retailers do not simply sell *goods*. Rather they sell *services,* where the consumer's buying experience is varied by different kinds of attributes, for instance by the length of the queue to the cash register. (Dawson 2000, 5–8) Retailing differs from most manufacturing industries, since retailers serve their customers (consumers) with var-

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[6] Dobson et al (2001 264) use also the term *own label*, but also the concept *own-brand* is used.

ied and complex offerings involving a mix of services, facilities and products. The companies have a challenge to construct a unique and distinct combination of these characteristics. (Elg 2003, 107)

In Europe, the variety of *consumer demand and competition tools*, as well as *organisational issues*, keeps on growing, despite the common monetary and economic policies in EU. Different areas in Europe have different patterns of consumption with few exceptions. This is due to contemporary cultural, political, geographical and historical issues. Also the competition factors differ from area to area. In Western Europe price is not such a strong competitive tool as it is in Southern Europe. Furthermore, the different traditions in financing retailing maintain the variety of organisations, e.g. public or private company, and thus it affects management of businesses. (Dawson 2001, 256–7) The following quotation from Ahold's report (2004, 7) summarises the characteristics of retailing discussed above.

> *Managing operations in the supermarket industry is demanding. We carry a wide variety and large volume of products and an increasing assortment of perishable goods, leading to complexity in the supply chain. Our stores handle a heavy volume of transactions and operate at relatively low profit margins. At the same time, competition in our industry is increasing, with the expansion and consolidation of discount formats in most of our market areas. (Ahold 2004, 7)*

The supply chain of food retailing starts from the production, namely growing livestock, fishing and producing crop. The production chain involves production and processing, packaging and distribution before entering the legal entity of retailers. After the sell, produce is bought and consumed (figure 1). (CIAA 2002, 19)
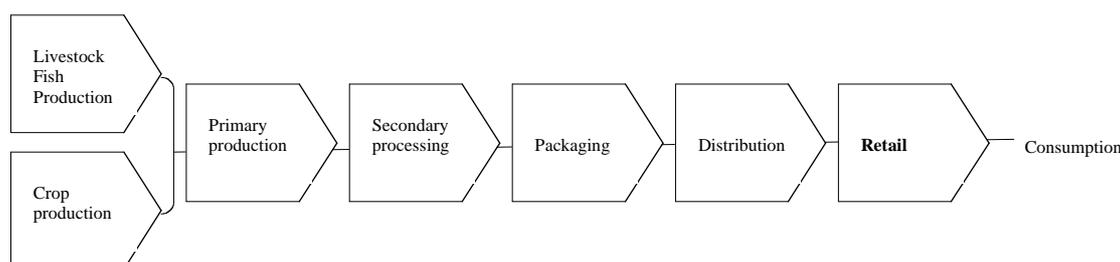
Figure 1: The food supply chain (adapted from CIAA 2002, 19)

When discussing the corporate responsibility, the food and drink industry is in a central position in safeguarding the food and drink safety in the phases before retailing (CIAA 2002, 9). However, the retailers' responsibility on food production in the chain of actions, i.e. the value chain, has been increasing due to the change of their

position in the value chain. The more the retailers have power over up-stream actions (Dawson 2000; Bell et al. 1997, 854), the more they are responsible on the actions they may affect (e.g. Freeman 1995, 35; Niskala & Tarna 2003, 55; Rhenman 1972, 11). Whatever is the power and responsibility of single actors, the actors are dependent on each other (Stainer, Gully & Steiner 1998, 206).

The ethical issues in food retailing are stemming from issues related to research and technology; operations; and marketing and logistics. The advanced *technology* and *research* has lead into changes in food industry, e.g. in the quality and quantity of food and in the environment of production. These changes include the use of pesticides, treatment of animals, uses of additives as well as genetically manipulated food, which all have evoked ethical discussion. In relation to *operations* in food retailing, hygiene and health should have a central role in ensuring ethically sound food, since this decreases the risk of accidents and animal deceases. In *marketing*, ethics should be concerned when communicating to consumers about the products and their impact on the society and the environment e.g. by labelling and reporting. Moreover, the pressure of profitability in business may lead into ethically suspicious arrangements, e.g. in working conditions. Efficient *logistics* again is central in providing the goods to the consumers in time. However, the pressure of efficiency may lead to ethically untenable solutions, e.g. in live animal transportations. (Stainer et al. 1998, 2006–208)

Contemporary examples support the theoretical framework of ethics in food retailing. Nowadays sourcing ingredients globally for food products is a rule (Mikkonen 2008), which causes the blurring of information on the country of origin. The global interdependency, increased consumption and augmented demand of bio fuels due to climate change affect the prize of food, which has risen dramatically in past years all over the globe (Remes 2008, 22; Yli-Kovero 2008, B1). The increase in food prices may lead into violent confrontations and famine (Suominen 2008, B1). Animal deceases, like Bovine Spongiform Encephalopathy, BSE for short, come up once in awhile causing a possibility of serious dangers to human health, mass slaughters of livestock and lack of consumer trust towards food safety (Sans, Fontguyon & Briz 2005, 619).

As a solution to possible ethical risks, food retailing may develop new models of acquiring consumer trust, e.g. by communicating on the compliance of increased quality requirements (Sans et al. 2005, 633) or by providing more organic and free trade products (Haddock 2005, 792). In the end, the investment in CR activities may act as a differentiation tool in competition typical and fierce for food retailing in Europe (Haddock 2005, 795). Historically in retailing, marketing has been the dominant theory, i.e. in creating value in retailing and satisfying customer needs. Nevertheless, marketing theory cannot answer all questions related in retailing business

nowadays. When discussing the wider costs and impacts satisfying consumers' needs, marketing becomes somewhat obsolete, whereas the stakeholder theory provides a more useful framework. (Whysall 2000, 306) Thus, stakeholders in retailing are addressed.

2.3 Stakeholders in retailing

The interests of stakeholders determine the company's existence and the company may exist only if it succeeds in fulfilling the needs of most important stakeholders (Freeman 1995, 35; Niskala & Tarna 2003, 55). Additionally, the company is depending on its stakeholders for its continuation; simultaneously stakeholders are dependable on the firm for achieving their personal goals (Rhenman & Stymne 1964, 60–61). According to the stakeholder view, a company is a system, by which it is possible to fulfil human and societal needs (Rhenman 1972, 11). Thus, there exists an inherent connection between the company and other institutions in the society as well as between the company and its stakeholders (Sutherland Rahman, Waddock, Andriof & Husted 2003, 9). This goes for food retailers as well.

The core task in stakeholder thinking is to identify the company's stakeholders (Sutherland Rahman et al 2003, 10). Broadly defined, the stakeholders are groups or individuals who affect the company or who the company may affect. The stakeholders may be divided by different criteria into subgroups. Stakeholders may be divided into *internal* and *external* stakeholders and *direct* and *indirect* stakeholders in relation to the company. Indirect stakeholders represent the stakeholders, which do not have an own voice, e.g. the environment, or have a relatively weak voice, e.g. indigenous people. In reality an indirect stakeholder might be a non-governmental organisation, a government institution, a labour union or academic community. (Niskala & Tarna 2003, 53)

Additionally stakeholders may be called the *primary* or *secondary* stakeholders. Compared to secondary stakeholders, primary stakeholders have a formal relationship with the company, e.g. a contract, and secondary do not. (Niskala & Tarna 2003, 53) According to the criteria, primary stakeholders are the employees, shareholders, customers and suppliers. Additionally, the surrounding community is regarded as a primary stakeholder since the company has direct impacts on it as well as indirectly the natural environment and future generations of non-human species (Clulow 2005, 982). *Secondary stakeholders* are government, regulators, civic institutions, social pressure groups, mass media, academic commentators, trade bodies and competitors

as well as indirectly environmental pressure groups and animal welfare organisations. (Clulow 2005, 982)

Relevant core stakeholder groups for companies are usually *employees, communities, suppliers, clients/customers* and *investors* (Elkington & Dijk 1999, 501), which are also considered as the primary stakeholders (Clulow 2005, 982). In retailing, the following stakeholders are considered to be the most important: *customers, suppliers, competitors, government, financial community, service providers, employees, managers, landlords, owners* and *community* (Whysall 2000, 309). Also other divisions of stakeholder groups exist (see e.g. Niskala & Tarna 2003, 54). However, only the primary stakeholders are taken into consideration when forming the analysis frameworks for the study. Interests of all stakeholder groups are combined in a table 14 in appendix 3.

Table 2 represents the examples of inputs, costs and risks for each stakeholder group in retailing. Additionally it is possible to identify the ethical dimension in each stakeholder group's relation to the retailer.

Table 2: Examples of inputs, costs and risks for each stakeholder group in retailing (Whysall 2000, 309)

Group	*Inputs contributed*	*Cost incurred*	*What is at risk?*
Customers	Money	Time	Health, safety
Suppliers	Goods	Stock holding	Profitability
Competitors	Sector norms	Defensive advertising	Market share
Government	Infrastructure	Legislative process	National economy
Financial community	Investment	Investment management	Capital
Service providers	Skills (e.g. design)	Service provision costs	Profitability
Employees	Labour	Loss of free time	Livelihood
Managers	Skills	Loss of free time	Career development
Landlords	Premises	Property maintenance	Wealth
Owners	Capital	Opportunity costs	Future wealth
Community	Community facilities / communal resources	Externalities	Amenity
Activists	Raising awareness	Costs of protesting	Rights

In general, employees, communities, suppliers, clients/customers and investors have some widely recognised needs towards businesses. (Elkington & Dijk 1999, 501)

Consumers have a risk of loosing their health and risking their safety when purchasing products or services, thus they are interested in product responsibility. Also pricing strategies might oppress consumers or the databases including consumers' information may be violating their privacy. Vulnerable consumers, e.g. the manic shoppers, may be exploited. (Whysall 2000, 310) Thus consumers have interest in regulating retailing.

Suppliers assume companies to respect contracts and suppliers are expected to respect the human rights (Niskala & Tarna 2003, 54). *Suppliers* are influenced by con-

sumers' buying boycotts due to the supply chain. This may sum up in profitability losses of suppliers. In general suppliers are interested in the power of retailers: Retailers may demand fees from suppliers to gain shelf-space or the retailer dominates the relation with the supplier and gives no room for negotiations. (Whysall 2000, 310)

Competitors are interested in gaining a greater market share. Ruthless competitors may find a shared interest in uniting against a common enemy in order to e.g. prevent a market penetration of another competitor in order to keep their market shares. Additionally, different forms of marketing, e.g. advertising and pricing, are used in gaining market share. (Whysall 2000, 310)

The relations between *government* and retailers are said to be complex. Event though retailing is important for national economy, the government forms the legislation concerning business, e.g. restricting opening hours on Sundays and harmful products as well as exercising duty policy. Moreover, the employment policies by the government affect retailing due to the nature and structure of retail workforce. (Whysall 2000, 310) It is in the interest of the government to restrict retailers' bargaining power towards its stakeholders from becoming too strong.

The *financial community* is financing the activities in retailing as well as the consumption of the retailers' customers, i.e. the consumers. The consumer groups have criticised the credits offered in-store, which have a rather high interest rate. (Whysall 2000, 310) Nevertheless, the profits are in the interest of the financial community.

In retailing, there are several *service providers*, which make the value chain of retailing possible. However, their impact on society is a concern to some stakeholders regarding e.g. the transportation and the environmental impact, advertising agencies and integrity as well as design and copyrights. (Whysall 2000, 310) Their stake is profitability, which is affected if services are not purchased.

Employees are a central stakeholder group having interests in levels of pay, differences in male and female pays, equality in opportunity and in promotion, testing the employees (e.g. drugs or deceases), recruitment policies, health and safety concerns, union representation and demands on retail staff for longer opening hours. The retail sector has a reputation of a low level of pay and poor working conditions. (Whysall 2000, 311–12) Employees anticipate employers to guarantee a safe working environment (Niskala & Tarna 2003, 54). *Managers* in retailing seem to have a different position than the other workers. Their pay is higher due to increased responsibility and their interest is in their career development. (Whysall 2000, 311–12)

Landlords and property interests both have a central role in the retail system since retailing takes up space. Some retailers are known for disrespecting the rental agreements due to harsh financial times, which again highly interests the landlords. Additionally, it is not unusual to prevent competitors to gain access to properties close to

the retailer's store by reserving land. *Owners* of retail businesses vary from the ones expecting short-term profits to the ones investing with a longer time period. The question is, which actions do assure future wealth. (Whysall 2000, 311) All in all, *shareholders* and *investors* do look forward to financial surplus value when investing in a business (Niskala & Tarna 2003, 54).

The *community's* stake and interest is its convenience, which the retailer may affect. The retailer has several roles in the community, namely the provider of services, public facilities and infrastructure as well as guarding the community's heritage (e.g. occupying historical buildings). Additionally, retailers are seen as supporters of good causes (e.g. actions involving local schools) and guaranteeing access to services. (Whysall 2000, 311–12) In addition to philanthropy, society expects companies to create jobs (Niskala & Tarna 2003, 54). There are several *activist groups,* which may try to influence retailers. They might want to protect the local community and town centres, the environment or animal rights. Activists are usually the source of consumer boycotts, which might prove to be very harmful for retailers. (Whysall 2000, 311–12)

The stakeholder theory is also criticised, since some of the concepts used in the theory are vague and create confusion. The definition of stakeholder theory includes all those impacted by the company or impacting the company. Following the definition conformingly, also actors affecting company in negative and unwished ways, e.g. shoplifters are considered as stakeholders to be involved. (Whysall 2000, 307–308) Moreover, the interest of stakeholder groups may be contradicting and conflicting, causing the company to fail in fulfilling some of its stakeholders' needs by taking any action suitable for the other (Talvio & Välimaa 2004, 56–57).

Even though criticised, stakeholder theory is a useful tool when discussing the attitudes of corporations towards stakeholders (Jenkins & Yakvleva 2006, 272) and stakeholders' expectations. At their best, the discussed interests are outlines of companies' stakeholders' average interests. They form a basis for study's analysis frameworks, which help in analysing the validity of CR reports. In order to form the most accurate picture of the stakeholders' interests one would have to engage in stakeholder dialogue (see e.g. Elkington 1999; Elkington & Dijk 1999) with the stakeholders identified individually for each of the companies studied in this thesis. Indeed, after identifying the stakeholders, active communication and managing the relationships is needed for successful stakeholder involvement (Sutherland Rahman et al 2003, 11). However, this is not possible in this study since the access to the stakeholders as well as the available sources for the consultation are limited.

After discussing the interests of primary stakeholders, the social dimension of CR is explored. The economic and environmental dimensions are left out of the assess-

ment in this study. In order to analyse the interests of stakeholders in the light of so-cial dimension, it needs to be further analysed.

2.4 Definitions of social dimension of corporate responsibility in retailing

Several definitions of social dimension of corporate responsibility have been formed, and many of them are overlapping in some themes. In table 4 the author of the thesis has grouped the definitions of social dimension by the criteria emerging from different definitions.

Global reporting Initiative (2006) has the most coherent and extensive definition of social dimension. Nevertheless, by itself, it is rather obscure since the definitions are not explained in great detail. Definitions by Bennet and James (1999, 45–46), Hackstone and Milne (1996, 105–108) as well as Storebrand (2003, 4–5) are more detailed. As it has been discussed earlier, the industry has its effects on the company's corporate responsibility. Thus when discussing social dimension in food retailing, it is essential to include definitions from sources related to retailing or food or both. Definition by Storebrand (2003, 4–5) represents the first and the definition from *Confederation of the Food and Drink Industries of the EU (CIAA)* (2002) represents the latter. All in all, it was possible to gather a detailed definition by combining several definitions and not using only one definition.

Table 3: Definitions of social dimension of corporate responsibility

Numbering by themes	SYNTHESIS The different listings grouped by criteria (composed by the author of the study)	The source				
		Bennet and James (1999, 45–46)	Hackstone and Milne (1996, 105–108)	Storebrand (2003, 4–5)	Global reporting initiative (2006, 30–36)	CIAA (2002, 33–43)
1	**Human rights and labour conditions in the supply chain**					
1.1	Human rights	X			X	
1.2	Supply chain management	X		X		
1.3	Labour conditions	X	X	X	X	X
2	**Employment issues**		X	X		
2.1	Employment related policies and empowerment	X	X	X		X
2.2	Employee training		X	X		X
2.3	Employee remuneration and benefits		X	X		
2.4	Information about employees		X	X		
2.5	Employee morale		X			
2.6	Employee health and safety		X			
2.7	Employee work-life balance		X	X		
2.8	Employee downsizing and restructuring	X	X			
3	**Product responsibility**	X	X	X	X	X
3.1	Food security					X
3.2	Food regulatory framework					X
3.3	Food: health and nutrition					X
3.4	Product development		X			
3.5	Product safety		X	X		X
3.6	Product quality		X	X		X
3.7	Fair trade products			X		
3.8	Animal tested products	X				
4	**Voluntary actions**	X		X		
5	**Stakeholders and society**	X	X	X	X	
5.1	Stakeholder involvement					
5.2	Community involvement	X	X	X		X
5.3	Customer relations			X		
5.4	Relations with non-governmental organisations					X
5.5	Industrial relations		X			
5.6	Relations with financial community			X		X
6	**Trade with tyrannical regimes**	X				
7	**Non-sustainable industries**	X				

It is possible to divide social dimension into 7 themes, namely *human rights and labour conditions in the supply chain, employment issues, product responsibility, vol-*

untary actions, stakeholders and society, trade with tyrannical regimes and non-sustainable industries. The criteria for grouping the themes have emerged from the definitions and the author of the study has named them accordingly. The purpose of forming groups of themes is to create logical entities, even though the themes might still overlap to some extent. The groupings are tested before conducting the study. The themes are divided into sub themes, which have also emerged from the theories of corporate responsibility.

The theme of *human rights and labour conditions in the supply chain* divides into *human rights,* s*upply chain management and labour conditions.* Complying with human rights is central when discussing the social dimension of CR. Managing the supply chain involves issues related to labour conditions and human rights but also other aspects, like monitoring activities of suppliers and conducting audits (Hackstone and Milne 1996, 106).

Employment issues include actions that ensure the sustainable treatment of employees, namely *employment related policies and empowerment, employee training, employee remuneration and benefits, information about employees, employee morale, employee work-life balance* and *employee downsizing and restructuring*. Employment issues are related to company's relations with its direct employees, i.e. the employees within the legal entity, whereas the theme of human rights, supply chain and labour conditions concentrates more on suppliers.

Product responsibility handles different issues related to products: *food security, food regulatory framework, health and nutrition of food, product development, product safety, product quality, fair trade products* and *animal tested products*. The theme of product responsibility mainly concerns customers. *Food security* means the access to safe and adequate food supply, and it is integral to food and drink industry. The available income affects the food security, and in some developing nations people do not have a secure food supply. Complying with the *regulations and rules* regarding food is a fixed condition for sustainable business. Consumers need information about the ingredients of the food they purchase and it is companies' obligation to provide it, since the ingredients of food products influence the *health* of the consumer and *nutrition* levels of food. In general, food *safety* is not an outcome of a single actions; it is a result of continuous risk assessment, management and communication. Food *quality* can be understood as the satisfaction of consumers' regarding the products. (CIAA 2002, 33–38) The product *development* guarantees e.g. better products and more efficient means to serve the customers (Hackstone and Milne 1996, 107). Fair trade products aim in delivering benefits to the small producers in developing countries (Bird & Hughes 1997, 159). Animal tests are conducted to find out whether a product is safe to use, however it is costly and causes ethical discussions (Adams et al 1998, 34).

Voluntary actions include company's philanthropic activity. Voluntary actions include financial aid and actions that company conducts on voluntary basis (Adams et al. 1998, 23). Since voluntary actions are usually separated in CR theories (e.g. Swartz & Carroll 2003), it is kept as an individual theme.

Stakeholders and society again may be divided into *stakeholder involvement, community involvement, customer relations, relations with non-governmental organisations, industrial relations* and *relations with financial community*. All of the themes consider the different stakeholders of the company and the management of the relationships. Company may have existing policies how to conduct the stakeholder dialogue (Hackstone and Milne 1996, 108).

Trade with tyrannical regimes is one of the themes of social dimension of CR, since tyrannical regimes might not e.g. fulfil human rights (Adams et al. 1991, 43–46). *Non-sustainable industries* are the ones handling weapons, alcohol, tobacco, gambling and pornography (Bennett & James 1999, 45–46).

When comparing the different classifications, some themes seem to be missing from some sources altogether, which is true for some of the sources. However, some sub themes seem to be missing due to the varying use of concepts in original sources. For instance, the sub theme of labour conditions mentioned in all references includes human rights not mentioned in some of the sources. Themes and sub themes are described in the appendix 4 as decision rules for the study.

2.5 Synthesis

The stakeholder theory and the social dimension of corporate responsibility may be combined in order to form a coherent picture of the situation of stakeholders and social dimension of CR in European food retailing. Only the primary direct stakeholder groups were selected as the stakeholders in this study. Studying all of the stakeholder groups would have of course given the most accurate picture of the data (CR reports). Nonetheless, only *employees, customers, suppliers, community* and *shareholders* were chosen as stakeholder groups. Within the time available for the study, it is possible to concentrate only on these stakeholders. Thus *primary stakeholders'* main interests are identified using the theories presented in appendix 5. The synthesis is presented in the table 4.

Table 4: Synthesis of stakeholder theory and social dimension of corporate responsibility in European food retailing

Numbering by themes	SYNTHESIS The different listings grouped by criteria (composed by the author of the study)	Interests of the stakeholder group X high interest; (X) intermediate interest				
		Employees	Customers	Suppliers	Community	Shareholders
1	**Human rights and labour conditions in the supply chain**	(X)	X	X		
1.1	Human rights	(X)	X	X		
1.2	Supply chain management	(X)	X	X		
1.3	Labour conditions	(X)	X	X		
2	**Employment issues**	X				
2.1	Employment related policies and empowerment	X			X	
2.2	Employee training	X				
2.3	Employee remuneration and benefits	X				X
2.4	Information about employees	X			(X)	
2.5	Employee morale	X	X			(X)
2.6	Employee health and safety	X	X			
2.7	Employee work-life balance	X	X		X	X
2.8	Employee downsizing and restructuring	X	X		X	X
3	**Product responsibility**		X	(X)		
3.1	Food security		X	(X)		(X)
3.2	Food regulatory framework		X	(X)		
3.3	Food: health and nutrition		X	(X)		
3.4	Product development		X	(X)		
3.5	Product safety		X	(X)		
3.6	Product quality		X	(X)		
3.7	Fair trade products		X	(X)		
3.8	Animal tested products		X	(X)		
4	**Voluntary actions**		(X)		X	
5	**Stakeholders and society**	X	X	X	X	X
5.1	Stakeholder involvement				X	
5.2	Community involvement		(X)		X	
5.3	Customer relations		X		X	
5.4	Relations with non-governmental organisations				X	
5.5	Industrial relations	X			X	X
5.6	Relations with financial community		(X)	(X)		X
6	**Trade with tyrannical regimes**		X	X		
7	**Non-sustainable industries**		X	X		

The interests of a particular stakeholder group are identified by combining the theories on different stakeholders' interests presented by scholars (see appendix 5). The aspects of social dimension marked with X are understood to be the high concern of the specific group. The rows marked with (X) are seen as some, i.e. intermediate,

relevance to the stakeholder group. The author of the study has conducted the final analysis of identifying the main and intermediate concerns of the stakeholder groups.

Human rights and labour conditions in the supply chain management are seen as a highly interesting for suppliers and customers. Employees have intermediate interest in complying with the human rights, labour conditions and supply chain management. This is due to the assumption, that corporation's employees are indeed interested of the working environment of other workers in supplying companies, but not necessarily as much as they are interested in their own working environment (theme 2.6). In comparison, customers and suppliers are understood to hold great interest in all issues related to *labour conditions* and *human rights* in the supply chain as well as *managing the supply chain*. Suppliers are affected by the demands of consumers, who are understood as the driving force behind the pressure of complying the international standards. (Elkington & Dijk 1999, 506; Niskala & Tarna 2003, 54).

All the employment related issues are in the high interest of employees, since they are affected by the changes in them. Depending on the sub theme, employment related issues are in the interest of some other stakeholders too. Shareholders have high interest towards *employee remuneration and benefits, employee work-life balance* and *downsizing and restructuring*, since they affect company's finances and profitability. Profitability of a company is influenced by the job satisfaction of employees, but since it is not as straightforward as influencing the capital of the company, shareholders have intermediate interest in *employee morale*.

Community has an intermediate interest in *information about employees*, since it is interested in the amount of jobs provided by the company (Niskala & Tarna 2003, 54), and has a high interest in e*mployee downsizing and restructuring*, since it is concerned about the possible losses of jobs (Elkington & Dijk 1999, 506). Additionally, community has intermediate interest in *employment related policies and empowerment*, since the category has to do with equal treatment of community's potential workforce, e.g. disabled people and women. *Employee morale, the work-life balance, employee health and safety* as well as *downsizing and restructuring* are in the high interest of consumers, who are concerned about labour conditions (Niskala & Tarna 2003, 54).

Product responsibility and its sub themes are in the high interest of consumers, since the products they purchase affect e.g. their living standards and health and safety (Whysall 2000, 310; Niskala & Tarna 2003, 54; Elkington & Dijk 1999, 506; Perrini 2005, 615; Näsi 1995, 111) *Product responsibility* is in the intermediate interest of suppliers, who supply the products and thus are affected by the criteria for product responsibility and consumers' demands (Niskala & Tarna 2003, 54). Share-

holders have intermediate interest of *food security*, because it affects the company's sales volumes and profitability.

Voluntary actions are in the high interest of the community, since it values the company as a supporter of a good cause (Whysall 2000, 311–312; Perrini 2005, 615). Consumers are thought to have intermediate interest in voluntary actions, because they demand proof of company's responsibility (Elkington & Dijk 1999, 506).

Stakeholders and society as a theme is in high interests of all stakeholders, since they expect to be able to communicate their interests through stakeholder dialogue. Sub theme *stakeholder involvement* (concerning some other stakeholder groups then the ones mentioned) is in the high interest of the community, since it is interested in the dialogue between the company and the surrounding community (Perrini 2005, 615). *Community involvement* is in the high interest of the community and to intermediate interest of consumers, since consumers are thought to be intermediately interested in voluntary actions (Elkington & Dijk 1999, 506), which community involvement mainly present. Both consumers and community value *customer relations* highly, since it affects customers and involves stakeholders. Community is estimated to give a high value to *relations with non-governmental organisations* (Perrini 2005, 615). Employees, community and the shareholders are highly interested in *industrial relations*, since the relations affect employees through labour union negotiations and may affect the employment within the community (Perrini 2005, 615; Whysall 2000, 310). Shareholders have a high interest in *relations with financial community*, e.g. the company's relationship with its investors and information related to it. Customers' and communities interest is intermediate due to attention towards sustainable indexes, since they may be seen as proofs of responsibility.

Consumers have a high interest in *trade with tyrannical regimes*, since it affects the labour conditions of workers (Adams et al. 1991, 43–46). Also suppliers have a high interest in the theme, since business with tyrannical regimes may affect their profits (Niskala & Tarna 2003, 54). *Non-sustainable industries* are in the interest of consumers and suppliers. Alcohol and tobacco affect health of consumers. They are sold in food stores and thus the harmful products are available to large consumer masses. The suppliers of tobacco and alcohol are affected by any restrictions in availability. (Bennett & James 1999, 45–46)

As visible, the synthesis is formed based on several sources. At its best the synthesis forms the basis for analysis frameworks intended to help in the analysis of corporate responsibility reports studied. However, it has to be remembered that in sustainability (CR) reporting, there is a large amount of different stakeholders with distinguishable expectations towards the company's performance and reporting (Willis 2003, 236). Thus synthesis is rough and does not take into consideration complex and

interrelated relations between causes and outcomes. For instance, shareholders thought to be solely interested in profitability of the company (see e.g. Omran, Atrill & Pointon 2002): Do actions of CR - including themes of social dimension - affect the profitability of a company and to what extent? The answer affects straight forward to the degree which shareholders *should* be interested in CR. However, the discussion of the connections between profitability and CR actions is left out of the study.

In the end, all of the issues are in the interest of all stakeholder groups when following the routes of the effects of different actions. In some ways, all stakeholders could have interest in every theme of social dimension. Nonetheless, in this study the stakeholder groups look after their own interests, which can be easily reasoned. Thus the theoretical stakeholder interests are used as a basis for the study, even though the homogeneous interests of a stakeholder group are based on theoretical assumptions rather than actual interests derived from stakeholder dialogue. The criticism towards the formed synthesis is similar to the general criticism towards stakeholder theory presented earlier in this thesis.

As discussed before, stakeholders demand proof of a company's performance (see e.g. Wilenius 2005; Niskala & Tarna 2003). Proof of CR performance is communicated through measures. The theme of measuring the social dimension of CR as well as the appropriate measures to do so, are discussed in the following chapter.

3 MEASURING THE SOCIAL DIMENSION OF CORPORATE RESPONSIBILITY

In order to obtain a clear picture of appropriate measures of corporate responsibility, it is important to answer the questions *why* to measure CR, *where* to use the CR measures, *how* to measure CR and *what* are the appropriate CR measures like. The basic principles of corporate responsibility measures are not separated in the literature by the dimension of CR, and thus the theories are considered applicable to all dimensions of CR. Finally, the aim of the chapter is to clarify the relationships of concepts regarding the measuring of the social dimension of corporate responsibility.

3.1 The development and purpose of measuring the social dimension of corporate responsibility

> *Measurement is so fundamental … … that it is difficult to know where we would be without it (Kyburg 1984, 1).*

Certainly, the statement withholds the truth when assessing engineering and physics. In the discussion on CR measures, it is substantive to analyse *what* is a CR measure. There are several concepts used to describe the measures of CR. A *measure* is a selected tool for indicating the level of corporate responsibility performance to company's managers and stakeholders (Bennett et al. 1999, 17). The concept of *metrics* (Chatterji & Levine 2006, 32) is also used to describe measures, standards and codes that relate to non-financial performance, but here the view is not adopted. An *indicator* may be defined as a precise measure of performance, and it is usually quantitative (The Global reporting Initiative 1999, 450). Here the concept *indicator* refers also to qualitative data, since some of the information sources use it accordingly (e.g. Keeble et al. 2003).

Measures may be divided into *principle, process* and *performance indicators*. The CR aim or company's value is communicated through a principle indicator. A process indicator describes a CR action or a practice adopted. Performance indicator again indicates the outcome of a CR action. The outcome of an indicator is quantitative or it indicates results from external image survey, standard, award, and ethical funds. (Vuontisjärvi 2006, 339)

In this study, the concept *measures* is used as a synonym for process and performance indicators in order to describe the level of non-financial and financial performance of companies in the field of corporate responsibility (Figure 2). *A measure indicates the level of the corporate responsibility performance or identifiable stage of*

corporate responsibility processes. The mere CR aim or value is not in the interest of this study. For instance, the company might report that it considers community involvement important, but unless it specifies the level of community involvement, the statement is not regarded as a measure.

Performance indicator
The outcome of a CR
action

Measure
Level of the corporate
responsibility performance
or identifiable stage of
corporate responsibility
process

Process indicator
CR action or a
practice adopted

Principle indicator
Communicating the
CR aim or value
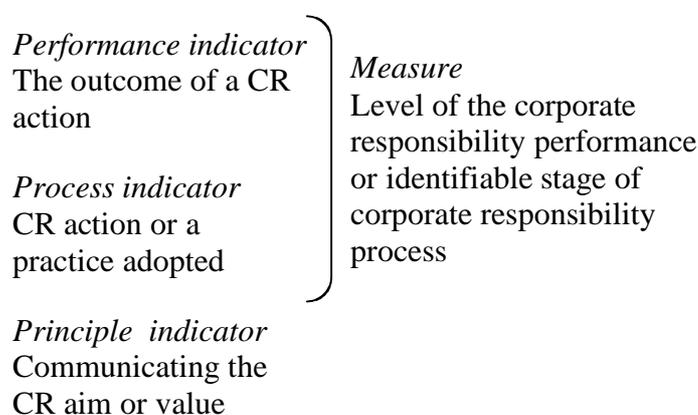
Figure 2: The definition of a measure

Measures may be further categorised into *early measures* and *indicating measures*[7]. Early measures tell the level of performance by simple quantities, frequencies or amounts, e.g. number of employees. Indicating measures again are more developed and they combine possibly even complex scientific information into a same measure. Early measures might be useful for the company, but they have less value to its stakeholders, who are more interested in the information proportioned to some other measures, e.g. number of employees over time. Thus measures used in reports are preferably indicating measures than early measures. (Székely & Knirsch 2005, 641–2)

The history of measuring social dimension of corporate responsibility goes back to 1940's, the years after the great depression in 1930's. It was then when the term social audit was used the first time referring to companies' wider societal responsibilities. Over the years the reason for gathering data on company's impact on the society has fluctuated from managerial purposes to informing all stakeholders. In the 1980's it was time for environmental issues rather than social, but in the beginning of the 1990's the practice of social auditing, accounting and reporting evolved. The recent developments in social auditing, accounting and reporting, before and after the change of the millennium, are encouraging; rather than debating on the responsibilities of corporations, there is a fair chance to create practical actions promoting social issues in auditing, accounting and reporting. The development of environmental auditing

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[7] In the original source the concept *indicators* is used.

(i.e. creation of non-financial audits, verification and reporting), alongside with the emerging of ethical consumerism and investments, have encouraged the advocates of social auditing, accounting and reporting. (Zadek et. al 1999b, 16–19; Reynolds & Yuthas 2007, 48–50)

Despite the encouraging development of measures, the practices in measuring social dimension of corporate responsibility are still developing. Compared to environmental and economical measures, social measures are at their infancy. Even though companies' stakeholders and social issues differ, it is possible to identify a core set of issues; for instance employment practices, community relations, ethical souring and social impact of a product. (Székely & Knirsch 2005, 643–645; Ranganathan 1999, 481–2)

Historically, the reasons for measuring CR can be divided into three spheres. First, CR measures are necessary to managers, since they need to be able to know the situation in the society in order to help the company to survive, e.g. by conducting market surveys and understand the stakeholder requirements. Second, the demand from the society, i.e. public interest, drives companies to measure CR, since companies need to be able to show how responsible they are; i.e. they should be accountable. Third, there is a shift in managers' values over time. It is related to the fact that in different times, business has had different roles in the society. The above-mentioned spheres that group the reasons for companies performing social and ethical accounting and auditing, are illustrated in figure 3. (Zadek et al. 1999b, 19–20)
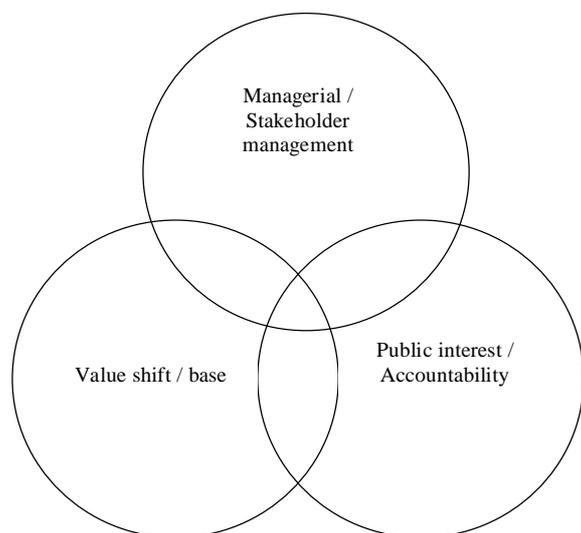
Figure 3: The reasons for measuring corporate responsibility (Zadek et al. 1999b, 20)

When looking into companies' CR reporting and measures, it is possible to locate their motives in one of the spheres or one of the intersections (Zadek et al. 1999b, 21–

26) as visible from the figure 3. It is also possible that the reason for measuring corporate presents only one of the spheres and not their intersection.

In addition to the recognition of the historical reasons to engage in CR measurement, there is a debated proposal that involving in CR improves the profitability of business. An array of research has been conducted in favour and against the proposed relationship between company's financial performance and corporate social performance. Unfortunately for the advocates, there does not seem to be enough evidence to support the statement (Brammer & Pavelin 2004, 704; Perrini 2005, 611). However, in a large meta-analysis of several empirical studies, it was found that companies able to afford investments in social responsibility tend to become more successful after doing so (Tulder & Zwart 2006, 141). As interesting as the discussion is, this perspective is not discussed, since it is not possible to describe the discussion in detail within the scope of the study.

Having described the measures, the discussion moves on to the use of measures of social dimension of CR. The media of corporate responsibility measures are analysed in the following chapter.

3.2   Media for corporate responsibility measures

Currently, corporate responsibility measures are used in several connections. In CR *reports* measures are used to describe the company's level of CR to different stakeholders (e.g. Perrini 2006; Zadek et al. 1999a; Niskala & Tarna 2003; The Global Reporting Initiative 2006). Measures are also used in social and ethical *accounting* and *auditing* to indicate a company's corporate responsibility (Zadek et al. 1999b; Gray et al. 1996), and sometimes the measures gained by social and ethical accounting are disclosed in the company's annual report (Hackstone & Milne 1995, 78). Additionally measures are used in CR *standards and initiatives* developed by different institutions and networks (Niskala, Vanhala & Lovio 2004, 11). Measures are crucial in defining *socially responsible investments* for investors (Gray et al. 1996; Storebrand 2003; SRI compass). Measures are used in *management systems* (Niskala et al. 2004; Keeble et al. 2003) and in measuring *company performance* (Keeble et al. 2003) when trying to line the company strategy with CR goals. Last but not least, measures are used in *questionnaires and surveys* conducted by non-governmental organisations and non-profit organisations aiming to target the level of a company's CR (Chatterji & Levine 29; Porter and Kramer 2006, 81).

Certainly, the field of CR measures is vast and varied. Another observation is that several concepts are used when defining the measuring CR, e.g. social audit, social[8] or ethical accounting or reporting (Wilson 1999, 509). It is no wonder that corporations' managers are quite distressed; there is without a doubt demand for standardising the measures (Zadek et al. 1999b, 30) as well as the concepts. The conclusion is that there is an inevitable need for knowing how companies are performing in CR. The need is common for companies' stakeholders (i.e. NGOs and non-profit organisations, investors, international and national institutions) as well as for the companies themselves. In the following the standards, guidelines and initiatives as well as CR reporting is further contemplated, since the data of the study has to do with both of them.

3.2.1   Standards, guidelines and initiatives

There are several different standards, guidelines and initiatives by numerous authors and institutions. They may be grouped by the coverage of CR dimensions as well as by the author and the type of the standard, guideline or initiative (table 5).

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[8] Here the concept *social* refers to the entity of corporate responsibility, not only its social dimension. The concepts are discussed in the introduction.

Table 5: Initiatives, guidelines and standards related to corporate responsibility (Niskala, Vanhala & Lovio 2004, 11)

ENVIRONMENTAL DIMENSION		SOCIAL DIMENSION			ECONOMICAL DIMENSION	
Own activities	Product responsibility and supply chain	Personnel	Human rights	Local communities and influencing the society	Bring economic welfare	Success in business economics
International agreements, declarations and cooperation						
			ILO labour standards		OECD's agreements and terms of reference	
EU Multi-Stakeholder Forum						
Corporate Governance						
			AA1000		OECD Principles of corporate governance	
Principals and policies						
UN's Global Compact, OECD Guidelines for Multinational Enterprises						
ICC Business Charter for Sustainable Development			Amnesty International's recommendations			
Control and steering systems						
ISO14000-series; EMAS		AA1000, OHSAS 18001, SA8000				
Reporting						
GRI						

When looking at the social dimension of the CR, it is possible to identify international declarations (ILO labour standards, EU Multi-Stakeholder Forum), a corporate governance system (AA1000) and several policies (United Nation's Global Compact, OECD Guidelines for Multinational Enterprises, Amnesty International's recommendations). Furthermore, some control and steering systems related to social dimension of CR exist (AA1000, OHSAS 18001, SA8000)[9] and a system for reporting (Global Reporting Initiative). Some of the presented initiatives, guidelines and standards are to deal with all of the dimensions of CR, e.g. EU Multi-Stakeholder Forum, and some only with one dimension, e.g. ISO14 000-series. The aspect not visible in the division in table 6 are the *awards* honoured by several initiatives and institutions based on different criteria, e.g. environment or overall sustainability (Székely & Knirsch 2005, 633).

There are differences in the formation of the CR systems: Some of them are formed by a single institution or an author (e.g. Amnesty International) and for some a time-consuming and varied stakeholder consultation is used (e.g. GRI). The reliability of the systems vary too, since a portion of the systems require third party

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[9] AA1000: social accounting and stakeholder theory; OHSAS 18001: workplace health and safety (Niskala et al. 2004, 27); SA8000: social accountability standard (Reynolds & Yuthas 2007, 51). For further information, please consult www.accountability21.net, www.ohsah.bc.ca and www.sa8000.org.

auditing (e.g. SA8000) and for other systems it is enough that the company provides the information on compliance (Global Compact). (Niskala et al. 2004, 11–29)

The main criticism towards the spectrum of systems is that they are diverse and disparate (e.g. Chatterji & Levine 2006; Porter & Kramer 2006, 81; Laszlo 2003, 29). There are some comprehensive descriptions of existing CR actions (e.g. Catalogue on CSR activities 2005), but they tend to be extremely long and intricate.

Despite the wide spectrum of initiatives, guidelines and standards, nowadays more than half of Global 1 000[10] corporations have voluntary adopted GRI as reporting guidelines (Reynolds & Yuthas 2007, 53). Since this study is concerned with measures of social dimension of corporate responsibility in CR reports, they are examined next after the running through of the gamut of CR systems.

3.2.2 *Corporate responsibility reporting*

Corporate responsibility reporting varies heavily. It is possible to divide current reporting practices into eleven categories, namely *financial, environmental, social, environmental* and *social reporting* as well as *health and safety (HSE), responsible care, workplace health and safety (WHSE), social-ethical* and *societal report*, and lastly come *vision on sustainability* and *sustainability report* (figure 4). (Tulder and Zwart 2006, 246–248)

10				1. Financial reporting
9				2. Environmental reporting
				3. Social reporting
	4			4. Environmental and social reporting
	5/6			5. HSE reporting
		7		6. Responsible care report
		8		7. WHSE report
2		3	1	8. Social-ethical report
Planet		People	Profit	9. Societal report
11				10. Vision on sustainability
				11. Sustainability report
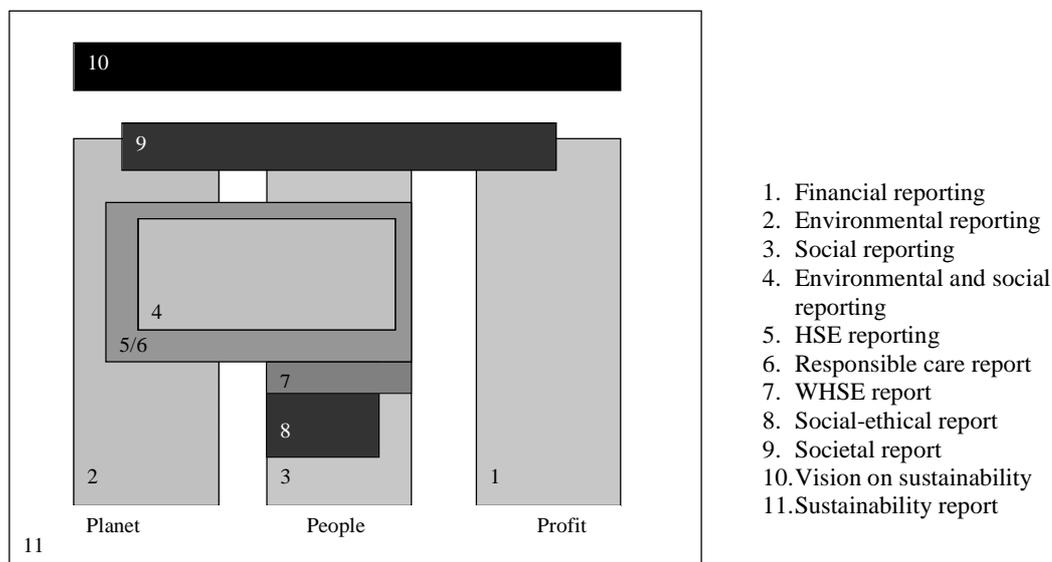
Figure 4: Reporting around the world (Tulder & Zwart 2006, 247)

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[10] The 1 000 world's most valuable companies (The Global 1000, 2004)

In reporting, the main reporting areas are financial (1), environmental (2) and social reporting (3), from which financial reporting is the most regulated by law. There are also regulations and legislation on environmental reporting and social reporting, but again they differ between countries and regions. For instance, in Europe the voluntary reporting on environmental issues is strengthened by the promotion of EMAS, the Eco-Management and Audit Scheme. Social reporting focuses mainly on human resource matters but there is also some reports enclosing information on broader social themes, e.g. on human rights and child labour. Nevertheless, the majority focuses still on narrower perspective of social issues. The other forms of reporting presented in figure 4 are hybrid forms of the three areas mentioned above. The broadest possible reporting form is reporting on sustainability (11), which includes elements of financial, environmental and social reporting and the vision on sustainability (10). Thus the company incorporates the elements of triple bottom line: planet, people and profit. (Tulder & Zwart 2006, 247) The report types concerning the aspect of *people* are in the interest of this study, since they are most likely to address the social dimension of CR.

The CR reports analysed consist of several issues, not only CR measures or outcomes of CR measures. For instance, descriptions of CR values and CR cases are usual as well as figures, photographs and tables next to the descriptive text (Unerman 2000, 675). The function of CR reports is said to imitate the one of financial disclosures: companies tend to present their actions in the light most favourable to them. For financial annual reports there are more developed means to evaluate the massages than there is for CR reports, where the field is more diverse and unsettled. (Ortiz Martinez & Crowther 2008, 13) Still, CR reports are considered to describe a company's *attitudes* towards CR as well as their CR activities (Perrini 2006, 75).

In general, there are some commonly used measures and themes to be found for reporting the companies' CR activity (Elkington & Dijk 1999, 501). *Employees* are thought to be the most crucial stakeholder when reporting the social impact of a company. Usually the treatment of employees is reported through gender and ethnic ratios, pay rates, benefits, holidays, training and information about job satisfaction. (Elkington & Dijk 1999, 502–504) Additionally, issues related to industrial relations, i.e. labour union activity, health and safety as well as harassment are reported (Székely & Knirsch 2005, 643).

Community involvement in company's actions has earlier been considered as a charitable activity, originating from North America and Great Britain. In continental Europe, where the state is seen more active, the company's role in providing social cohesion is to provide jobs. Nevertheless, also in Europe the monetary value of voluntary actions is reported in order to improve the activities and to efficiently commu-

nicate them to the stakeholders. (Elkington & Dijk 1999, 502–504) Furthermore, the involvement in local communities and ensuring local skills is considered worthwhile to report (Székely & Knirsch 2005, 643).

Suppliers and supply chains are gaining more and more attention due to consumers' concerns and mass media's uncovering stories about poor labour conditions. The limits of responsibility have expanded from only the activities of the company buying products or services also to its suppliers. However, the best way to communicate the labour conditions is not easy to establish since there are many competing views on what is the best means to monitor and develop the company's supply chain. (Elkington & Dijk 1999, 505) Nowadays customers demand proof of companies' responsibility since it is no longer enough to claim to be responsible. This has lead into situations where companies are reporting on their responsibility. Several communities are developing reporting and defining the trends in ethical consumerism. (Elkington & Dijk 1999, 506) In the reports supplier relationships are covered by concentrating on the contractual relations, variety of suppliers and supply chain management, e.g. the evaluation of suppliers (Székely & Knirsch 2005, 643).

Investors are also becoming more interested in responsible business. Firstly, they want to gain profits in sustainable ways without causing damage to the society. Secondly, they are interested in gaining more information than the annual report, and this is enabled by the responsibility reports. Overall, the investors are replying to the demand of responsible funds and the number of them is increasing. Companies wanting to be funded through these means need to provide information on their responsibility actions to the investors. (Elkington & Dijk 1999, 507)

When discussing the social performance evaluation, employment-related measures as well as indicators measuring corporate community are most developed. Community involvement is usually reported in monetary terms by almost all companies reporting CR issues in stand-alone reports or incorporated to other disclosures. (Bennett & James 1999, 46–7) Measures of employment related issues in Europe are developed because of legislation required nationally, for instance in France by *Bilan Social* (Elkington & Dijk 1999, 503). In European CR reporting, the focus is more on overall sustainability, namely the triple-bottom line, than in North American CR reporting (Bowie & Werhane 2005, 105). This view is supported by other literature: e.g. in the Netherlands, the CR approach leans on triple-bottom line people, planet and profit (Cramer 2005, 91).

However, there are differences between European countries in CR. In Germany, CR is not a widely adopted practice due to the central position of trade unions and the state authorities, and corporations' role in social issues has been smaller (Habisch & Wegner 2005, 111). As a contrast, in the UK the government hosts CR initiatives and

the corporations have created CR management systems, measures and reporting (Moon 2005, 60). When comparing German and French approach to the CR, there is a common trust in the power of legislation as a high motivator (Habisch & Wegner 2005, Beaujolin & Capron 2005, 107). In France, there is legislation to determine the CR activities (Beaujolin & Capron 2005, 107), whereas still in Germany the law reforms lag behind when comparing the pace to the other countries (Habisch & Wegner 2005, 121). Another difference between French and German approaches is the consumer response to CR: In Germany the response is low (Habisch & Wegner 2005, 114–115) and in France there are campaigns and NGOs working for more sustainable businesses (Beaujolin & Capron 2005, 100, 105).

The approaches towards corporate responsibility can be described with a continuum, where the other end is the narrowest approach, inactive, and the other is the broadest, proactive or interactive approach. The approaches in between are reactive and active. What is interesting in the continuum is its ability to pinpoint the position of *sustainability reporting* on the continuum (figure 5). When public relations brochures about indifferent corporate responsibility represent the most inactive end in responsibility tools, sustainability reporting is somewhere close to the limit between active and interactive approach. Only multi-level stakeholder dialogues and partnerships are seen strategically as broader means to enhance the international community responsibility. (Tulder and Zwart 2006, 270)
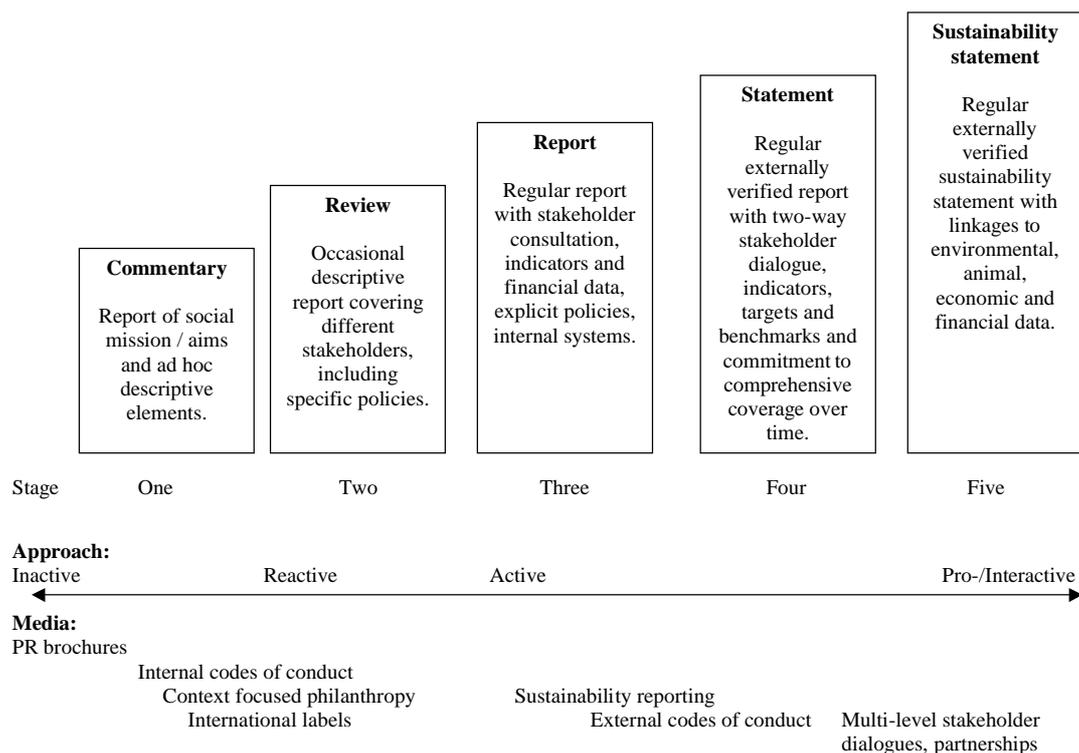
Figure 5: Social and ethical disclosure: assessing progress (Zadek et al. 1999c, 45) and four typical CR approaches (Tulder & Zwart 2006, 270)

The five-stage division in figure 5 indicates the elements typical to the report at a particular development stage (figure 5). When *commentary* disclosures have more descriptive elements and present mainly CR aims, *review* disclosures have more policies and they cover stakeholders of the company. *Reports* are published regularly with indicators to illustrate stakeholder engagement. In addition, some financial data, explicit policies and internal systems are presented. *Statements* again are externally verified on a regular basis, they have progress indicators, targets and benchmarks as well as enclose information on two-way dialogue with stakeholders. Additionally in statements the performance is covered systematically over time. Lastly, *sustainability statements* present disclosure, which is frequently externally verified and connects the elements of sustainability, namely environmental, social, economic data. Even though presented as a development continuum, a disclosure of any of the levels may be proper to the precise company; it all depends on its level of performance and engagement to sustainability issues. For instance, some companies prefer reporting the development of internal CR approach, where others choose to focus on externally verified CR reports. (Zadek et al. 1999c, 46-47)

Both models position the sustainability reports/statements as the most or nearly the most developed. However, in reality most of the reports have not yet reached the far

end of the continuum (Zadek et al. 1999c, 45; Tulder & Zwart 2006, 270). Currently, the problem is that reports do not answer to stakeholders' expectations and that they are too general (Dawkins 2004, 119). Additionally, the CR performance in reports is evaluated by presenting the aspects of economical, ecological and social performance separately (Székely & Knirsch 2005, 645) without a sustainability approach.

As it has been discussed, it is important to understand *why* corporations measure the level of CR. Nevertheless, It is no more the question of whether to measure CR; it is *how* CR is measured. (Zadek et al. 1999b, 31)

3.3 Process of forming the measures of corporate responsibility

In general, there exist instructions to the successful process of gaining measures of corporate responsibility. When defining the indicators, the company should (1) be able to understand what is critical and relevant for it. Additionally, the company should (2) consider the commitments they need to support their policies and (3) be able to determine the benchmarks for their performance. Lastly, (4) the expectations of stakeholders need to be clear. (Keeble et al. 2003, 152)

However, the detailed analysis of how to *form* an appropriate measure seems to be missing. This is mainly explained by the fact that there is no generally acknowledged theoretical framework for measuring corporate responsibility (Hackstone & Milne 1996, 78). Usually measures are mentioned when the process of determining the CR communication, mostly reports, is described. Yet, also in studies evaluating CR reporting, describing the process of forming a CR report is rare (Perrini 2006, 74). Still, the appropriate measures need to be created in order to form credibly CR measures, even though the development and the use of measures is not an end itself (Keeble et al. 2003, 151). This does not ease the challenges in measuring the CR, but it sets the priority.

In measuring CR, both financial as well as non-financial measures are used, but in different ways than in contemporary accounting (Gray et al. 1996, 82–3). The selection of appropriate CR indicators is a *process*. The process consists of establishing a pool for acceptable indicators, which are then screened and ranked with agreed criteria. Out of the selected indicators the most appropriate ones are again selected to be part of key performance indicators framework, i.e. framework, which consists of the indicators most crucial to the company's success. (Keeble et al. 2003, 153)

In theory, the process of gaining a measurement system starts with a system designer. The system is usually accompanied with assessment, which again is conducted either by the designer or an outside organisation certified by the system designer. The

outcome of the assessment is the result, which the various stakeholders view in order to get a picture of the company's CR performance. (Chatterji & Levine 2006, 31)

Compared to the process of forming financial measures the system of forming non-financial CR measures is, in theory, the same. When forming the traditional financial measures, the system designer is usually an authority named in the country's legislation, e.g. the authority involved with taxes. In practice, designing the measures for CR is different from financial measures, since the standards for CR measures are not determined in the legislation of most countries. The process forming CR measures may involve several stakeholders with contradicting or opposing views on what the measures should look like. In addition to the complex process of forming a CR measure, there is market competition between different actors involved in forming CR measures. Some standards and codes are adopted more broadly than others because different interest groups and actors offering the CR measurement systems try to affect the situation. (Chatterji & Levine 2006, 32)

It is remarkable to realise that measuring abstract and multidimensional issues, e.g. human rights, is challenging, since asking even simple issues generate diverse answers within the company (Chatterji & Levine 2006, 32–3). The challenges of measuring corporate responsibility can be described as a matrix where the *focus* and the *complexity* form the axis of a grid. The axis of focus varies between internal and external focus. The axis of degree of complexity in collecting the data increases when moving away from origo. (Keeble et. al 2003, 150)

Table 6: The complexity of sustainability measures (Keeble et. al 2003, 150)

	In-house indicators			*Management indicators*	*Stakeholder/Business partner indicators*	
More complex to collect ↑	Bribery and corruption	Fair trade	Workload	Auditing	Reputation	Corporate citizenship
	Transportation	Code of conduct	Diversity and opportunities	Management systems	Product representations	Ethical products
	Air	Working environment	Sickness	Business performance	Family friendliness	Suppliers/contractors
	Environmental training	Quality	Training and personal development	Compliance	Local community	Shareholders
	Water	Environmental costs	Employee benefits	Safety and occupational health	Special performance reporting	Business partners
	Energy	Waste	Job creation	Health and safety	Reporting	Customers
				→		
			Increasingly external focus			
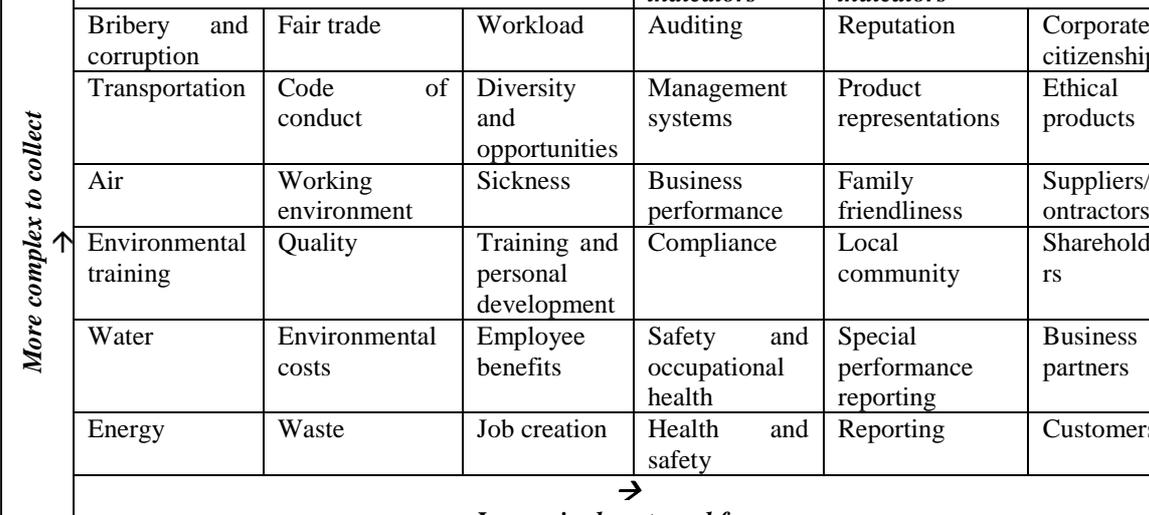
As it is visible in the table 6, issues concerning environmental issues (e.g. energy and waste) are considered less complex to measure than the measures concerning more abstract and social issues (e.g. reputation, fair trade, ethical products). The table

reveals how different aspects of CR can be seen related to each other when considering measuring them. Additionally, the focus of the measure is stated. Some issues are considered to be in-house indicators (e.g. working environment, diversity and opportunities), others management indicators (e.g. auditing, health and safety) and the rest stakeholder or business partner indicators (e.g. shareholders, local community). The essential finding from the table is the complexity of measuring abstract CR issues.

An example of forming measures for reporting is Global Reporting Initiative, which aims to improve reporting on sustainability. The Global Reporting Initiative defines sustainability reporting as *"the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development"*. In practice the process of measuring is determined by choosing between many possible options: principles and guidance in choosing between several issues adjust the final outcome of a disclosure. (Global Reporting Initiative 2006, 3–5) The process is described in the figure 6.

Options for reporting
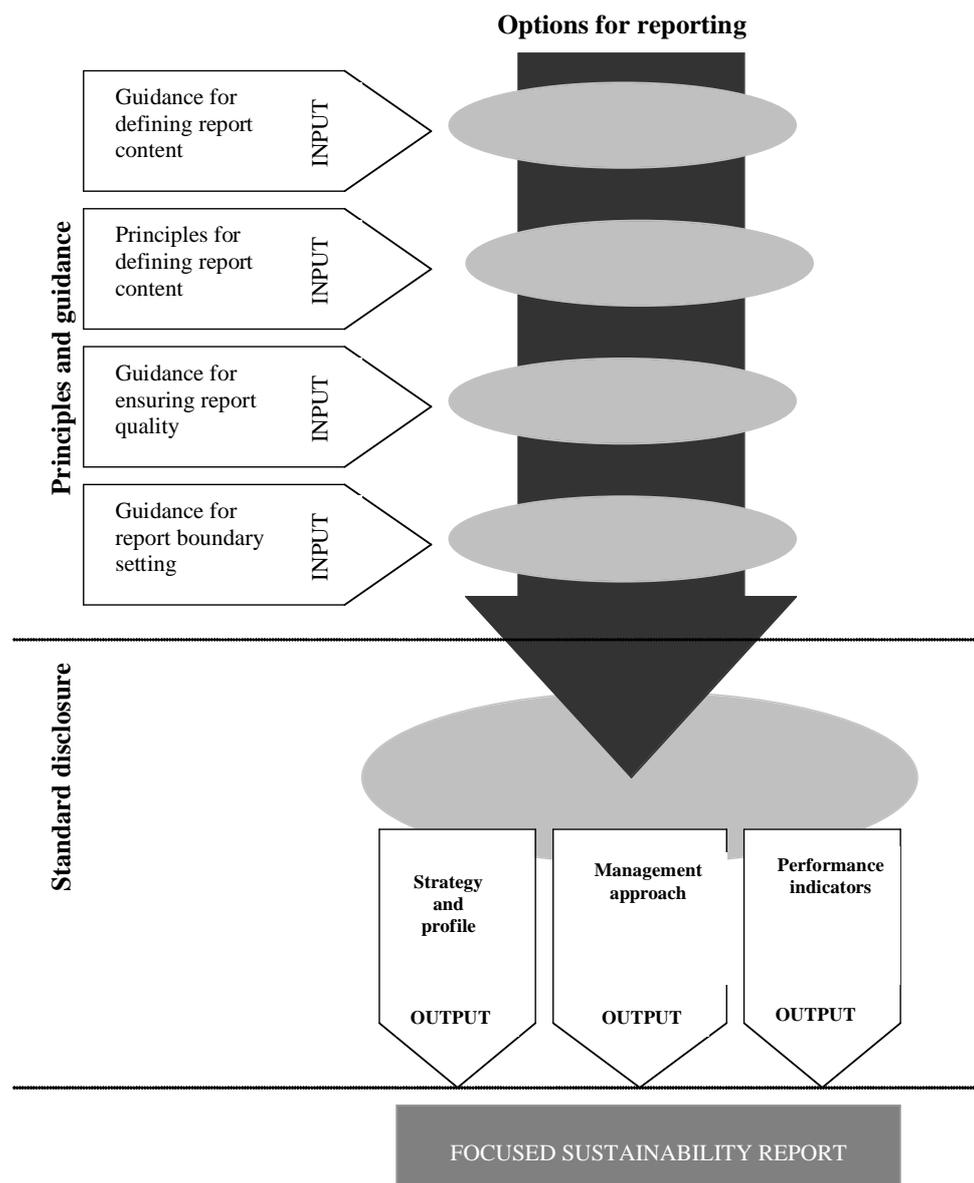
Figure 6: The process of forming a focused sustainability report and the phases affecting the choice of measures (Global Reporting Initiative 2006, 4)

It is notable that in GRI process the goal is to form a focused sustainability report, not to form the measures as such. The process considers the several possible issues that affect the sustainability of a company and encourages choosing the most relevant issues according to the criteria. The criteria again are the principles and guidelines, which enable it to form a standard disclosure from several possible issues. Principles and guidelines consist of criteria for appropriate measures to be presented in the disclosure. The standard disclosure describes the information that's should be included in the sustainability report, i.e. company's sustainability strategy and profile, management approach to sustainability and sustainability performance indicators. (Global Reporting Initiative 2006, 4–5)

The process of forming a measure affects the appropriateness of a measure of corporate responsibility. The specific criteria for appropriate CR measures are discussed in the next chapter.

3.4   Criteria for appropriate corporate responsibility measures

The criticism towards measuring corporate responsibility is undeniable (Chatterji & Levine 2006; Gray et al. 1996, xi; Porter and Kramer 2006, 81). The critics make it clear that there are several challenges in measuring CR. Especially CR's social dimension is hard to measure (Korhonen 2003, 37). In theoretical discussions the indicators and measures of CR are mentioned and their significance is stated (e.g. Zadek et al. 1999a; Bennett, James & Klinkers 1999; Gray et al. 1996).

There have been several criteria and principles developed for meaningful CR measures. The name of single criterion may vary, but when inspecting it closely, it usually has aspects similar to other criteria. *Reliability, validity and comparability* may be used as evaluation criteria for the measures, standards and codes relating to non-financial performance of corporations (Chatterji & Levine 2006, 32–5). Since reliability, validity and comparability form a coherent set of criteria, yet each of them being separate from the others, they are used as a division under which other criteria are grouped for further discussion.

Other divisions of appropriate measures are *comparable*, *complete* and *credible* (Ranganathan 1999, 476) and again *comparable* in three dimensions of comparability (Bennett & James 1999, 63–4). Appropriate measures may also be determined by principles, which are *inclusivity, comparability, completeness, evaluation, management policies and systems, disclosure, external verification and/or continuous improvement*. (Zadek et al. 1999c, 41–44) Nevertheless, the alternative divisions are not as clear-cut as the division of validity, reliability and comparability. Therefore *validity, reliability* and *comparability* are chosen as the main criteria for appropriate measures in this study.

The Global Reporting Initiative, discussed already in this chapter, has its own system that identifies the appropriate process of forming individual measures to disclose in a Sustainability report. Even so, the guidelines for forming a report have several valuable principles and outlooks that should be included in the discussion of forming appropriate measures of CR. In GRI, before being able to disclose any information, the principles and guidelines need to be carefully pondered (Global Reporting Initiative 2006, 4). The discussions in GRI guidelines are elaborated when discussing

the appropriate measures in the light of validity, reliability and comparability in the following sections.

3.4.1 Validity

A *valid* indicator provides information that is important to society, which is greatly determined by the company's stakeholders' values and perceptions. In addition to values determined by the stakeholders, the *context* determines what is a valid measure; not all stakeholders under the company's influence agree on the importance of selected measures. For instance, in some areas water conservation may not seem as a central social goal for a company, whereas in others it is crucial for society's survival. (Chatterji & Levine 2006, 32–5)

Completeness in a measure refers to the quality of a measure: its scope should be complete (Ranganathan 1999, 476). By forming a complete measure, the outcome is useful to ones observing the results. By imposing *completeness* as quality criteria, it is made certain that no area of company's activities is deliberately or systematically excluded form the evaluation. (Zadek et al. 1999c, 42–43) In addition, the disclosure of measures should consider any information upstream and downstream from the company in the supply chain (Global Reporting Initiative 2006, 13).

Inclusivity means that the measures used should reflect the views of all principal stakeholders through open dialogue. The measures should not only present the views of those stakeholders that have historically been close to the company. Fundamental in inclusivity is the choice made by the stakeholders: what is it that they consider important to be measured. (Zadek et al. 1999c, 42)

Inclusivity may also be understood as *materiality* (Zadek et al. 1999c, 49). By following the principle of materiality the company guarantees that the information presented (e.g. in a report) covers relevant topics and measures. Relevant topics and measures reflect company's significant social impacts as well as the information that may influence the stakeholders' decision-making. Since there are numerous issues that may be reported, the principle of materiality should be considered carefully. It is naturally complex to identify what has a significant social impact and what is influencing the decision-making of stakeholders. By using a combination of external and internal factors the task should be manageable. These external factors include e.g. main sustainability interests and topics raised by the stakeholders or reported by peers and competitors, relevant laws and sustainability impacts estimated by the experts. Internal factors consist of e.g. key values, policies and strategies, risks to the company as well as core competencies and their contribution to sustainable development.

(Global reporting Initiative 2006, 8–9) The dimensions of validity used in this study are stakeholders' interests, completeness and context of a measure.

3.4.2   Reliability

A *reliable* measure provides the same outcome more than once when an issue is measured. For instance, different respondents would get the same result for the question being handled. In practice, this might be hard to accomplish. Even when asking a question about the company's recruitment practices, two respondents can answer differently. (Chatterji & Levine 2006, 32–5) In spite of this, the *accuracy* of a measure makes it possible to evaluate its reliability. The data measurement techniques are adequately described. Additionally it is possible to indicate which data has been estimated and which is calculated. The basis for estimates should be available for the stakeholders in order to evaluate the reliability of a measure. (Global reporting Initiative 2006, 15) Thus, the more the measure deals with value judgements and estimates the more its reliability is questionable, unless it is possible to evaluate the process of forming an estimate.

A company may choose to distribute information on CR either within the company or to company's stakeholders. Whatever the case is, it is usually wise to put together a *disclosure*, but its form varies accordingly. *External verification* improves the legitimacy of CR measures and disclosure. (Zadek et al. 1999c, 41–44) The process of gathering, recording, complying, analysing and disclosing the information should be verified in order to gain *reliability*. When external assurance (verification) takes place, it should be able to tell apart the scope and extent of external assurance. Another important issue in reliability is the ability to identify the original source of the information disclosed as well as to identify evidence to support the outcome of the measure (Global Reporting Initiative 2006, 17). A reliable measure is also *credible*, since a credible measure is trusted by business world and the society; it is possible to do reliable decisions by using the information compiled of credible measures (Ranganathan 1999, 476). All in all, repeatability and the technique of forming a measure as well as external verification are important when considering the reliability of a measure.

3.4.3   Comparability

It should be possible to *compare* the performance of different companies over time; this requires comparable measures (Chatterji & Levine 2006, 32–5; Ranganathan 1999, 476). Performance measures do not have a meaning without a comparison against an appropriate or a relevant reference. First, it should be able to compare measures over time against earlier measures of the same company. Second, it should be able compare measures against some other standard. By this it is meant that the measure should be analysed in the light of others, since this reveals the particular measure's ability to measure what it aims to measure. Third, measures should be comparable over space, i.e. against measures of the same attribute in other companies. (Bennett & James 1999, 63–4)

In practice, the comparability might be hard to obtain between companies' reports. Even though the reports present issues within the same theme, e.g. employment related measures, the frame of the measures differs. When the issues become more complex, the possibility of different framing increases and the measures are even less comparable. (Székely & Knirsch 2005, 644)

Comparability enables measures to be compared against company's performance during different time periods, external benchmarks, statutory regulations or non-statutory norms. The benchmarks again should be relevant and legitimate, e.g. government statistics. (Zadek et al. 1999c, 41–44) However, if the process of forming the measure is *changed*, it should be explained. Any significant difference between disclosing the information should be reported as well. Variation of a measure may concern its boundary, scope or length of reporting period. (Global Reporting Initiative 2006, 14)

As a conclusion, it can be stated, that a measure should be comparable over time, with measures from other companies and to other measures. In addition, all changes to a measure should be reported, since it affects the possibility to compare it in relation to other entities.

3.4.4   Other principles

There are also other principles, which determine the quality of CR measures. *Evaluation* of the measures and reporting process makes it possible to complement and replace the measures. This is important since companies and their actions do change over time. To ensure its commitment to CR, the company should develop *management policies and systems* that enable the company to learn. *Continuous improvement*

is a built-in aspect in CR measures, because the aim is to improve the quality of social and ethical performance. All of the quality criteria do not have to be met, since some aspects are present in the cultural context, e.g. external verification might not be seen as crucial in Scandinavia as it would be in somewhere else. (Zadek et al. 1999c, 41–44)

These quality criteria are fairly hard to evaluate from CR reports since they have to do with the company's internal issues and organisation. Therefore they are left out of the evaluation criteria set for the study.

3.5   Synthesis

As a conclusion, the theory of measuring social dimension of CR may be presented as a figure (figure 7). If the measures are not valid, reliable and comparable at the same time, it is virtually impossible to analyse the externalities produced by a company in different contexts (Chatterji & Levine 2006, 32–5). Thus the evaluation of companies' CR performance requires measures that perform well in all sectors.

The process of forming a measure
• Understanding the CR goal
• Identifying initiatives, standards and guidelines needed /in use
• Determining benchmarks
• StakeholdersÕ expectations and stakeholder engagement
• Identifying the influence of values in measuring

Existing systems in general
• Initiatives
• Guidelines
• Standards
• Policies
• Management systems
• Awards

VALIDITY
• StakeholdersÕ interests
• Completeness
• Context

RELIABILITY
• Existing measurement system
• Repeatability
• Value judgements
• Technique
• External verification

COMPARABILITY
• Between companies
• Over time (in the company)
• *Changes*

AN APPROPRIATE MEASURE

Figure 7: The composition of an appropriate measure of CR and the forces affecting it

The process of forming a measure affects the formation of appropriate measures. Reliability is directly affected by the existing systems related to initiatives, guidelines, standards, policies, management systems and awards (Keeble et el. 2003,152) as well as by the value judgements related to the measurement processes (Keeble et el. 2003,150).

It is a claimed that *a reliable measure usually suffers from low validity to stakeholders*. This is due to the fact that an issue easy to measure is usually indifferent to the stakeholder group. (Chatterji & Levine 2005, 33) For instance, it may be reliable to measure the number of audits taking place in suppliers' factories, but the validity is somewhat low due to the fact, that a mere frequency is not communicating the working conditions in the factories. This challenge is evaluated in this study in the light of research results, since it affects the whole CR communication between stakeholders and a company.

Successful corporate communication serves the formation of an auspicious relationship between a company and its stakeholders (Lotila 2004, 17). Figure 8 combines the aspects discussed earlier in chapter 2 and 3. Communicating the social dimension is affected by the formation of CR measures and development of CR communication, i.e. reports. The development stage again is determined by the advancement and amount of used measures. Measures again should be formed keeping in mind the company's CR goal and thus identifying the needed initiatives, standards etc. for the communication. In addition, reasonable benchmarks should be identified. Using benchmarks enables the comparison, evaluation and continuous improvement of the measures. Stakeholder engagement is crucial for the development of valid indicators.
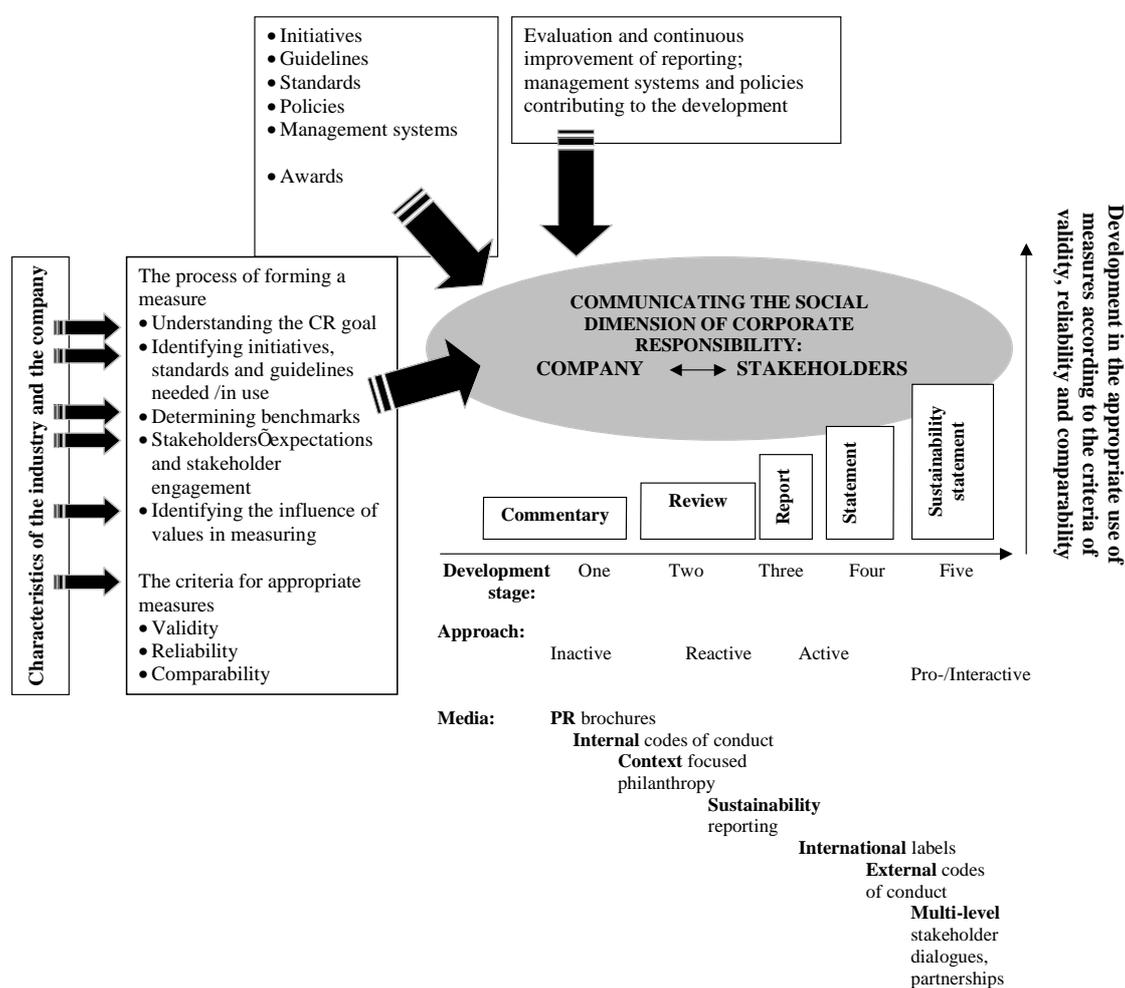
Figure 8: The social dimension of corporate responsibility in communication between the company and its stakeholders

When the process of forming a measure is coherent, it is possible to communicate the social dimension of CR to company's stakeholders. The development level of the

communication is determined by the development in appropriate use of measures according to the criteria of validity, reliability and comparability. Thus, by creating the ideal non-financial measures, it is possible to see where the markets are possibly failing (Chatterji & Levine 2006, 32–5) and evaluate the company's performance. The CR report may be unsuccessful in communicating the level of CR (Lotila 2007, 25) and the appropriate measures are considered to play an important role in success.

After all the requirements discussed, it is the moment to consider the reality companies face. When it has been able to create a measure that meets the set criteria, it might turn out to be too expensive to measure (Székely & Knirsch 2005, 642). Some say that companies should invest in improving CR measures, since developing and prioritising CR actions generates savings (Chatterji and Levine 2006, 49). The most appropriate measures, i.e. the ones high in validity and reliable as well as comparable, should be considered also from this perspective.

4 METHODOLOGY

The purpose of the study is to analyse how appropriate are the measures of social dimension in the leading European food retailers' CR reports. The research question may be divided into sub questions:

- How do the measures of social dimension of CR meet reliability?
- How do the measures of social dimension of CR meet validity?
- How do the measures of social dimension of CR meet comparability?

In order to answer the research questions, analysis frameworks were developed. There are frameworks developed for (1) measures, (2) social dimension of corporate responsibility, (3) validity, (4) reliability and (5) comparability. The frameworks are presented in this chapter. In addition, to answer the research questions, the research data and choice of analysis method need to be defined.

4.1 The research data and the choice of the analysis method

The choice of the research method is up to the chosen research questions, and thus either a qualitative or a quantitative approach or a mix of them is appropriate (Silverman 1997, 12–25). *Qualitative research* strives towards understanding the social realities and recognising the processes patterns and structural characteristics (Flick, von Kardorff & Steinke 2004, 3), whereas *quantitative research* involves collection in numerical forms, which eventually allows statistical tests to be conducted (Garwood 2006, 250). When comparing the quantitative and qualitative approaches, there are similarities in basic approaches in classification, conclusion and interpretation processes. However, quantitative approach may be divided into more clear phases than qualititative research, which involves more interference of data collection and analysis. (Mäkelä 1990, 45)

The approach of this study is *combining both quantitative and qualitative research*, and the choice of analysis for the study is *content analysis.* It is thought that the content analysis as a method enables the best understanding of the analysed data and thus enables the researcher to answer the research questions due to the research questions. The approach of the study and the analysis method are elaborated in chapter 4.2.

The study covers a number of CR reports published by the four largest European retailers, which publish a CR report. The studied companies are *Royal Ahold* (Ahold)*, Carrefour S.A.* (Carrefour)*, Metro AG* (Metro) and *Tesco PLC* (Tesco)*. Ahold's reports are published in 1998, 2000, 2002, 2004 and 2005 (total 5). Carrefour has pub-

lished its reports 2001–2006 (total 6), Metro in years 2002, 2004 and 2006 (total 3) and Tesco 2002-2007 (total 6).

Reporting corporate responsibility is thought to be the image of the company's CR attitudes and activities (Perrini 2006, 75), even though there is suspicion towards entirely honest communication of actions in the reports (Ortiz Martinez & Crowther 2008, 13). Corporate responsibility of a company is also evaluated by analysing companies' annual reports, but they are considered to give more of a one-sighted view of the level of CR (Unerman 2000, 669–670). Thus, CR reporting is chosen as a target of analysis. In addition, analysing CR reporting has a pragmatic approach: it takes more and more of the managers and companies' time, which is away from other actions (Zadek et al. 1999b, 30; Chatterji & Levine 2006). Therefore improving the reporting systems has a utilitarian reasoning too.

The analysis of reports is initiated from the latest ones published by the four companies introduced. It is thought that the latest reports indicate the current level of reporting practice in the respective company therefore answering the research questions best. For Ahold the latest report was from the year 2005, for Carrefour 2006, for Metro 2006 and for Tesco 2007. Tesco's reports cover the time period from the beginning of March to the end of February of the next year. The situation is illustrated in table 7.

Table 7: The publishing year of the CR reports as well as coded and analysed CR reports in this study

	Carrefour S.A.	Tesco PLC	Metro AG	Royal Ahold
1998				X
1999				
2000				X
2001	X			
2002	X	X (01/02)	X	X
2003	X	X (02/03)		
2004	X	X (03/04)	X	X
2005	X	X (04/05)		X
2006	X	X (05/06)	X	
2007		X (06/07)		

> *X* = *Report published*
>
> [orange] = *Report coded and validity, reliability and comparability tests conducted (first round of analysis)*
>
> [blue] = *Report coded and validity, reliability and comparability tests conducted (second round of analysis)*
>
> [yellow] = *Report coded*

After the first round of analysis covering the latest reports from all four companies, the reports prior to them were analysed (table 7). It is necessary for the comparability tests to obtain information on another report from a same company. Finally a third analysis round was performed in order to see whether there would have been more data to answer the research questions. Year 2002 was selected since it is the next shared publishing year for all the CR reports after the second round of analysis. If there is a need for the research, the reports from Carrefour and Tesco were thought to be analysed as a fourth round.

In qualitative research there is no clear indication for the sufficient amount of research data, and therefore no clear-cut rules for when there is enough data assembled. The prevailing advice is that the data collection may be concluded when there are no new characteristics in the data obtained. (Mäkelä 1990, 52) After coding the reports published in 2002 (for Tesco 2002/2003), it was evident that no new information was found for answering the research questions. Therefore the further coding of published reports was stopped after the third round of analysis and conducting the tests of validity, reliability and comparability of the measures was finished after the second round.

4.2   Content analysis as a research method

> *Content analysis is a research methodology that utilizes a set of procedures to make valid inferences from text (Weber 1985, 9).*

The definition by Weber is only one of the many definitions used to describe content analysis (cf. Neuendorff 2002, 10; Krippendorff 980, 21). However, it captures several central points related to content analysis in this study. Firstly, content analysis is a research method that relies on scientific methods (Neuendorff 2002, 10–12) further discussed in the chapter for trustworthiness of the study. Secondly, content analysis is systematic and has defined procedures (Weber 1985, 9–24; Krippendorff 1980). Thirdly, the method is used for interpreting messages and creating meanings from data in a valid way (Neuendorff 2002, 11–125). Finally, the method is concentrating on analysing text (Krippendorff 1980, 9), which is challenged by some scholars (Neuendorff 2002, 10). Also other media may be analysed, e.g. photos (Unerman 2000, 675), but this is not the approach used in this study, since the basis of the analysis frameworks is text and thus they are not suitable for the analysis of photos.

There are major benefits in using content analysis compared to other research methods. It is *an unobtrusive method* since it enables minimal interference and interaction of the researcher with the phenomenon studied. By using some other methods the subjects may react to the fact that they are being studied. These situations include

e.g. observation, testing, questionnaires, and interviews. In addition to its discreet nature, in content analysis *unstructured material* is suitable for the research purposes. In practice, the gathered data may be used in various ways that have not been predetermined - unlike in surveys for instance. Furthermore, the *symbolic* meanings of the data are possible to evaluate by using content analysis. The researcher may analyse the form of the data as a symbolic message or interpret the latent meanings of the data. All in all, with content analysis it is possible to *manage large volumes of data*, which may not be possible to analyse by one person only. In practice, human assistance and computers may be used for the successful analysis over a period of time using well-defined schemes. (Krippendorff 1980, 29–32)

In this study, some of the strengths of content analysis are possible to exploit, while others are beyond the scope of the thesis. By analysing organisational documentation, here CR reports, it is possible to observe the target without being in contact with the companies directly. Indeed, the data obtained through organisational documents is often more complete than what it would have been possible to acquire through inexperienced interviews and surveys (Foster 1994, 148). By the analysis frameworks and decision rules it is aimed to reveal the latent symbolic meanings of the rich, unstructured data. The volume of the data in this study is manageable by one person, i.e. the researcher, but computer is used for sorting and grouping the data in the form of software Excel.

Content analysis is not a new method in analysing corporate responsibility; it is widely used when analysing CR disclosures (e.g. Unerman 2000; Milne & Adler 1999; Hackstone & Milne 1996; Perrini 2006; Perrini 2005; Vuontisjärvi 2006; Jenkins & Yakovleva 2005; Idowu & Towler 2004). Content analysis is also widely used in other disciplines than business studies, e.g. in studies of mass media (Neuendorff 2002, 17).
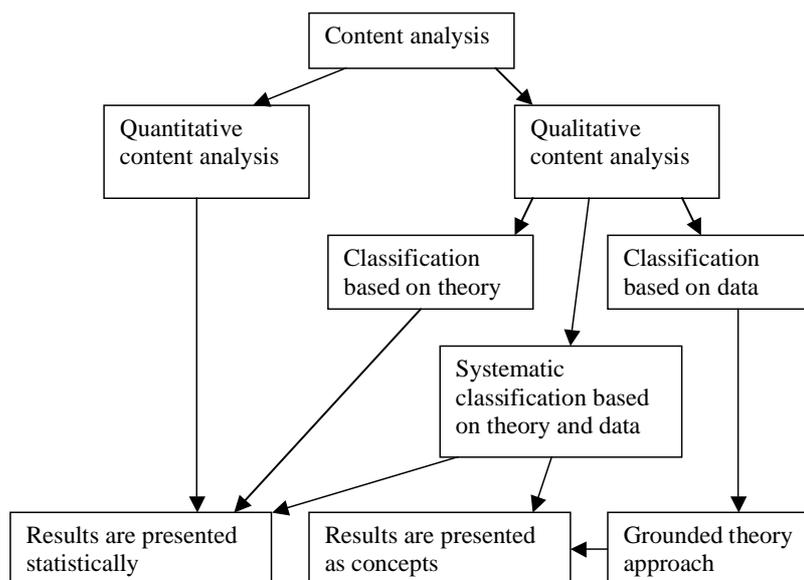
Figure 9: The simplified structure of content analysis (Seutamaa-Hakkarainen 2002c)

Content analysis may be oriented either towards quantitative or qualitative approach (figure 9). In the quantitative approach the logic is similar to statistical research, where the emphasis is on counting the frequencies of different phenomena. In comparison, in quantitative approach to content analysis the emphasis is on meanings related to the studied phenomenon and not mainly on the frequency of references to the phenomenon. Qualitative approach may be further divided into classifying the data based on (1) theory, (2) on data or (3) both data and theory. The systematic classification enables studying the phenomenon both statistically and conceptually. (Seutamaa-Hakkarainen 2002c)

It is also claimed that the main goal of content analysis is to present the selected research target as numerical summaries; thus in content analysis the impression of the phenomena is based on quantitative data (Neuendorff 2002, 14). Furthermore to the quantities, the frequencies of measured issues being presented in the text demonstrate the importance of the respective topic in the document analysed (Scott 2006, 41). These views are not fully absorbed in this study. Firstly, quantities are seen as a natural step in understanding the rich *qualitative* data. Thus the view, that content analysis as a method may utilise both quantitative and qualitative approach on text (Weber 1985, 10) is adopted. Secondly, the frequency of a topic in the text is not seen as an indication of importance in this study; rather the frequency is seen as an indication of the development stage of topics handled in this study (for the discussion on development stages in CR reports, see chapter 3 and figure 8).

In practice, the progression of content analysis may be divided into four steps: *transferring data into text form, creating a classification system and drafting a classification framework, defining the unit of analysis and dividing the data* and *coding*

the data and reporting the results (Seutamaa-Hakkarainen 2002b; Neuendorff 2002, 50–51). The selected units analysed are to be presented as text for easier analysis. *Transferring data into text form* applies to studies, where the data is e.g. on a tape or it is presented in a newspaper. In order to analyse the data, the text form is needed. (Seutamaa-Hakkarainen 2002a) In this study, the analysed data is already in text form, thus no transformation is needed.

The path of analysis in this study follows the route described in figure 9, where qualitative analysis is conducted by *forming a systematic classifications based on data and pervious theory* (Seutamaa-Hakkarainen 2002c) on corporate responsibility, measuring CR and stakeholders. The analysis frameworks and the use of data and theory in classifications are presented further in this chapter. Creating the classification system is the most important phase when conducting content analysis; however, the framework is rarely developed effortlessly (Seutamaa-Hakkarainen 2002b).

Defining the unit of analysis and dividing the data are essential for conducting the process of coding (Seutamaa-Hakkarainen 2002b). After using the classification and coding the data, the results may be presented as concepts and statistically (Seutamaa-Hakkarainen 2002c), and both approaches are used to some extent in the study. Using quantitative data serves the trustworthiness of the study when the perceptions of the researcher may cause distortion in the interpretation of the results (Miles & Hubermas 1984, 215–216). After coding, the results are reported (Seutamaa-Hakkarainen 2002b). These steps are discussed in the following sections before discussing the formation of analysis frameworks, i.e. classifications.

4.3   Defining the unit of analysis

The unit of analysis differs from the unit of data collection (Neuendorff 2002, 13), which are the CR reports in this study. The unit of analysis is defined within the analysed reports.

In several discussions on content analysis the unit of analysis is pondered between sentences and words. As a conclusion, sentences are thought to be better analysis units than words for the basis of coding, since the meaning of a word alters depending on the sentence it is presented in. (e.g. Milne & Adler 1999, 243; Hackstone & Milne 1996, 84)

This view is also adopted in this study with the addition that also tables and figures are analysed. After all, the CR report is a reasoned arrangement, where the results from the used measures are presented in various forms, e.g. tables and figures, and not only in the text. The analysis of photos is considered important when considering

analysing the company's CR communication (Unerman 2000, 675). However, in this study photos are left out since the analysis frameworks are developed for analysis of text, which is analysed in the light of the research questions, and not for photos.

With the unit of analysis defined, it is possible to conduct content analysis in a systematic way. As a contrast to traditional content analysis, *the total frequency of units of analysis, i.e. measures, is not counted*. In practice this means that the trustworthiness of the study is determined by other means than statistical tests. Yet again, the developed analysis frameworks (classifications) of the study aiming to help in answering the research questions do not require statistical tests. This is discussed in the trustworthiness of the study after the chapters on development of the analysis frameworks, decision rules as well as the test of them.

4.4 The development of the analysis frameworks and decision rules for coding and reporting the data

In order to form a coherent and economical overview of the data, codes are used for rearranging it. The aim is to reduce the size of analysed material into a more controllable ensemble. Codes are usually formed from research questions, assumptions related to the results or from themes (Miles & Huberman 1984, 54). The codes related to this study are developed for social dimension and they derived from theory and previous categorisations in order to organise the measures of social dimension for further analysis. Fewer choices in coding categories secure more accuracy of coding (Milne & Adler 1999, 242). However, too broad categories do not enable a meaningful division of the data, when sub codes are useful for coding. In addition, some codes emerge during the analysis of the data, and such cases are welcomed if the codes thus give a more exhaustive image of the phenomena. (Miles & Huberman 1984, 60) The codes for social dimension include broader themes and sub themes introduced in chapter 2, and the changes to the coding scheme are described later in this chapter.

For codes as well as for tests determining validity, reliability and comparability, it is *necessary to develop analysis frameworks and decision rules*, i.e. classifications, since *there are no existing frameworks for analysing in the corporate responsibility reports' validity, reliability and comparability concerning the measures of social dimension of CR*. The frameworks and decision rules for this study are formed by combining classifications and theory presented earlier in the study. Synthesis is created according to the research questions presented in the introduction. The frameworks have to answer to the following questions:
- How to distinguish the measures from other texts in the CR reports?

- How to distinguish the difference between social, environmental and economical measures?
- How to evaluate the validity, reliability and comparability of a measure?

Before moving on to describing the analysis frameworks for validity, reliability and comparability, the question of telling apart the measures for social dimension of CR is addressed.

4.4.1 Analysing measures of social dimension of corporate responsibility

The CR reports consist of several issues, not only *CR measures or outcomes of CR measures*. For instance, descriptions of a company's CR values and CR cases are usual (Hackstone & Milne 2004). Thus the text, tables and figures need to be analysed using the framework for measures in order to find the places where measures have been used. It should also be noticed that the measures as such might not be presented unless the reporter wants to gain reliability by doing so.

In content analysis, *manifest* and *latent* content may be distinguished. *Manifest* content are separate elements in the text presenting something countable, whereas *latent* content is an unseen notion that can be revealed by one or more indicators. In practice, the concepts are ends of a same continuum, where highly manifest content is described more in content analysis research literature. (Neuendorff 2002, 23)

In this study, measures, and issues on social dimensions discussed further, are perceived as manifest content since they are separable from the text masses as themselves or, the ones closer to the latent end of the continuum, as answers to decision rules used. Text, figures and tables are coded by using the decision rules for measures (appendix 6). Indeed, each sentence, figure and column and row of a table is read for finding the CR measures.

As a rule of thumb it can be stated that, if a sentence in a CR report presents declarations rather than exact outcomes of measures or measures themselves, the sentence does not tell the stakeholders what is the performance of the company in that specific area (Hackstone & Milne 1996, 88). Thus sentences presenting only declarations are not considered as measures (see for the decision rules in appendix 6).

The total amount of measures is determined by the overall appearance of measures or results of measures. Thus, a performance level in a table is counted as one measure, but not the whole table. (For an example of coding measures, please see the appendix 7.)

After finding the measures of CR, the *measures of social dimension* are identified from the measures of economical and environmental dimension. With the help of de-

cision rules, the measures of social dimension of CR are highlighted (appendix 8). Thus measures concerning research questions are found.

The evaluation of validity, reliability and comparability of one measure is possible to grade by using three-step 'traffic lights', i.e. analysis framework. By awarding the measure with a value in validity, reliability and comparability, the measure is then evaluated. A similar approach is used when assessing the sustainable development on project level; each evaluated point gets a value between 1, which stands for poor performance, to 5, which again stands for strong performance in the specific area of CR (Keeble et al. 2003, 156). In this study 3-step analysis framework is considered detailed enough for answering the research questions.

In order to help the assessment, reliability, validity and comparability are divided into smaller areas. By analysing the areas under each criterion, it is possible to form a systematic picture of the state of the measure. The values concerning reliability and comparability are *reliable / comparable, partially reliable / comparable* or *non-reliable / -comparable*. For validity, the values are *high validity, low validity* or *indifferent validity*. This division is further explained below, when discussing the nature of the chosen criteria.

4.4.2 Analysing validity of measures of social dimension of corporate responsibility

Validity is a quality attached to measures that are important to the society. When considering valid CR measures, the stakeholders are in a key role in determining importance. Validity is identified by taking into account,

- what is the importance of a measure to the stakeholders (cf. Chatterji & Levine 2006, 32–5),
- what is the context of the measure (cf. Chatterji & Levine 2006, 32–5) and
- what are the limits of the measured entity (completeness) (cf. Zadek et al. 1999c, 41–44)

In order to analyse the importance of the measure, it is necessary to consider it in the light of the core stakeholders (discussed earlier in the study). In the analysis, each measure is to be evaluated according to the specific stakeholder - whether the measure is important or indifferent to the stakeholder group. First this is done by considering the *expected goals* of different stakeholder groups. The goals determine the relevance of the measure to the stakeholder group. Stakeholders and their expectations as well as the limitations to the theory are described earlier in this study. Using references in

relation to the importance of a measure reduces the possibility of error of the coder. Of course, it has to be borne in mind, that stakeholder theory has its limitations.

The second aspect in determining the importance of validity is the *context* where the measure is used. The measure may be expected to be relevant to a specific stakeholder, but when considering the context, it becomes indifferent. For instance, measuring the number of ethnic minorities might not be relevant for all stakeholders (Chatterji & Levine 2006, 33–34). The concept of context may also be understood as the possibility to answer stakeholders' expectations regarding the measure. If the stakeholder group is generally interested in satisfaction of employees, the number of employees answering a survey measuring satisfaction is a disappointment. However, if the measure can deliver the measure and a result relevant to the stakeholder group, its context is considered high.

Another part to validity is the limits set to the measured entity, i.e. the *completeness* of the issue (discussed in chapter 3.4.1). The feature of boarders takes into account whether it would be important for the stakeholder group to include also other legal entities to be measured, e.g. the suppliers, or whether there should be also other close by issues incorporated in the measure, e.g. all products instead of just one product line. All the decision rules for validity are reported in the appendix 9.

4.4.3 *Analysing reliability of measures of social dimension of corporate responsibility*

Reliability indicates how the measure is obtained; is it possible to gain the same result by using the measure again. Reliability can be assed by answering the following questions.

- Is the measure based on a standard, principles, guideline, initiative or reporting guideline?[11]
- Is the process of forming the measure transparent (cf. Chatterji & Levine 2006, 32–5)?
- Is the measure hard to obtain? [12]
- Is the technique of a measure described (cf. Global Reporting Initiative 2006, 15)?
- Is the measure externally verified (cf. Zadek et al. 1999c, 41–44)?

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[11] See the table 6 of Initiatives, standards and guidelines related to corporate responsibility (Niskala, Vanhala & Lovio 2004, 11) discussed in chapter 3.

[12] Evaluation of the difficulty of gaining a measure (Keeble et al. 2003, 150) and the influence of value judgements of a measurer.

When using existing guidelines, standards or following CR initiatives, the reliability of gaining the needed information is usually discussed in the used guideline. This is the case e.g. for Global Reporting Initiative, where reliability is considered in the process of gaining information. It goes without saying that the standards, guidelines and initiatives do not automatically have a strong reliability. Nevertheless, leaning on the existing evaluation of the reliability of principles, initiative, guidelines and standards, makes it possible to diminish the possibility of error of the coder.

Additionally, reliability can be assessed when looking at the process of gaining a specific measure. The difficulty of gaining a measure is assessed by evaluating the process: Have the *values* of the measurer affected the process of measurement? Even though assessment of the process of gaining a measure is not possible only from a report, unless the reporter wishes to enlighten the process in the report, the effect of values is still considered. The theory of forming a measure is used as a theoretical 'backrest'.

By presenting the *technique* of a measure, the reliability of a measure is higher; the data measurement techniques should be adequately described. *External verification* is one criteria of reliability discussed in chapter 3**.** If the report or its clearly distinguished parts have been externally verified, the measure is considered *reliable*. If only parts of the measurement process are externally verified, the measure is *partially reliable*. The decision rules for reliability are presented in the appendix 9.

4.4.4 *Analysing comparability of measures of social dimension of corporate responsibility*

Comparability expresses the possibility to compare company's performance to the performance of others (cf. Chatterji & Levine 2006, 32–5; Zadek et al. 1999c, 41–44; Ranganathan 1999, 476; Bennet and James 1999, 63–64; Global reporting initiative 2006).

It should be able to determine, if the measure is comparable to the ones used in the other companies that aim to evaluate the same issue. Comparability is also relevant to a company's own performance over time. Additionally the changing of a measure is assessed since it affects its comparability. These aspects of comparability are assessed with decision rules described as decision trees in the appendix 8.

Comparability withholds also other aspects where it can be assessed, e.g. the statistics and other measures (detailed discussion in chapter 3.4.4). However, they are left out of the scope of the study: from the sample in use, CR reports from companies

mentioned before, evaluating these aspects would be hard if not impossible since they do not contain data on the aspects.

The results from comparability tests eventually state if the measure is comparable, partially comparable or if there is no possibility to compare the measure at all (for test 3.3). When the measure is used in the same company or in another company it is *comparable*. If the measure is convertible in some parts, or the changes made to it are clear, it is considered *partially comparable*. Measures not convertible, in the way that they are matching for comparison, are *non-comparable*.

4.4.5 *Appropriate measures of social dimension of corporate responsibility*

The overall analysis framework concerning reliability, validity and comparability of measures analysed is presented in the table 8. The levels of validity, reliability and comparability changing from non-existent to reliable and comparable, and from indifferent to high in validity, need to be explicitly described. It is important that there is as little interpretation as possible on which stage the validity, reliability and comparability of single measure are, and thus since the accuracy improves the reliability of the study. In order to increase the reliability of the study, there are rules developed for awarding the correct value for a single measure in the mentioned areas. The rules are presented in appendix 8.

Table 8: An outline of the analysis framework for validity, reliability and comparability.

Measure X			
1. Validity			
1.1 Importance	*High validity*	*Low validity*	*Indifferent validity*
1.1.1 The expected goals/relevance			
Employees			
Communities			
Suppliers			
Customers			
Investors			
1.1.2 Relevant to the context			
Employees			
Communities			
Suppliers			
Customers			
Investors			
1.1.3 Limitation of a measured entity			
Employees			
Communities			
Suppliers			
Customers			
Investors			
2. Reliability	*Reliable*	*Partially reliable*	*Non-existent*
2.1 A measure based on a reliable standard/guideline/initiative			
2.2 A transparent process of gaining a measure			
2.3 The difficulty of forming a measure			
2.4 Technique of a measure			
2.5 External assurance			
3. Comparability	*Comparable*	*Partially comparable*	*Non-existent*
3.1 The measure compared to other companies' measures on the same issue			
3.2 The measure compared to the same measure within the company over time			
3.3 The changes in measuring process are explained			

As it is discussed in previous chapter, coexistent validity, reliability and comparability are prerequisite for the occurrence of an appropriate measure. In order to find the most appropriate measures, it is necessary to assess the overall validity, reliability and comparability, which form the synthesis of validity, reliability and comparability described below.

From the results, *the most appropriate measures are ranked by assessing overall validity, reliability and comparability*. This is done by *ranking each sector*, i.e. validity, reliability, comparability, *with a value of 1 for each test scoring the best*, i.e. high validity, reliable or comparable, *thus maximum value being the number of tests in each sector,* except for validity, where test regarding stakeholders' interests is not used for the overall evaluation and the awarded value may be less than one depending on the number of high validity from each test. The test for interests is left out, since its results are determined by the interest towards the *theme* assessed to the measure, not other aspects determining validity. Including the interest towards the theme may distort the overall validity if not eliminated, because one out of three of the overall validity would be determined by the theme.

The value awarded for overall validity may be less than one if the test results for all stakeholders is not the same but there is high value(s) for validity. For instance, if the measure has relevance to two stakeholder groups, but only one out of two considers the context highly valid, the value is then *1/2*. If there would be two stakeholder groups out of three assessing validity as high, the value would be *2/3* etc. The logic is further elaborated in appendix 9.

By using the ranking, the most appropriate measures are then possible to identify from all analysed measures. By recognising the appropriate measures, it is possible to answer the research questions. The success in answering the research questions and sub questions depends on the analysis frameworks. Therefore the frameworks are tested in order to find out if they are usable.

4.5   Test of the analysis frameworks

In order to ensure the reliability of the study, the analysis frameworks need to be tested. The test results as well as the possible modifications to the frameworks are reported and explained.

The test is conducted by using the analysis frameworks on a CR report from a large European retailer, Ikea, published in 2006. The particular report is chosen since the aim was to test the frameworks from a similar or the same industry as the study is concerned with. Since the large European food retailers providing a CR report are the

only ones chosen for the study, a company involved in another form of retailing is selected. Another possibility would have been to choose the CR report from Wal-Mart from outside of Europe. However Wal-Mart is not chosen, since being a company from North America, the probability is high for Wal-Mart having a different approach to determining the key concerns of stakeholders. As it has been discussed earlier, Europe and North America differ from one another as regions when it comes to the tradition of CR measures and reporting social issues.

Another criteria for choosing Ikea is that its report is written in English and the company affects are presumably greater due to its large size. In the case of Finnish food retailers, the reports are not written in English, they source fewer products; Finnish companies' purchasing volumes are not as massive as the ones from the large European retailers and thus Finnish food retailers alone may not affect the sourcing policies in countries they acquire goods from.

The testing of analysis frameworks is done thoroughly since any misunderstandings in the frameworks would cause serious problems for the study. The results are reported in separate memorandums and remarks on the analysis frameworks were made.

Additionally the analysis frameworks were adjusted when analysing the first report for the study, Tesco's Corporate Responsibility Review 2007 (Tesco 2007). Ikea's report proved to be insufficient in the amount of measures and, more obviously, in issues of social dimension in food retailing. The source of the original motivation for the adjustment to the frameworks is identified when reporting the changes to the frameworks.

After the test phase of analysing Ikea's report, there were some issues needing to be further elaborated. Additionally some changes were made to the order of analysis and to the analysis frameworks.

In the initial plan, the first step was to find the outcomes of measures from the report. This was done by analysing each sentence, figure and table presented in the report. In reality, since *the outcomes of measures* are presented in a large body of text, it tended to be more convenient to first identify the issues of *social dimension* of CR, which is the main topic. Thus it is reasonable first to find the issues of social dimension and classify them by the themes presented in the table 4, in chapter 2 (assigned by the author of the thesis).

Also another weakness was found in distinguishing the measures when analysing Ikea's report. The test report has not that many of straightforward measures indicating the level of performance. Rather the report tested includes the themes of social responsibility, which are then demonstrated by presenting some measures but with several *commitments*. The commitment refers to the *existence* of an initiative, standard,

relevant management system, code of conduct, survey, tests, audit and accreditation, but not necessarily to its compliance. Since the commitment is reported in a CR report, the company must find it essential to present the commitment. Additionally if a company devotes itself to fulfilling a commitment, it is possible to monitor its progression or compliance. Therefore if the compliance of commitments were left out of the analysis, the general view of the company's social dimension reported would not be as authentic as it would be with the commitments. However, analysing commitments in great detail is not possible in the scope of this study, which is interested in measures indicating the level of performance. *Thus information indicating the level of compliance of a commitment is regarded as measures.*

The framework for *social dimension* proved to be useful after the test phase. After analysing Tesco's report, a small number of changes were made in order to strengthen the interpretation of codes and one category was added. The code called *relations with corporate community (RCC)* was changed into *relations with financial community (RFC),* since it deals with actors involved with financing the company. Some specifications were made to the decision rules, because some themes emerging from the Tesco's report (2007) were not explicitly stated in any of the themes. It is expected that the themes added will emerge also in some other reports. Firstly, genetically manipulated food and organic food was added under the theme of *food health and nutrition (FHN).* Secondly, information on sales levels and consumers' buying behaviour was added *under food security (FSE).* Lastly, *information on competitors* was added under *industrial relations (RIN).*

The code *SLS, sourcing from local suppliers* was added to the framework. For the analysis it was considered useful to be able to identify the regional sourcing, since the code SCM covers also foreign suppliers. When considering the interests of stakeholders, suppliers and community are thought to have high interest in sourcing from local suppliers, since it affects suppliers in the neighbourhood and provides the region with jobs (Niskala & Tarna 2003, 54).

After careful pondering, the theme corporate governance and managing corporate responsibility was not added to the themes of social dimension. Managing corporate responsibility is naturally important and affects also the social dimension of CR. However, it is not clearly only about the measures of social dimension, hence managing CR usually tries to combine all the aspects of CR (see e.g. Elkington 1999).

While analysing the reports, the need for use of *multiple codes for one measure* emerged. Thus, for some issues it is possible to allocate a dual code so that the code is as specific as possible. A descriptive example is the case of a customer campaign concerning healthy eating, which is assigned with a code CRE-FHN. The analysis is again similar to single code measures and differs only in the phase of combining the

multiple preferences of stakeholders for test 1.1.2. In practice, the stakeholder group's interest may be upgraded by the other code's values, if there is indifferent or low value for the other code, creating a new unique combination.[13]

The appendix 8 presents the updated decision rules for social dimension and appendix 6 for the interests of stakeholders concerning the established themes of social dimension.

All in all, the analysis order concerning telling apart the social dimension of CR and the measures and the outcomes of measures were changed vice versa. Social dimension is identified and the issues are grouped under themes decided earlier in the study. Additionally, compliance of commitments was added as an analysis target. Analysis frameworks concerning validity, reliability and comparability were specified. The confirmed steps in the study are the following:

- To distinguish the social measures and commitments out of environmental and economical ones.
- To distinguish the measures and the commitments from other texts in the CR reports.
- To evaluate the validity, reliability and comparability of a measure.

In the following, the last phase is discussed. When assessing the analysis framework for *validity*, some weaknesses were found. The importance of a measure to a stakeholder group is somewhat straightforward to analyse with the help of the table 14 in appendix 5, where a theme marked with *X* means high importance and a theme marked with *(X)* intermediate importance to the respective stakeholder group. Themes with no *X/(X)* are seen as indifferent to the respective stakeholder groups. Nevertheless, it was noticed that the importance of a theme does not weigh up to the importance of the *means* the theme has been presented. E.g. the product safety is known to be in the interest of consumers but the measure presented might not deliver the information in a valid way. The dimension of *context* enlightens the issue in more depth.

When assessing *validity* in analysis framework's section 1.2, another dimension of limits to the measurement, i.e. *completeness*, should be added. In the test report there are presentations of examples and cases concerning different issues of social dimension of CR. In relation to validity it is central to discuss, whether the example or a case presents the practice or situation in whole of the company or not. Thus examples and cases were added to the decision rule. Additionally, the decision rules were modified; the word *relevant* (in the preliminary versions of the decision trees) was changed into *sufficient*. The aim of the change is to emphasise the way in which a valid measure's boarders are relevant; the boarders should be sufficient. Sufficient limitation of

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[13] The basic system of assigning values for test 1.1.2 is described in appendix 5

the measured entity, either narrower or broader example or presentation, enables stakeholders to evaluate company's performance. The sufficiency of limits of a measure is evaluated using the theories by scholars presented in chapter 3.

While analysing Tesco's report (2007) it became evident that measures as such were many, but their *complicatedness varies*. Some measures are combinations of measures e.g. indicating the relationships (see e.g. Keeble et al. 2003, 150) and indicating the targeted level of performance, whereas some measures are simply stating the level of performance, e.g. sales. Thus another dimension of validity was added in relation to relevance addressing the benchmarking of a measure. The general relevance was added as 1.1.1, and it is evaluated in general, not in relation to any stakeholder groups. Additionally a decision rule was created for the values of tests 1.2 and 1.3. *The stakeholder groups awarded the value indifferent in 1.1.2 are not to be considered when evaluating 1.2 and 1.3.* The explanation lies in simple logic: if the theme of the measure is indifferent to a stakeholder group, its boarders (1.2) or the context (1.3) are not thought to have any meaning for the respective stakeholders.

After testing the frameworks concerned with reliability, there was an addition to the tests (decision trees). The framework 2.6 was added after the external assurance of a measure (2.5). When going through the reports from Ikea and Tesco (2007) it was noticed, that hardly any data on external assurance is reported. Thus if the external assurance is missing and the decision tree gives a value of weak reliability, *the original source of the information* needs to be evaluated in order to see if there is any evidence to support the outcome of the measure.

Comparability was not tested since during the test phase the measures would have needed a relevant benchmark. After all, the complex and time-consuming comparability dimensions described have been left out of the preliminary, tested framework. Consequently, there is insignificant fear that the tests in the framework are impossible or very hard to conduct. All in all, the questions in comparability tests are seen quite straightforward. Thus the probability of not being able to evaluate the measure in the light of others is small. In addition to comparability tests, *the formation of overall validity, reliability and comparability* are not tested, since there are not enough data from the tests to evaluate the overall image properly.

The new outline of the analysis frameworks is presented in the table 8 with the references to the respective theory or emerged issues as well as the relevant chapter from the thesis. The possible values awarded from the tests are also repeated.

Table 9: A modified outline of the analysis framework for validity, reliability and comparability with theoretical background and emerged criteria

Measure X	Theoretical background / emerged issues	In chapter	Values from tests
1. VALIDITY			*High / Low / Indifferent validity*
1.1 Importance			"
1.1.1 The relevance in general	/ Complicatedness	Emerged	"
1.1.2 The relevance to stakeholders	Stakeholders' interests	1.3–1.5	"
Employees			"
Communities			"
Suppliers			"
Customers			"
Investors			"
1.2 Limitation of a measured entity	Completeness; boundaries of the measure entity are clear	1.4.1	
Employees			"
Communities			"
Suppliers			"
Customers			"
Investors			"
1.3 Relevant to the context	Context	1.4.1	
Employees			"
Communities			"
Suppliers			"
Customers			"
Investors			"
2. RELIABILITY			*Reliable/ Partially reliable / Non-existent reliability*
2.1 A measure based on a reliable standard/guideline/initiative	Based on external standard, guideline, initiative, principle / Awards	1.2.1 / Emerged	"
2.2 A transparent process of gaining a measure	Repeatability and credibility	1.4.2	"
2.3 The difficulty of forming a measure	Value judgements	1.3	"
2.4 Technique of a measure	Accuracy	1.4.2	"
2.5 External assurance	External verification	1.4.2	"
2.6 The original source of the information	/ The original source of the information	Emerged	"
3. COMPARABILITY			*Comparable / Partially comparable / Non-existent comparability / No data*
3.1 The measure compared to other companies' measures on the same issue	In other companies	1.4.3	"
3.2 The measure compared to the same measure within the company over time	Over time within the company	1.4.3	"
3.3 The changes in measuring process are explained	Changes to a measure	1.4.3	"

As a result, the additions are 1.1.1, the relevance in general and 2.6, the original source of the information, both bolded in the table. The process of analysing the data can be illustrated as a figure (figure 9).

1. Identifying social dimension of corporate responsibility (coding)		6. **Reliability tests:** 2.1; 2.2; 2.3; 2.4; 2.5; 2.6
2. Grouping the issues under themes		7. **Comparability tests:** 3.1; 3.2; 3.3
3. Identifying measures (coding)		8. Transferring and listing the codes and test results into Excel and reporting the results.
4. Analysing the data measure by measure (decision rules)		9. Grouping the measures for further analysis.
5. **Validity tests:** 1.1.1; 1.1.2; 1.2; 1.3		
The stakeholder groups awarded the value indifferent in 1.1.2 are not to be considered when evaluating 1.2 and 1.3.		

Figure 10: The process of analysing the data in the study

Every step of the analysis is reported and the decisions taken are reasoned in notes next to the values awarded, if there is any pondering between awarding a value from a test. The stakeholder theory is used when analysing the validity. The theory on measuring social dimension is put into use when assessing the reliability and comparability of a measure.

For the analysis of most appropriate measures, the data is classified further. The *measures* are *clustered* in order to answer the research questions. By clustering it is aimed to bunch together the concepts, which share alike observed qualities or which are possible to group in to same cluster thus creating an entity with clear boundaries to other clusters. In the process, some differences in the data may be lost, and thus the

process should be made visible. The process may be described as a tree-like figure; where on the other end is the vast data before clustering (i.e. the roots of the tree) and on the other end the limited amount of clusters emerging from data (i.e. the top of the tree). (Krippendorff 1908, 115–116) The clustering of measures in this study is done by using clusters emerging from the data and nine clusters of measures were identified. The final clusters are presented in appendix 10.

4.6   Evaluation of the research

General criteria of trustworthiness in qualitative research may be presented in many ways (cf. McKinnon 1998, 37; Neuendorff 2002 10–13; Lincoln & Guba 1985 294–301; Mäkelä 1990; 47–48). The conventional approach using reliability and validity as a basis for analysing the trustworthiness of a quantitative study is criticised in contemporary methodology discussions (Lincoln & Guba 1985). The criteria presented in the following paragraphs for trustworthiness are appropriate for this study, because the content analysis as a method is traditionally evaluated by using the concepts derived from the more traditional discussion. Other criteria for evaluating the trustworthiness in qualitative research are also considered, since this study combines both quantitative and qualitative approaches.

Content analysis relies on the scientific method, and there are seven concepts to be considered when evaluating the study; namely *reliability, replicability, validity, objectivity-inter-subjectivity, an a priori design, hypothesis testing,* and *generalisability* (Neuendorff 2002, 10–13). In general, the trustworthiness of a study may be evaluated in the light of validity and reliability. *Validity* stands for the achievement of a researcher to study the aimed phenomena. *Reliability* again addresses the fact whether the researcher may have confidence in the obtained results. In qualitative research, gaining validity and reliability in a qualitative study is threatened by the aspects distinctive to the qualitative approach; namely *observer-caused effects, observer bias, data access limitations* and *complexities and limitations of the human mind.* (McKinnon 1988, 34–37) The above-mentioned concepts are addressed in the following paragraphs and handled together when they concern the same concepts and threats to the validity and reliability of this study.

In content analysis, *reliability* means gaining the same results when repeating the measurement process. It is tested by *inter-coder reliability*, which refers to the degree of two or more coders sharing a same view on the coded text. In content analysis, reliability is described as most important criterion in trustworthiness. (Neuendorff 2002, 141) There are also named criteria for reliability in content analysis: *stability, repro-*

ducibility, and *accuracy*. *Stability* describes an unchanging process in content analysis. In practice, this is tested by the same coder repeating the coding of the identical data after some time from the first round. Stability is also called *intra-observer reliability*, and it is the weakest form out of three forms of reliability. *Reproducibility* refers to a process that may be recreated differently, e.g. by changing the location, using different coders or altering conditions. Using multiple, independent coders for a same set of data may be used as a test for the criteria. The approach is also called *intercoder reliability*. *Accuracy* is the strongest reliability test available for content analysis. Accuracy is tested by comparing coder's performance to a norm determined in advance and evaluating the deviation. Out of the three tests, at least *reproducibility* should be able to be conducted for reliability. (Krippendorff 1980, 130–131) [14]

Also the concept *replicability* is used to describe the *reproducibility*. As by reproducibility, also by replicability in content analysis it is meant, that the study may be repeated with another set of cases or in a different context, but the results would be still similar to the original study. This requires adequate reporting of research methods and decision rules throughout the study. In addition, similar cases are required: for some content analysis the data is available for only given period of time, e.g. political speeches. (Neuendorff 2002, 12)

In this study, there is *only one coder* for the data, the researcher. The decision rules are planned to be descriptive and clear enough for another independent coder to be able to code and analyse the same or similar data by using the same decision rules and tests. The steps of the analysis are described as fully as possible for replication of further studies using the same data or the same analysis frameworks, and an example is provided on an analysed page from a report (for an example, see the appendix 7). In addition, the data analysed is available to others as well, and further CR reports are most likely to be published also after this study. Hence, there should be material to replicate the study with using the same frameworks. Since there is only one coder, the decision rules need to be accurate enough for the analysis to be reliable. Accurate coding categories with clear decision rules causes less inconsistency when possibly used by another coder (Milne & Adler 1999, 239). The decision tests and rules for validity, reliability and comparability tests are described in appendix 8.

There are statistical tests of significance used for *reliability* when there is a *hypothesis to be tested*. When there is a research question, use of statistical tests is not straightforward. Depending on the research question, frequencies of occurrence are usually enough to describe the data analysed. (Neuendorff 2002, 168) This view is adopted in this study and no statistical tests are conducted. The aim of the study is to

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[14] Also referred and discussed in Milne & Adler 1999, 239.

describe the appropriate measures of social dimension in leading European food retailers CR reports, not to test strict preconditioned hypothesis.

Validity in content analysis ensures that the study is useful and it measures what it was designed for. (Neuendorff 2002, 12, 112) There are several types of validity, namely face validity, content validity, construct validity and external validity, i.e. generalisability. By *face validity* the topicality of a study is assessed: does the study tackle a relevant phenomena? In the light of *content validity* the scope of the study is evaluated: Do results reflect the relevant aspects of the studied phenomena? *Construct validity* again is built by using the same or similar classification frameworks for finding the explanation to similar research questions in several studies. In practice the use of same frameworks in other studies is rare, which results in low construct validity. (Neuendorff 2002, 115–118) *Generalisability, external validity,* refers to the degree of which the conclusions of the research may be generalised to be accurate for a larger population, where the study's data has been sampled. (Neuendorff 2002, 12)

This study is thought to be topical in a sense that proving the level of claimed CR actions becomes more and more central for businesses, therefore the purpose of this study is considered to be *face valid*. When considering *content validity*, the results are thought to reflect the publicly documented situation of measures of social dimension of CR in the industry, i.e. food retailing in Europe. All large European food retailers are publishing a CR report and their latest reports are covered. Even though the *analysis frameworks and decision rules for this study concerning measures, validity, reliability and comparability tests* are mainly derived from the theory, they are not used *as such* in previous studies, and thus the *construct validity* is not as high as it could be. However, the framework for social dimension is mostly based on categorisation used before (cf. Hackstone & Milne 1996, 45–46; Bennet and James 1999, 45–46; Storebrand 2003, 4–5). Thus, it can be stated, that *the social dimension framework has construct validity*. It is suggested, that the overall trustworthiness is a precondition for generalisability (Lukka & Kasanen 1993, 370), thus *generalisability* is discussed in the end of this chapter.

Observer-caused effects occur when the researcher's presence affects the phenomena studied, e.g. by making the participants of a study change their opinion. (McKinnon 1988, 37) As discussed in chapter 1.2, content analysis is a low profile method allowing the phenomenon to be studied without anyone noticing it. Therefore, the observer-caused effects are minimal in this research.

Observer bias again is in effect when the researcher her/himself affects the registering, interpreting or the recoding of the study. Cultural background, training and experience of the researcher explain the effects caused by the observer. In all, since these effects may not be eliminated, as a result they have to be managed. (McKinnon

1988, 37–38) One of the main purposes in scientific research is to avoid preconception of the researcher in studying the occurrence and to strive to objectivity. However, it is agreed that rarely the researcher's ability to interpret the surroundings or messages is objective, since humans are bound to their subjective perspectives. In research, the efforts to strive towards objectivity are combined with the acknowledgment of subjectivity. The condition may be described as *objectivity-inter-subjectivity*, where true objectivity is an ideal and subjectivity is accepted. (Neuendorff 2002, 11) Since collecting data and the analysis cannot be separated and analysis takes place constantly, notes should be taken all the time to record the findings (Miles & Huberman 1984, 22). This action was carried out in order to increase the misinterpretation of a researcher and to manage the observer bias.

The discussion of the researcher's affect and subjectivity may be further clarified by the discussion on training. As content analysis is a widely used method also in non-academic studies, it creates a false myth of anyone being capable of conducting coding in content analysis. Even though in theory the coding design has to be objective and unfailing, the trustworthiness of the method *requires decent training* for reliable coding. The training depends on the study and it may include e.g. interpreting natural speech, when speech is analysed, or introduction to graphic design, when advertisements are the coding target. All in all, familiarising oneself with the coding system and the method in advance is necessary. (Neuendorff 2002, 8–9)

An *a priori design* is one of the requirements for effectively succeeding in objectivity-inter-subjectivity of the study. According to some views, all decisions on decision rules for coding should be decided before the analysis. (Neuendorff 2002, 11–12) In this study, most of the decision rules are conducted before as it is described in the figure 10, but some of the decision rules are defined by the data used (Seutamaa-Hakkarainen 2002c). These parts are fully explained in the development of the analysis frameworks and the changes are reported after the test phase.

As response to the evaluation of *observer bias* and *objectivity-inter-subjectivity* in this study, it may be stated that the researcher knew CR reports as a media due to prior studies. In addition, content analysis, with decision rules and coding text, has been equally used in an earlier seminar work related to the studies. Consequently, the researcher has had some *training for the method and the media*. For this study, training took place also during the test phase and the first round of analysis because of the time limitations. Through careful controls, comparisons and the test phase the decision rules were welded to the satisfactory level. Even after training and the test phase, the researcher noticed that *learning took place during the analysis* and more training could have possibly increased the trustworthiness of the study. Finally, the researcher's knowledge of the language used, i.e. English, should be addressed. The

language of all reports is English, which is not the mother tongue of the researcher. Nevertheless, the experience and skills of the researcher are sufficient due to almost two decades of English language studies as well as the active use of the language outside the academy, e.g. work, international meetings and an exchange year in Australia.

Data access limitations concern the possibility of a researcher to obtain the needed data for a logical study answering the research questions. The limitations may be avoided by spending enough time observing the phenomena. This reduces the risk of misinterpretation, in case of embellished or magnified instances during the observation. (McKinnon 1988, 38) In this study the data is the analysed CR reports due to the research questions and there was no limitations to access the reports. However, if the research questions had been formulated differently, there could have been a need for data less accessible to the researcher.

Complexities and limitations of the human mind relate to the focus of a research. The human beings encountered during the research may deliberately or unintentionally deceive the researcher. Hence avoiding the situation, it is important to pay attention to the possibility and design occasions for a thorough dialogue. (McKinnon 1988, 38–39) For this study there is not a possibility of an intended research specific fraud. Nonetheless, it has to be borne in mind that CR reports are corporate communication with possible hidden agendas and thus they might misinform the reader on purpose or accidentally.

By using several methods it is possible to reduce the threats to validity and reliability of the study. In practice it means using methods together to minimise the error caused by a research and to compare results. (Foster 1994, 148–149) The use of several methods could have increased the trustworthiness of the study, but was not possible due to time limitations.

Finally, after evaluating the aspects of trustworthiness, it can be stated that the use of content analysis minimises some threats to qualitative research, but brings along new challenges. Especially the process of coding distinguishable to content analysis is dominating when assessing the reliability of the study, and the lack of multiple coders diminishes the reliability of the study. However, all possible actions are taken to diminish the unreliability by increasing the reproducibility (replicability). These activities are thought to be sufficient for the purpose of this study. In addition, some central aspects of content analysis are addressed in a thorough manner, e.g. a priori design and training, and thus the study is considered reliable.

After an overall assessment of criteria of trustworthiness and threats affecting it, the aspect of *generalisability* needs to be evaluated. In research using statistical tests, the sample is not representing the overall population, the results of analysis may not

be generalised to the whole population (Neuendorff 2002, 158–159). Since the study is not using statistical tests, generalisability is assessed by other means more suitable for qualitative research.

The *knowledge of the researcher* on the phenomenon studied affects generalisability of a study. In addition, the use of *previous studies and results* and interpreting them is central. The *results from the study* as well as *researcher's ability to interpret the results in a credible way* impact the possibility to generalise the results. Finally, the *surroundings of the studied phenomenon*, e.g. institutions and markets, influence the generalisability. (Lukka & Kasanen 1993, 371) In this study researches knowledge is no doubt limited as well as the interpretation of previous studies. However, the researcher is considered to be an undergraduate expert in the field of this study. When it comes to the discussion of the surroundings of the study, it is believed that the results provide solutions to challenges related to the research questions, which relate to the need of development of measures of social dimension of corporate responsibility.

5   SOCIAL DIMENSION OF CORPORATE RESPONSIBILITY IN EUROPEAN RETAILERS' CORPORATE RESOINSIBILITY REPORTS

Measures of the social dimension of corporate responsibility are evaluated by assessing the themes used in measures. Additionally, the results from validity, reliability and comparability tests are presented. As a conclusion, the most appropriate measures are presented.

After analysis of the data, it came apparent that all food retailers have activities outside of the food sector. For instance in Metro's report (2004), the performance levels are communicated mainly by store types, which some of them sell only non-food products. To some extent it would have been possible to separate the non-food-sector from the reports, but it is seen as too time-consuming for the scope of this study. Thus, companies are understood as food retailers that have also non-food activities, but are mainly concerned with food.

5.1   Measures of social dimension of corporate responsibility in corporate responsibility reports of largest European food retailers

A measure in this study indicates the level of the corporate responsibility performance or identifiable stage of corporate responsibility processes. In total eight corporate responsibility reports were coded and reported in Excel sheets. The amount of measures identified per report varies by company (figure 11).
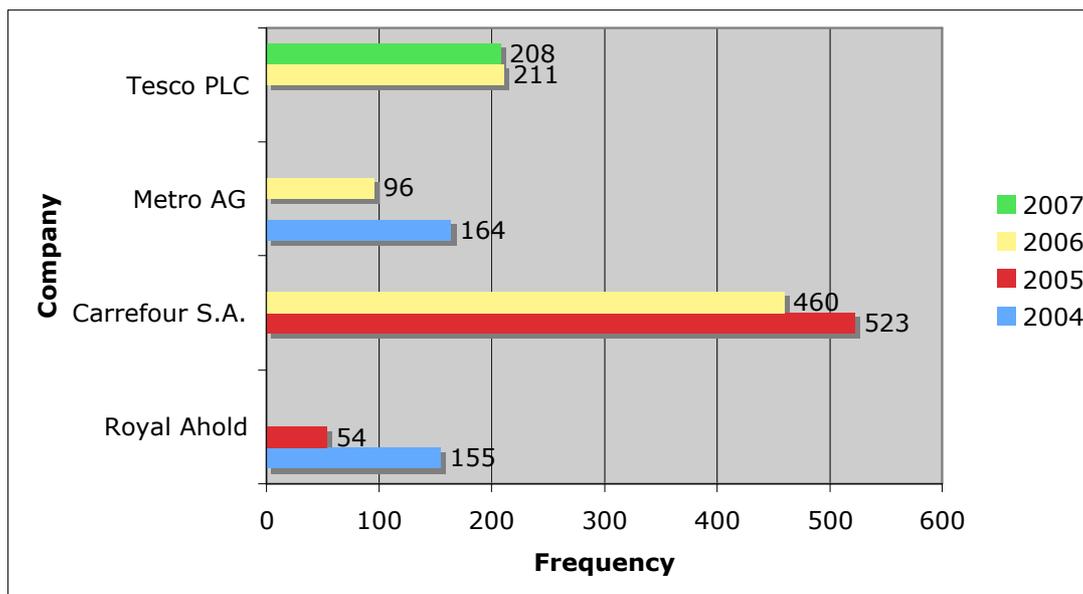
Figure 11: Total number of measures in studied reports

The least amount of measures (54) is in Ahold's CR report published in 2005 and the highest amount of measures (523) is to be counted in Carrefour's report from the year 2005. The amount of measures is quite similar to the previous year for Tesco and Carrefour, whereas for Ahold the difference is three-fold from 2004 to 2005 as visible from the figure 11.

Due to the variety in the total amount of measures per report, mainly relative frequencies are used in further chapters when discussing the appropriateness of validity, reliability and comparability of the studied measures. Shares give a more comparable overall description of the results.

For each coded measure analysed there is an assigned code depending on the issue the measure handles. The codes are again grouped into *themes*. A majority of the themes of social dimension determined in the a priori design are addressed in the reports analysed, namely *employment issues (EMP), human rights and labour conditions in the supply chain (HLS), product responsibility (PRE), stakeholders and society (SSA)* and *voluntary actions (VAC)*. The themes of *trade with tyrannical regimes* and *non-sustainable industries* are not to be found from the reports as themes.

The portion of themes is somewhat similar across the reports from the same company. However there are differences in the share of themes across the reports. For Metro, a majority of the measures in both reports are coded under the theme of *employment issues* (80 %). In Ahold and Carrefour's reports, approximately the same portion of measures consider *employment issues* and *product responsibility*, from 33 to 41 per cent (figure 12).
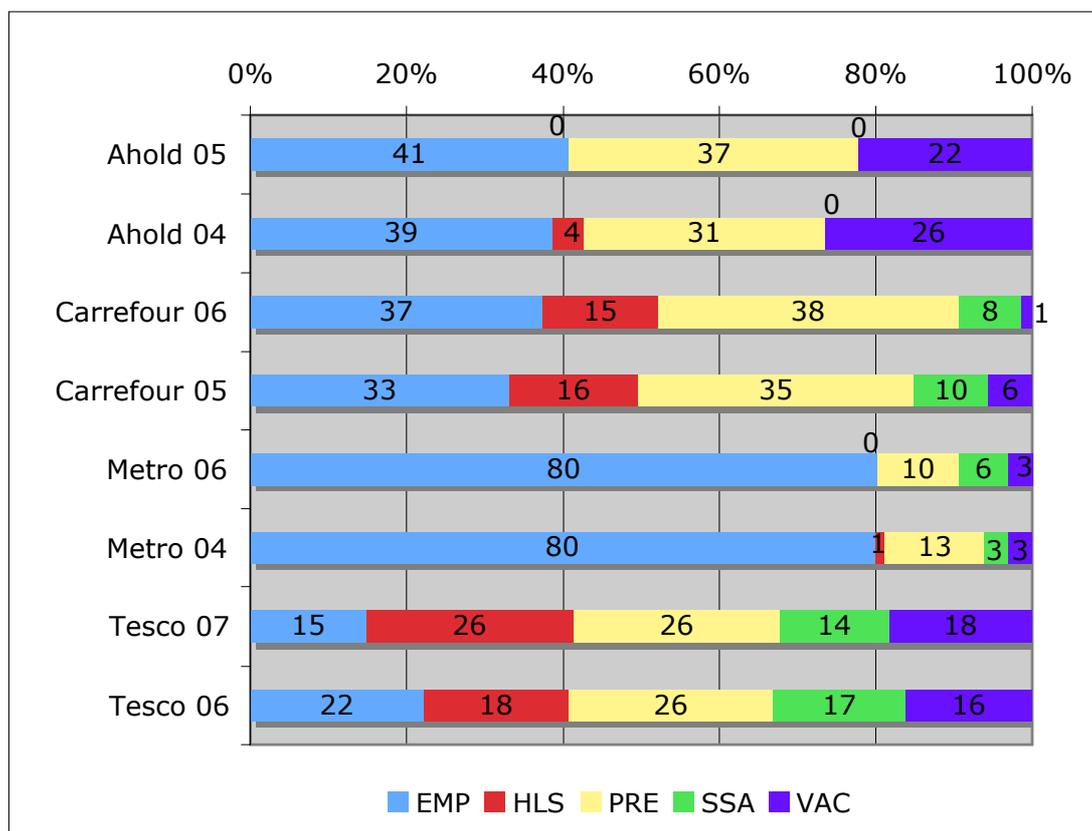
EMP = Employment issues
HLS = Human rights and labour conditions in the
      supply chain
PRE = Product responsibility
SSA = Stakeholders and society
VAC = Voluntary actions

Ahold: *N= 54 (2005)*   *N= 155 (2004)*
Carrefour: *N= 460 (2006)*   *N= 523 (2005)*
Metro: *N=96 (2006)*   *N=164 (2004)*
Tesco: *N=208 (2007)*   *N=211 (2006)*

Figure 12: The relative frequency of themes of social dimension in analysed reports

Human rights and labour conditions in the supply chain are the most frequent theme in Tesco's reports, Carrefour's reports holding the second largest portion of measures from the theme. For Ahold and Metro, the theme is almost non-existent, where as the theme *product responsibility* is more frequent in Ahold's and Metro's reports compared to Carrefour's and Tesco's ones.

Stakeholders and society as a theme only exists in Carrefour's, Metro's and Tesco's reports. Metro's reports have the smallest portion of measures in the theme of product responsibility compared to the others. *Voluntary actions* as a theme is present in every report, but it is more frequent in Ahold's and Tesco's reports.

Tesco's reports have the most even-handed distribution of the themes and none of the themes presented in the reports dominates the total amount of measures. Metro, on the contrary, has the most imbalanced division of themes.

5.2 Validity of measures of social dimension of corporate responsibility

When evaluating how the measures of social dimension meet validity, an overall image of the results is formed. The analysed data consists of eight CR reports from the largest European food retailers publishing a CR report and the results from validity tests are presented as relative frequencies.

5.2.1 Relevance in general

The results from the test 1.1.1 explain the complicatedness of the measures used in the reports: Measures gaining *high* value in validity have a communicated goal or benchmark in the report, thus the measures are *relevant in general*. By contrast, a measure with no benchmark or goal is awarded with *low* value, therefore thought that the measure has a little of relevance in general. Measures that are not possible to benchmark evoke *indifferent* value.

More than half of Metro's and Ahold's measures from the *latest reports* (Ahold 2005, Metro 2006) gain high value from test 1.1.1 (figure 13). In Carrefour's *latest report* (2006) almost half of the measures attain high value, when all the remaining measures are valued low in validity. Tesco's *latest report*, on the other hand, does not perform as well, since only a quarter of its measures are evaluated as high, thus relevant in general.
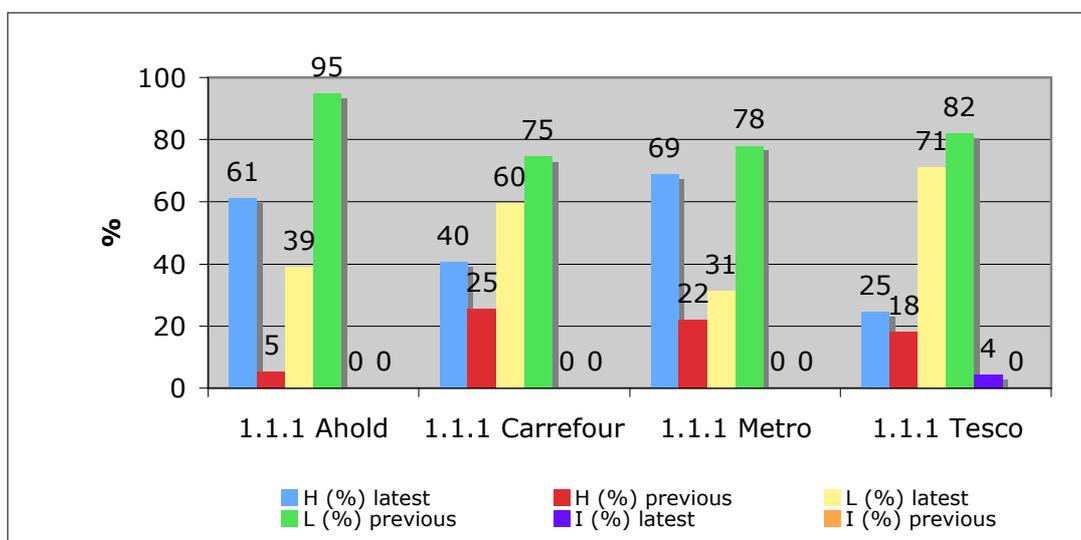
Ahold: N= 54 (2005)   N= 155 (2004)
Carrefour: N= 460 (2006)   N= 523 (2005)
Metro: N=96 (2006)   N=164 (2004)
Tesco: N=208 (2007)   N=211 (2006)

H (%) latest = The share of high values in the latest report
H (%) previous = The share of high values in the previous report
L (%) latest = The share of low values in the latest report
L (%) previous = The share of low values in the previous report
I (%) latest = The share of indifferent values in the latest report
I (%) previous = The share of indifferent values in the previous report

Figure 13: Shares of high, low and indifferent values for validity in test 1.1.1 for all companies (relevance in general)

When looking at the shares of relevant measures in the previous report to the latest reports (in figure 13 labelled as *previous*, i.e. previous to the latest published report), there is a clear change in Ahold's and Metro's reports: The amount of measures gaining high value for test 1.1.1 diminishes dramatically when comparing the report published the *latest* and the report published before the latest (i.e. previous report). For Carrefour's *previous report* (2005) the decrease in measures considered as relevant in general is more moderate. Tesco's *previous report* (2006) obtains approximately the same level as in the latest report from year 2007. The increase of relevance in general in newer sequel reports may be explained by the fact that companies have more benchmarks for later reports than for the reports published before them. Consequently, they tend to use the benchmarks in order to gain validity and meaningful representations for the readers of the reports.

Interestingly, only Tesco has a few indifferent values from the test for its report 2007; for other companies', i.e. Ahold, Carrefour and Metro, all measures are possible to benchmark. In Tesco's case, the measures not possible to benchmark concern very detailed issues, e.g. one product, that it is considered to be not possible to form benchmarks for the measures.

5.2.2 Relevance to the stakeholders

The following validity test 1.1.2 concerns the *relevance* of the measure to the stakeholders. Values for the test are estimated using the table 16 (appendix 5), which is based on theoretical framework. The results from the test are thus indicating *the theoretical interest of a stakeholder group towards the measures presented in the analysed CR reports*. There are values awarded for each stakeholder group separately, thus the relative frequencies of e.g. suppliers' interests (either high, low or indifferent) add up to 100 per cent for the company's report in the respective year.

When looking at the results indicating the highest interest towards the themes of measures, particular stakeholders are emphasised. *In Metro's reports of 2006 and 2004, a majority of the measures used evoke employees' high interest* (2006 85 % and 2004 80 %), whereas almost the rest of the measures are indifferent for employees (2006 17 % and 2004 19 %) thus only one measure per year evoking some interest. From the other stakeholder groups, customers are the second most interested in Metro's reports' measures: in both years slightly less than a fifth of the measures are highly interesting to consumers; the rest being mostly indifferent (2006 75 % and 2004 76 %). For other groups, the measures in Metro's reports are either emphasised by *somewhat interesting* (for community 2006 67 % and 2004 62 %), or *indifferent*: for over 80 % of used measures in both reports are indifferent to suppliers and shareholders. When assessing the overall situation of stakeholders' interests towards Metro's reports, it is worth mentioning that *employees value the used measures most*. This is explained by the themes of measures, since 80 per cent of measures are from the theme of *employment issues* interesting to employees. The difference between employees' and other stakeholder groups' interest is visible in figure 14, and it is the most unbalanced situation compared to other companies' relative frequencies of all companies.
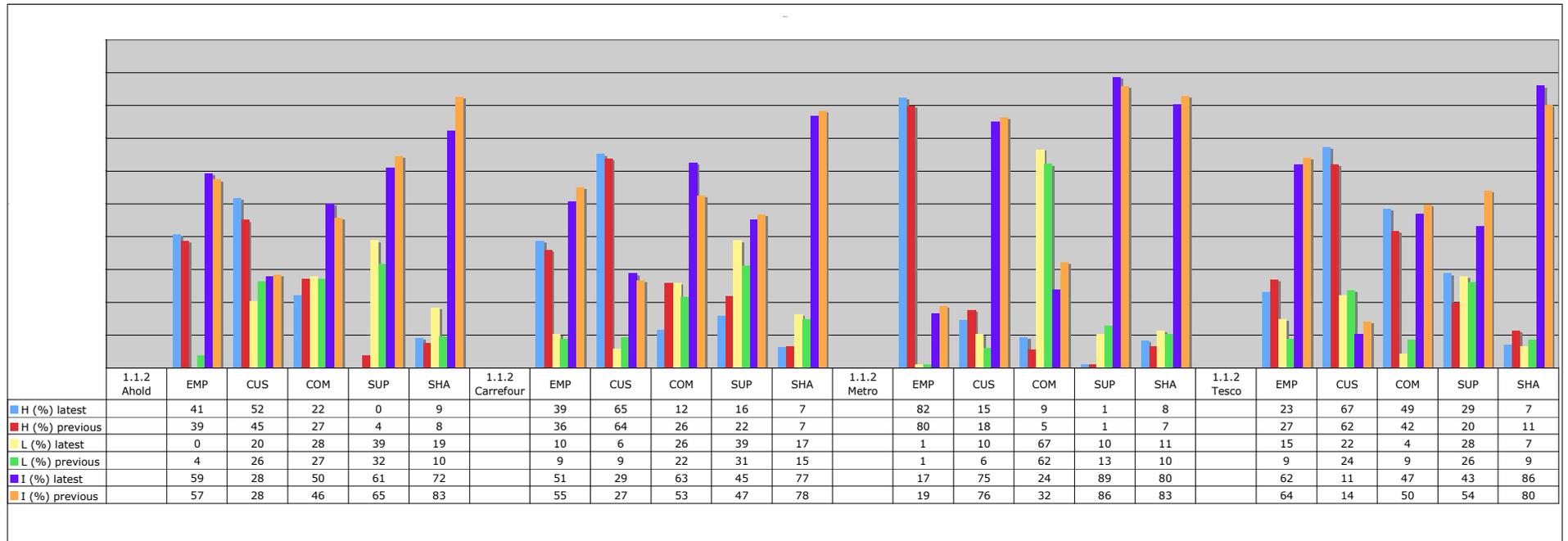
	1.1.2 Ahold	EMP	CUS	COM	SUP	SHA	1.1.2 Carrefour	EMP	CUS	COM	SUP	SHA	1.1.2 Metro	EMP	CUS	COM	SUP	SHA	1.1.2 Tesco	EMP	CUS	COM	SUP	SHA
H (%) latest		41	52	22	0	9		39	65	12	16	7		82	15	9	1	8		23	67	49	29	7
H (%) previous		39	45	27	4	8		36	64	26	22	7		80	18	5	1	7		27	62	42	20	11
L (%) latest		0	20	28	39	19		10	6	26	39	17		1	10	67	10	11		15	22	4	28	7
L (%) previous		4	26	27	32	10		9	9	22	31	15		1	6	62	13	10		9	24	9	26	9
I (%) latest		59	28	50	61	72		51	29	63	45	77		17	75	24	89	80		62	11	47	43	86
I (%) previous		57	28	46	65	83		55	27	53	47	78		19	76	32	86	83		64	14	50	54	80

Ahold: N= 54 (2005)   N= 155 (2004)   EMP   employees   H (%) latest   = The share of high values in the latest report
Carrefour: N= 460 (2006)   N= 523 (2005)   CUS   customers   H (%) previous   = The share of high values in the previous report
Metro: N=96 (2006)   N=164 (2004)   COM   community   L (%) latest   = The share of low values in the latest report
Tesco: N=208 (2007)   N=211 (2006)   SUP   suppliers   L (%) previous   = The share of low values in the previous report
                                                 SHA   shareholders   I (%) latest   = The share of indifferent values in the latest report
                                                                        I (%) previous   = The share of indifferent values in the previous report

Figure 14: Results from the validity test 1.1.2 for all companies (relevance to the stakeholder group)

For Ahold, Carrefour and Tesco, *two stakeholder groups are more interested in the measures* used in the analysed reports than the rest of the stakeholder groups. Firstly, for Ahold, approximately half of the measures are highly interesting to *customers* in both years (2006 52 % and 2004 45 %) and slightly fewer measures for *employees* (2006 41 % and 2004 39 %). However, for customers more measures are either highly or somewhat interesting (approximately 72 % in both reports), whereas for employees over half of the measures are indifferent (almost 60 % in both reports), indicating that there are themes more interesting to customers than for employees. In Ahold's reports *community* is highly or somewhat interested in half of the measures used, suppliers for a little more than one third, and shareholders for less than one third of all measures. Shareholders are indifferent towards the largest amount of measures when compared to other stakeholders of Ahold.

Secondly, for Tesco and Carrefour both, *customers consider more than half of the measures highly interesting* according to the decision rules (Tesco 2007 76 % and 2006 62 %; Carrefour 2006 65 % and 2005 63 %). The next stakeholder group appreciating the used measures highly is *employees* for Carrefour's reports and *community* for Tesco's - with similar portions of indifferent attitudes towards the used measures. Additionally, employees in Tesco's and community in Carrefour's case are indifferent towards the used measures almost equally (Tesco 2007 62 % and 2006 64 %; Carrefour 2006 63 % and 2005 53 %).

Around half of the measures in Tesco's reports are indifferent to suppliers. The measures appreciated by the suppliers - either highly or to some extent - consist of one fifth to one third of all measures. For Carrefour, the situation is similar when looking at the indifferent measures, while the highly appreciated measures by suppliers are less when comparing to Tesco, but nevertheless higher than for Metro and Ahold.

Overall notion is that according to the theories used as the basis of the validity test 1.1.2, *shareholders are mainly not interested* in the measures used in the eight analysed reports: for all companies 70 to 86 per cent of used measures are indifferent to shareholders. In all companies less than 10 per cent of measures suggest high interest of stakeholders, leaving the ratio of low interest to fluctuate between less than 10 per cent to almost one fifth of all measures.

The relatively low or indifferent interest of shareholders and suppliers goes hand in hand with the overall portion of themes presented in the eight reports. According to the used theory, there stakeholder groups are only highly interested in limited amount of themes, which were not that common in the analysed eight reports. It can be stated that in relation to the measures of social dimension used in the analysed CR reports, *the companies seem to concentrate on their employees, customers and the community*.

### 5.2.3   *Limits to the measured entity and the context of a measure*

The results from test 1.2 describe how the used measures meet the requirement of satisfying stakeholders' needs when it comes to the *limits of the measured entity*: It might be important to the stakeholder group to include also other business entities to the measure (e.g. the suppliers' actions), or more information than there is presented (e.g. a broader example or a case). Measures gaining high value have sufficient boarders to the entity according to the stakeholder group, thus they are considered valid. Again, measures gaining low value have somewhat sufficient boarders, i.e. partially valid, and measures awarded with indifferent have insufficient boarders to the measured entity, i.e. they are not valid.

Test 1.3 again tells the stakeholder groups' interest in relation to the *context* where the measure is used. Thus the measures seen as *indifferent are non-valid* and measures seen with *high validity are valid* or with *low validity partially valid*, due to the context the measure is used in. Thus the overall results indicate how many measures are seen as valid due to their context, and the results are presented for each stakeholder group as well as for each company.

The concept of context may also be understood as the possibility to answer stakeholders' expectations regarding the measure. For instance, if the stakeholder group is generally interested in treatment of workforce in developing countries, the number of audits is a disappointment, since it does not describe the actual working conditions, and the measure is therefore partially valid. However, if the report can deliver the compliance of the suppliers in relation to the minimum working conditions, the context is considered highly valid.

It should be noted that the tests 1.2 and 1.3 are conducted only for measures that gained low or high relevance for the stakeholder group from test 1.1.2. Thus, the total number of measures awarded with *no value* (–) indicate, that those measures are *not* evaluated using test 1.2 and 1.3.

In all companies, only *a minor share of measures' boarders are insufficient* for stakeholder groups, i.e. not valid according to the test 1.2. When assessing the degree of insufficient boarders to used measures, a few reports are noticeable: in Ahold's report 2006 nearly ten per cent of analysed measures' boarders are insufficient for customers. Similarly in *Tesco's* reports from years 2007 and 2006 the boarders of one out of ten measures in 2007, and slightly less in 2006 (6%), are insufficient for customers. Additionally, for some boarders measures are insufficient for suppliers (2007 8 % and 2006 6%) as well as for the community (2007 3 %). (See figures 15 and 16.)
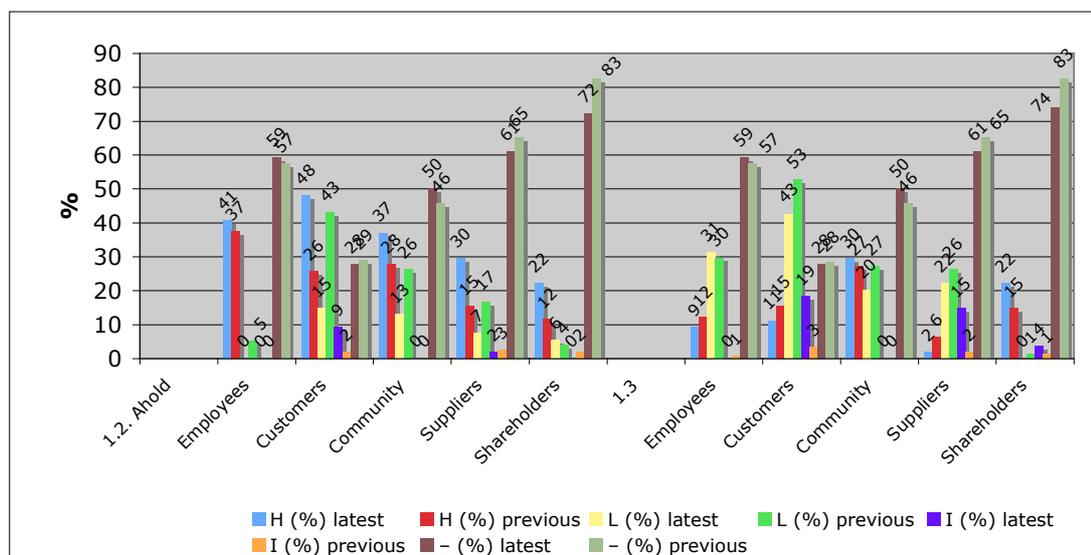
Figure 15: Validity tests 1.2 and 1.3 for Ahold

The values of insufficient boarders to the measured entity (i.e. non-valid measures from test 1.2) are explained by the limited geographical scope (e.g. only one store or city) or by limited interest of the measure (e.g. one product or case). For the stakeholders to be able to form a coherent picture of the company's performance as a whole, the measure's boarders need to stretch enough and cover more than only one store or one product.

Interestingly, for all reports and stakeholders the boarders of measured entity are rather *sufficient* (high validity) than *somewhat sufficient* (low validity), except for Tesco's reports and Ahold's report 2004. In Tesco's case, in customers', community's, suppliers' and shareholders' perspective the measures' borders are considered some-what sufficient rather than sufficient, whereas for employees a slightly greater amount of measures posses sufficient borders (see figures 15 and 16).
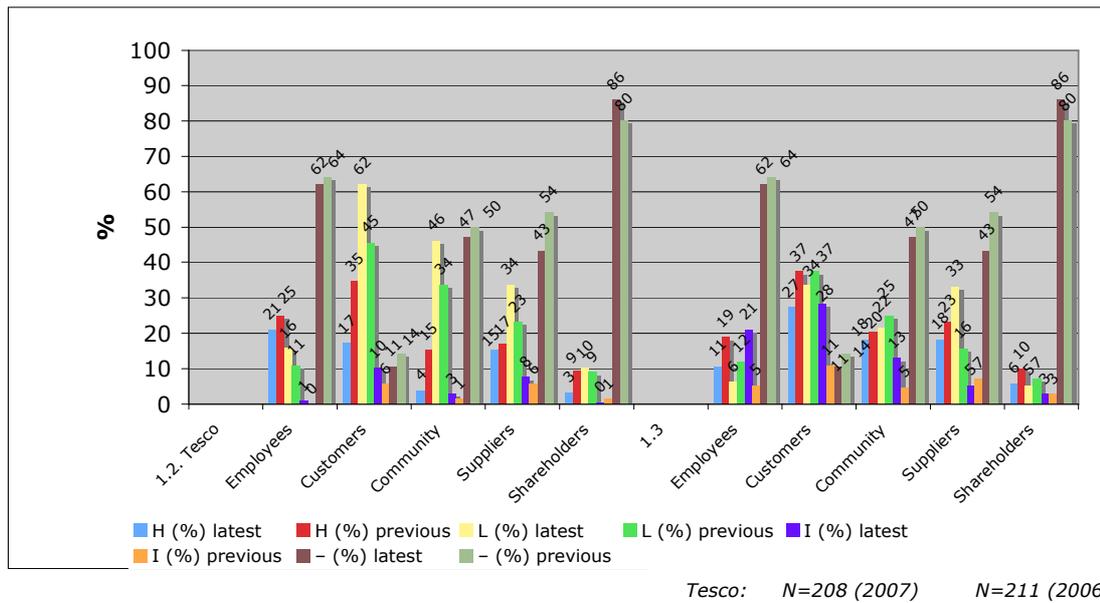
H (%) latest	*= The share of high values in the latest report*
H (%) previous	*= The share of high values in the previous report*
L (%) latest	*= The share of low values in the latest report*
L (%) previous	*= The share of low values in the previous report*
I (%) latest	*= The share of indifferent values in the latest report*
I (%) previous	*= The share of indifferent values in the previous report*
– (%) latest	*= The share of measures with no data for the test in the latest report*
– (%) previous	*= The share of measures with no data for the test in the previous report*

Figure 16: Validity tests 1.2 and 1.3 for Tesco

For Carrefour and Metro, the difference in the amount of valid and partially valid measures is clearer compared to Ahold and Tesco: a majority of the measures' boarders are sufficient for all stakeholders making the measures mostly valid for test 1.2 (figure 16 and 17). In Ahold's case, customers and community as stakeholder groups are less satisfied with the measures' boarders than employees.
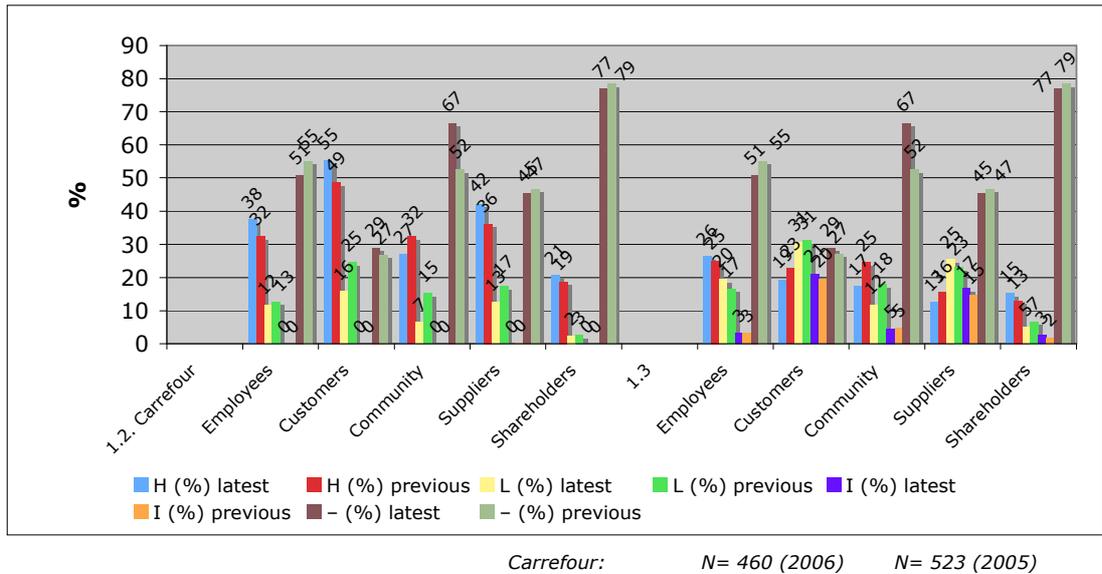
Figure 17: Validity tests 1.2 and 1.3 for Carrefour

H (%) latest	= The share of high values in the latest report
H (%) previous	= The share of high values in the previous report
L (%) latest	= The share of low values in the latest report
L (%) previous	= The share of low values in the previous report
I (%) latest	= The share of indifferent values in the latest report
I (%) previous	= The share of indifferent values in the previous report
– (%) latest	= The share of measures with no data for the test in the latest report
– (%) previous	= The share of measures with no data for the test in the previous report

In Metro's case, the amount of measures analysed for other stakeholder groups is lower than for employees and the community. *Majority of the analysed measures' entity is sufficient for employees and the community* (figure 18). For other stakeholders, the boarders are more sufficient (valid) than somewhat sufficient (partially valid) in the year 2006. Yet in 2004, the situation is the other way around or the share of high and low validity measures from the test 1.2 are equal.
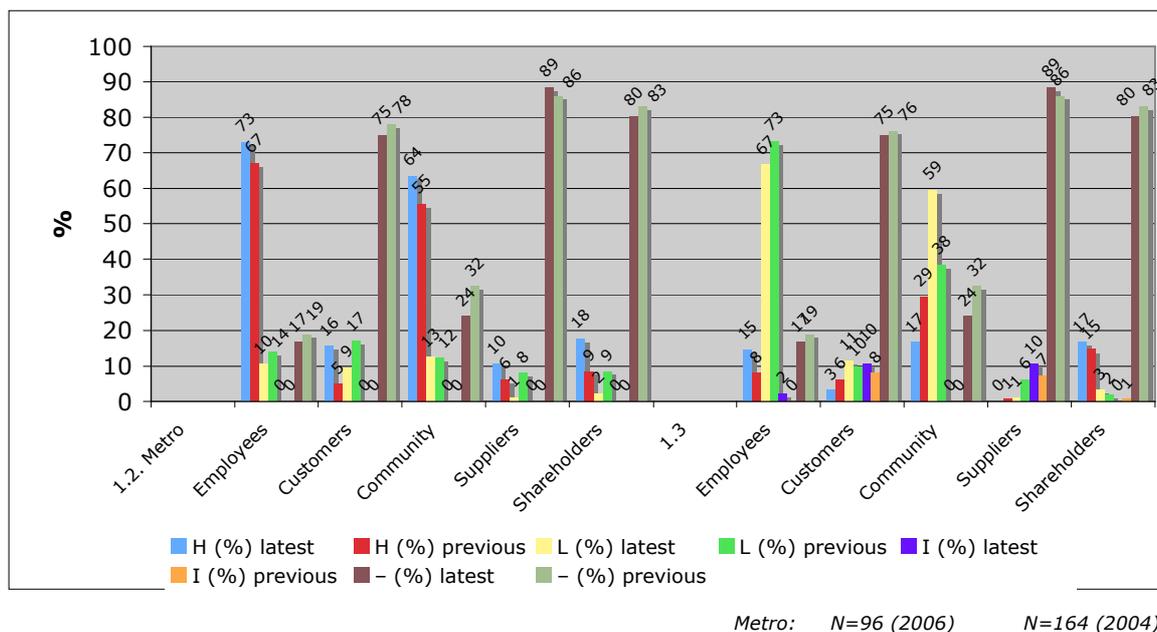
Figure 18: Validity tests 1.2 and 1.3 for Metro

When considering the context of the measures analysed, more measures have gained the value *indifferent* from test 1.3 than from test 1.2 (for borders to the measured entity). For instance in Carrefour's and Tesco's frequencies for test results there are non-valid measures for every stakeholder group (figures 17 and 16). This indicates the situation where the measures are not relevant to the stakeholder groups due to their context. Either the measure fails to meet the expectations of stakeholders or it is communicating indifferent issues to the stakeholder group.

Generally, the context is more likely to be *somewhat sufficient* than *sufficient* for the measures from the test 1.3. As a comparison, the validity of the boarders to the measured entity is more likely to be high than low from the test 1.2 (except in the two reports from Tesco). There are also a small number of exceptions to the generalisation in other reports, i.e. in Ahold reports results concerning shareholders and community as well as Metro's report 2004 results concerning shareholders (figures 15 and 18). The most obvious difference between validity tests 1.2 and 1.3 is in Metro's case, whereas for Ahold and Carrefour only slightly larger portion of test results for test 1.3 label measures as partially valid than valid compared to test 1.2. In Tesco's reports most measures are partially valid for test 1.2, except for employees, for whom the boarders of the measured entity are more valid than the context of analysed measures.

The difference between the results from tests 1.2 and 1.3 goes to show that it might be easier to meet stakeholders' expectations in relation to the boarders of a measured entity by e.g. including enough data, than by addressing a meaningful context. It seems that the data itself is rather less sufficient due to its context than it is sufficient due to its boarders. This is also mentioned in the literature, where the hardship of obtaining data, which is meaningful due to its context, is acknowledged (e.g. Chatterji & Levine 2006, 32–5). Thus, the used measures tend to capture a meaningful entity in most cases, but the data is not as useful for the stakeholders as it could be due to its context.

5.3 Reliability of measures of social dimension of corporate responsibility

A reliable measure means that it is possible to gain the same outcome more than once using the same measure. There are different aspects by which the concept is possible to review. The reliability tests used in this study aim to identify the reliability level of the individual measures identified from the reports. The results from tests are reliable, partially reliable, and non-reliable. There is a possibility of *no value* as a consequent to references to third party awards unknown to the researcher. Due to the researcher's limited time, the examination of reliability of those measures was left out of the scope of the study.

Firstly, the basis of the measure was analysed by detecting if the measure is based on a standard, guideline, reporting guideline, initiative, principle or an award from a third party actor. *Vanishing portion of measures are based on existing models*, and this is the case for Ahold, Metro and Tesco (table 10) and for the rest there is no data in the analysed reports to conduct the test. In Carrefour's case, there are notions in the reports that some of the measures are based on standards, guidelines etc., *but it is not explicitly stated which these measures are.* Thus a new category for Carrefour for test 2.1 was created, specifically *maybe reliable*, since it is impossible to determine the value for the test 2.1 by using the a priori decision rules with the provided information in the reports. Still, it is not considered to be descriptive or truthful to evaluate the measures as non-reliable, since clearly *some* of them are based on existing reporting models. Similarly to other reporters, there are hardly any reliable measures in Carrefour's reports according to the test 2.1.

Table 10: Relative frequencies in reliability tests 2.1-2.6 for all companies

	Reliable (%)		Maybe reliable (2.1)		Partially reliable (%)		Non-reliable (%)		No data to carry out the test – (%)		Total (%)	
Reliability / **Ahold** *N= 54 (2005)*												
N= 155 (2004)	**2005**	**2004**			**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
2.1	0,0	0,0			0,0	0,0	0,0	0,0	100,0	100,0	*100*	*100*
2.2	100,0	100,0			0,0	0,0	0,0	0,0	0,0	0,0	*100*	*100*
2.3	100,0	100,0			0,0	0,0	0,0	0,0	0,0	0,0	*100*	*100*
2.4	98,0	99,0			2,0	1,0	0,0	0,0	0,0	0,0	*100*	*100*
2.5	0,0	0,0			0,0	0,0	100,0	100,0	0,0	0,0	*100*	*100*
2.6	100,0	94,0			0,0	6,0	0,0	0,0	0,0	0,0	*100*	*100*
Reliability / **Carrefour** *N= 460 (2006)*												
N= 523 (2005)	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	*2006*	*2005*
2.1	0,7	1,3	96,5	98,7	0,0	0,0	0,0	0,0	2,8	0,0	*100*	*100*
2.2	90,0	89,1			9,3	8,6	0,0	0,0	0,7	2,3	*100*	*100*
2.3	88,7	87,9			10,7	9,8	0,0	0,0	0,7	2,3	*100*	*100*
2.4	86,7	87,0			12,6	10,7	0,0	0,0	0,7	2,3	*100*	*100*
2.5	0,0	0,0			55,0	0,0	44,3	97,7	0,7	2,3	*100*	*100*
2.6	86,7	87,4			12,2	10,0	0,4	0,4	0,7	2,3	*100*	*100*
Reliability / **Metro** *N=96 (2006)*												
N=164 (2004)	**2006**	**2004**			**2006**	**2004**	**2006**	**2004**	**2006**	**2004**	*2006*	*2004*
2.1	1,0	1,0			0,0	0,0	0,0	0,0	99,0	99,0	*100*	*100*
2.2	99,0	99,0			0,0	0,0	0,0	0,0	1,0	1,0	*100*	*100*
2.3	99,0	99,0			0,0	0,0	0,0	0,0	1,0	1,0	*100*	*100*
2.4	97,0	98,0			2,0	1,0	0,0	0,0	1,0	1,0	*100*	*100*
2.5	0,0	0,0			0,0	0,0	99,0	99,0	1,0	1,0	*100*	*100*
2.6	51,0	98,0			48,0	1,0	0,0	0,0	1,0	1,0	*100*	*100*
Reliability / **Tesco** *N=208 (2007)*												
N=211 (2006)	**2007**	**2006**			**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	*2007*	*2006*
2.1	4,3	8,1			0,0	0,0	0,0	0,0	95,7	91,9	*100*	*100*
2.2	96,6	92,4			0,5	0,0	0,0	0,5	2,9	7,1	*100*	*100*
2.3	95,2	91,0			0,5	0,0	1,4	1,9	2,9	7,1	*100*	*100*
2.4	78,4	84,4			17,3	6,6	1,4	1,9	2,9	7,1	*100*	*100*
2.5	0,0	0,0			0,0	0,0	97,1	92,9	2,9	7,1	*100*	*100*
2.6	84,6	89,6			11,1	1,4	1,4	1,9	2,9	7,1	*100*	*100*

Secondly, the *repeatability* of a measure is evaluated by assessing how the surroundings may affect the outcome of the measurement process. The *repeatability* of a measure tested by the reliability test 2.2, increases the credibility of the outcome. In the test 2.2 the effect of surroundings is considered. *A majority of the analysed measures are reliable in the dimension of repeatability*, especially for Ahold and Metro. In Carrefour's case a tenth of the analysed measures are partially reliable in repeatability, but

almost the rest of the measures are reliable (2006 90 % and 2005 89 %). For Tesco there are also less repeatable measures (2007 97 % and 2006 92 %), but unlike for Carrefour there are no partially reliable measures: the rest of the measures are not evaluated since there has not been data to conduct the test (2007 3 % and 2006 7 %). The measures with no value from test 2.2 are measures concerning awards and acknowledgments from third parties; the evaluation of the awards is left out of the scope of the study due to time limitations.

Thirdly, the difficulty of forming a measure is evaluated with a reliability test 2.3. Again, *most measures are evaluated as reliable* when assessing the effect of values in using the measure. Again, this is the case especially for Ahold and Metro. For Carrefour, around a tenth of the analysed measures are partially comparable (2006 11 % and 10 % 2004). In Tesco's case, the measures are not evaluated since there has not been data to conduct the test (2007 3 % and 2006 7 %). Also for test 2.4 the measures with no value are measures concerning awards and acknowledgments from third parties.

Fourthly, the technique of forming a measure is assessed in the test 2.4. The aim of the test is to see which data is estimated and which is calculated and thus give a value for accuracy of the measure. The results from test 2.4 are similar to results from previous tests; a *majority of the measures are reliable,* Ahold and Metro having a little less than 100 per cent of reliable measures. For Tesco, the case of no data is similar than for previous tests: the portion of measures with no value is the same (2007 3 % and 2006 7 %). However, there are less reliable measures than for tests 2.2 and 2.3, since some measures are partially reliable (2007 17 % and 2006 7 %). The share of reliable measures is still more than 70 per cent (2007 78 % and 2006 84 %). For Carrefour, the results are numerically similar to test 2.3 meaning that for the majority of the results the technique of creation is described or it is possible to approximate it.

Fifthly, the test 2.5 brings some variation to the results. Since a lion's share of the measures for Ahold, Metro and Tesco's reports and for Carrefour's report 2006 are not reliable, *most of the measures in analysed reports are not externally verified.* For Carrefour, the situation is different in report 2006, since approximately half of the measures are partially reliable. This is due to the fact that in 2006 Carrefour reported all its key performance indicators as externally or internally verified for all business units. The key performance indicators were possible to identify from other measures in the report, but it was no longer possible to tell, which business units were externally verified and which were verified by an internal audit body. *Thus the key performance indicators were all awarded the value partially reliable.* This indicates the fact that there has been external verification for some of the business units, which results form the overall key performance indicator, but it is not possible to identify which parts of the measure is externally verified and which is audited internally.

Sixthly, the test 2.6 indicates whether there is evidence to support the outcome of the measure by identifying the source of the information provided. After the test phase of analysis frameworks described in detail in methodology chapter, test 2.6 was added to the analysis framework for reliability. It is supposed to balance the overall portrayal of reliability, since in test phase none of the measures were externally verified. *The information source is identifiable in more than 80 per cent of the measures in all reports analysed*, except for Metro's report from the year 2006 (51 % reliable). The rest of the measures are partially reliable indicating that it is to some extent clear how the measure is obtained. Only Tesco has some non-reliable measures when considering the source of the information.

5.4 Comparability of measures of social dimension of corporate responsibility

The comparability tests 3.1, 3.2 and 3.3 address the dimensions of comparability. Comparable measure enables the dissection of performance of different companies over time (test 3.1) as well as the performance within one organisation (test 3.2). The comparability is critical for performance measures since they have no meaning without it. In reality measures need to be changed, thus all changes to a measure should be reported as well (test 3.3).

The measures analysed from Ahold, Carrefour, Metro and Tesco's CR reports are indeed to little extent comparable with each other. *Ahold and Metro reports have relatively more comparable measures with others' reports than Carrefour and Tesco.* This may be explained by the total amount of measures in Ahold and Metro reports, since the amount is more moderate compared to the amount of measures in Carrefour's and Tesco's reports. For Ahold latest report 2005 as much as 13 per cent of analysed measures are comparable to other companies' measures. In Ahold's previous report the ratio is approximately half of the latest report (2004 7,7 %). In Metro's case, the ratio is vice versa: in the latest report there is one comparable measure out of 20 for test 3.1 (2006 5,2 %). However, in the previous Metro's report comparable measures consist of one tenth of the analysed measures (test 3.1 2004 9,8 %). Carrefour's and Tesco's results from test 3.1 are similar, since only around 2 per cent of analysed measures are comparable with other companies' measures (table 11).

When considering the ratio of partially comparable measures from test 3.1, the trend seems similar to comparable measures. *In Ahold's report from the year 2005, almost half of the measures are partially comparable to measures used in other reports* (46,3 %) and in 2004 little less than one third of all measures (29,7 %). For other companies the frequencies of partially comparable measures is higher than for comparable, but it is

not on the level of Ahold. Around one tenth of Metro's reported measures are partially comparable (3.1 2006 7,3 % and 2004 10,4 %). All in all, *for Carrefour and Tesco nine out of ten measures are non-comparable* with measures from other companies, whereas for Ahold the portion of non-comparable measures is around half of the total amount of analysed measures (table 11).

Table 11: Relative frequencies from comparability tests 3.1–3.3 for all companies

	Comparable (%)		Partially comparable (%)		Non-comparable (%)		– (No data to carry out the test – (%)%)		Total (%)	
Comparability / Ahold *N= 54 (2005)* *N= 155 (2004)*	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**	**2005**	**2004**
3.1	13,0	7,7	46,3	29,7	40,7	62,6			100	100
3.2	46,3	49,0	13,0	12,9	40,7	38,1			100	100
3.3	46,3	49,0	0,0	0,0	0,0	0,0	53,7	51,0	100	100
Comparability / Carrefour *N= 460 (2006)* *N= 523 (2005)*	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
3.1	2,4	2,1	3,5	6,5	94,1	91,4			100	100
3.2	78,0	69,9	3,3	1,7	18,7	28,4			100	100
3.3	78,0	69,9	0,0	0,0	0,0	0,0	22,0	30,1	100	100
Comparability / Metro *N=96 (2006)* *N=164 (2004)*	**2006**	**2004**	**2006**	**2004**	**2006**	**2004**	**2006**	**2004**	**2006**	**2004**
3.1	5,2	9,8	7,3	10,4	87,5	79,9			100	100
3.2	46,9	44,5	5,2	5,5	47,9	50,0			100	100
3.3	46,9	44,5	0,0	0,0	0,0	0,0	53,1	55,5	100	100
Comparability / Tesco *N=208 (2007)* *N=211 (2006)*	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
3.1	1,9	1,9	5,8	4,3	92,3	93,8			100	100
3.2	27,9	29,4	9,6	9,5	62,5	61,1			100	100
3.3	27,9	29,4	0,0	0,0	0,0	0,0	72,1	70,6	100	100

Comparability test 3.2 aims to aid in forming an image on comparability within the companies. The data used for the test 3.2 are all the reports fully analysed as well as the coded reports from year 2002 (for Tesco 2002/2003). *The lowest comparability of measures analysed is for Tesco's reports: only on third of the measures are comparable*

within the company (2007 27,9 % and 2006 29,4 %). Then again, Tesco's reports have one out of ten measures partially comparable, which is more than partially comparable measures for Metro or Carrefour. However, *Carrefour has as much as 70 (2005) to 80 per cent (2006) of measures comparable within the company over time. Metro and Ahold have approximately half of their measures comparable over time* (Ahold 2005 46,3 % and 2004 49 %; Metro 2006 46,9 % and 2004 44,5 %). Ahold's reports have also more than 10 per cent of measures partially comparable over time within the company (2005 13 % and 2004 12,9 %), which is higher than for any of the other companies (table 11).

The final comparability test concerns the changes made to the measure. The results from the test retell the pattern of test results 3.2, since the measures comparable are naturally not changed over time. For the rest of the measures, there was no data to analyse, whether they had been changed over time.

5.5 Appropriate measures of social dimension of corporate responsibility

The accurate evaluation of companies' CR performance requires measures that perform well in all sectors of appropriate CR measures. Appropriate measures are valid, reliable and comparable at the same time (Chatterji & Levine 2006, 32–5). The screening of the data analysed is done by assessing overall validity, overall reliability and overall comparability together. Values are awarded for individual tests generating high validity (except 1.1.2), reliability and comparability. Finally the overall validity, reliability and comparability are gained by adding the values from tests of each ensemble, i.e. validity, reliability and comparability.

The most appropriate measures similarly valid, reliable and comparable are in Ahold's (2005) and Metro's (2006 & 2004) reports. They all concern the theme of employment issues (EMP), and the code of the measures is employee remuneration and benefits (ERB). The measure cluster[15] describes the amount of money used in the activity, which is in all measures the amount of employment costs and benefits. The measures have gained the highest possible overall validity (3), the most usual overall reliability (4) and the highest possible overall comparability. In practice, the value of 4 is the highest possible value for overall reliability, since tests 2.1 (measure based on existing guideline, initiative or system) and 2.5 (external verification) provide mainly non-reliable or partially reliable results. There are no reliable measures from test 2.5 (see table 10 in chapter 5.3). The measures reliable from test 2.1 concern externally hon-

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[15] Clustering of measures is explained in the methodology chapter.

oured awards with no other test results, since there is no data to evaluate the rest of the tests. The only exception is Tesco with five measures (3 in 2007 & 2 in 2006 reports) gaining reliable value for test 2.1 concerning measures assessable in other tests too. The overall reliability gains value 5 for one of the measures[16], otherwise it is 4.

Table 12: The most appropriate measures in the data analysed

Company, reporting year	Page number	Theme of the measure	Code of the measure	Measure cluster	Measure description	Overall validity	Overall reliability	Overall comparability
Ahold 2005	3	EMP	ERB	AMON	Amount: Salaries and wages (€)	3	4	3
Ahold 2005	3	EMP	ERB	AMON	Amount: Pension expenses (€)	3	4	3
Ahold 2005	3	EMP	ERB	AMON	Amount: Total employee benefit expenses (€)	3	4	3
Metro 2004	i	EMP	ERB	AMON	Amount of pensions and support schemes (€)	3	4	3
Metro 2004	i	EMP	ERB	AMON	Amount of total wages and salaries (€)	3	4	3
Metro 2004	i	EMP	ERB	AMON	Amount of total personnel expenses (€)	3	4	3
Metro 2006	2	EMP	ERB	AMON	Amount of total personnel expenses (€)	3	4	3
Metro 2006	2	EMP	ERB	AMON	Amount of total wages and salaries (€)	3	4	3
Metro 2006	2	EMP	ERB	AMON	Amount of pensions and support schemes (€)	3	4	3

Thus the appropriate measures are highly valid according to three validity tests, reliable in four tests out of six and comparable according to all tests. *The most appropriate measures are identical in the terms of theme, code for the measure and the measure cluster.*

For the rest of the analysed data, none of the measures is as valid, reliable and comparable at the same time as the measures presented in table 12 when using the tool of overall validity, reliability and comparability. When assessing the rest of the measures, overall validity gains a value less than 3, the value of overall reliability is less than 4 or the overall comparability is less than 3 even though some of the values may be at their maximum.

The next measures, where the overall comparability decreases to the value of two and validity and reliability stay as high as before (validity as 3 and reliability as 4), are more heterogeneous than the most appropriate ones. *Still the theme of employment issues dominates* (five out of nine measures), but codes for individual measures are more

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[16] The measure concerns sales of huss after February 2007 according to the *Fish to avoid* policy, which describes the sourcing fish from sustainable fisheries and suppliers.

varied. This is explained by the fact that employment issues have been traditionally important in Europe (e.g. Elkington & Dijk 1999, 503). In addition, since there is a significant amount of employment related measures in the analysed reports, there is higher probability of them representing the most appropriate measures than the measures from less frequent themes. The measure clusters of the measures with lower comparability but still reliable and highly valid include more varied types of measures: there are also ratios and combined information as well as one frequency measure (number of people). The complete list of measures with overall high validity (3) and overall validity of higher than the value of 2 are listed in the appendix 11.

When listing the measures analysed in reports *by their overall value in comparability*, 16 more measures appear besides the measures described in appendix 11. The measures with an overall comparability as high as 3, gain a value from 1/3 to 1 1/2 for the overall validity, while the overall reliability is constantly 4.

All the appropriate measures are possible to spot by reviewing the overall validity and comparability. When listing the measures by their overall reliability, most of the measures are then under inspection, since a majority of the measures are reliable in all tests (table 10, chapter 5.4). Thus the search of most appropriate measures is logical by proceeding as it has been described in this chapter.

6   CONCLUSIONS

> *... systems for measuring the value created to the business in these areas [i.e. corporate social responsibility and sustainability] are not nearly as well developed as those for measuring economic value creation. If significant progress is to be made, a comprehensive and broadly accepted system to measure sustainable corporate performance is necessary. (Ahold 2002, 7)*

The theoretical background of this study augured, that the measures of social dimension have aspects that need developing. The theoretical framework and the managerial implications of this study as well as the statement by Ahold are discussed in the following.

6.1   Theoretical conclusions

According to literature on CR, measures are central in gaining plausibility among the stakeholders (e.g. Wilenius 2005). The purpose of measuring social dimension CR is to determine the performance level for managers and stakeholders, who demand proof of company's accountability (Zadek et al., 1999b, 20). In this study, the measures are determined as *performance level of an action of social dimension of CR.*

After the test phase of the analysis frameworks suggesting a moderate amount of measures, the final high amount of measures in Tesco's and especially in Carrefour's reports is remarkable. When assessing the development stages of CR reporting, Carrefour's and Tesco's approach can be described at least as *active*. Ahold and Metro are less developed when assessing the quantity of measures. However, the development stage is not solely determined by the amount of used measures.

Still when analysing reports, it came apparent that there are several *potential measures* in all reports. This is more apparent for Metro and Ahold, which encompass fewer measures than Carrefour's and Tesco's reports. In Metro's and Ahold's reports there are several issues of social dimension addressed in the reports, but the presentation of these issues does not meet the level of decision rules for measures used in this study. For instance, it is communicated in the Metro's report (report 2004) that Metro has acted in order to promote and increase the level of CR. Additionally, when comparing the reports from Ahold and Metro to the reports of Tesco and Carrefour, similar issues are discussed. Still, Metro has chosen *not* to report exact levels of performance. The question of *why* Metro might not have an exact performance level communicated is interesting. The difference may be explained by the national differences in Europe, e.g. in Germany environmental protection has longer tradition in corporate responsibility dis-

cussions than discussing social issues. Other explanation, also strongly suggested by the theories, is that *it might be hard to gather valid, reliable and comparable data from all business units, since there are not enough measures for social dimension of CR developed in the company*. Ahold's report (2002) quoted in the beginning of the chapter spells out the challenge clearly: the systems of measuring social dimension are not as developed as the systems of indicating the economical performance.

The *themes of social dimension of measures* are grouped according to the literature. The overall distribution of themes of social dimension in the reports is not addressed in this study, since the interest is on the appropriate measures of social dimension of CR. The division of themes proved to be accurate since it gained support from the data, even though two of the themes were not to be found in the measures at all, namely trade with tyrannical regimes and non-sustainable industries. There was some discussion on non-sustainable products, namely tobacco and alcohol (Tesco 2007), but the discussion was not developed into measures or exact performance levels.

The altering emphasis of themes of measures between companies' reports is partially explained by the CR tradition of the country of origin, since the variation of themes of social dimension of used measures between different reports from the same company is little, even though the amount of measures might differ greatly (e.g. amount the of measures in Ahold reports 2005 and 2004). Thus, there is clearly a logical system in presenting the issues of social dimension of corporate responsibility.

Using validity, reliability and comparability tests developed purposefully for this study, the appropriateness of measures from the reports is assessed. The validity and reliability tests were updated according to the test phase (additions in bold text in figure 19). *Validity* tests are developed according to the literature and they address stakeholders' interests, completeness of the measure, context and the relevance in general. By *reliability* tests it is aimed to evaluate the possibility of the measure being based on an existing measurement system, measure's repeatability, the effect of value judgements to the formation of the measure, measurement technique, existence of external verification and original source of the information. *Comparability* tests again estimate if the measure is comparable over time with other companies and within the company itself and have the changes of the measure been communicated.

The level of validity of used measures varies greatly depending on the stakeholder group and the company. The level of *relevance in general* is rather good for the latest reports from food retailers (except for Tesco) indicating that the measures used have either a benchmark or a goal communicated. The level declines dramatically for the previous published reports (except for Tesco, for which the level stays as almost the same), indicating that the companies have paid more attention to benchmarking or communicating a goal for a measure in the latest published reports. The *stakeholders' interests* are determined by the theoretical framework with combined sources (Bennet &

James 1999, 45–46; Hackstone & Milne 1996, 105–108; Storebrand 2003, 4–5; Global reporting initiative 2006, 30–36; CIAA 2002, 33–43) and thus the values for test regarding stakeholders' interests is derived from the theory. As a result for all companies, some stakeholder groups are emphasised and the ratios are similar from individual company's one report to another, and the ratios are more different between companies. Since the interest of stakeholders is determined by the themes of measures, again the result may be explained by the varying approaches in the country of origin.

The *boarders to the measured entity* are sufficient in almost all reports with few exceptions, were the limits are somewhat sufficient (Tesco 2007 & 2006; Ahold 2004). However, the portion of sufficient limits over somewhat sufficient limits is not immense, thus the amount of valid measures is not dominating. The *context* of measures is evaluated even less valid than partially valid. The imbalance in amounts of high validity from tests leads to the situation where the *overall validity is high for only few measures*.

Reliability tests provided more homogeneous results. The most striking observation is that almost none of the measures are surely based on external systems or are externally verified. From other tests measures are mainly reliable or partially reliable, except for awards, which gain no value for tests 2.2–2.6. *There is not much variation in the overall reliability* as a contrast to the overall validity. In spite of this, rather than indicating that the measures are reliable, *the results might imply that the process of evaluating reliability is not suitable*. This is simply explained by the fact that there is not enough data or time to evaluate all aspects of reliability in a critical manner. Descriptive examples of shortage of information are Carrefour's reports (2006 & 2005), which state that they have been partially externally verified and that a portion of the measures is based on existing systems. A relevant discussion is, why to go so far in bringing these issues up but not finishing the task by clearly stating which measures are then externally verified and which are based on existing systems.

Comparability tests again show that the reporters with fewer measures, i.e. Ahold and Metro, have more comparable measures *with other companies,* i.e. Carrefour and Tesco: approximately half of the measures listed in Ahold's and Metro's reports are comparable with other reports. The comparability *within the company* is highest in Carrefour's reports (70–80 %) and lowest for Tesco (approximately 30 % in 2006 and 2007). The *change of measures* is not reported explicitly in any of the reports and therefore the results from the test are concluded from results of the test 3.2 thus bringing no new information. Nonetheless, the results from comparability tests are encouraging since there is notable comparability between and within companies - perhaps more than the theoretical background suggested.

The process of forming a measure
- Understanding the CR goal
- Identifying initiatives, standards and guidelines needed /in use
- Determining benchmarks
- StakeholdersÕ expectations and stakeholder engagement
- Identifying the influence of values in measuring

Existing systems in general
- Initiatives
- Guidelines
- Standards
- Policies
- Management systems
- Awards

VALIDITY
- StakeholdersÕ interests
- Completeness
- Context
- **Relevance in general**

RELIABILITY
- Existing measurement system
- Repeatability
- Value judgements
- Technique
- External verification
- **Original source of the information**

COMPARABILITY
- Between companies
- Over time (in the company)
- *Changes*

AN APPROPRIATE MEASURE

Figure 19: The composition of an appropriate measure of CR and the forces affecting it with emerged concepts

When assessing the overall validity, reliability and comparability, the most appropriate measures are possible to determine in the intersection of the concepts. As an end result, there are only nine appropriate measures in all reports analysed. This result supports the statement that *a reliable measure usually suffers from low validity to stakeholders*, since an issue easy to measure is usually indifferent to the stakeholder group (Chatterji & Levine 2005, 33). The connection between high reliability, comparability and validity seems to be reverse: when overall validity is high, overall reliability is mostly less than its maximum (except for the measures presented in appendix 11). However, all measures with maximum overall comparability have gained the maximum overall reliability.

When evaluating the results from validity tests, it is concluded that the *ideal type of a measure is something that has both its aim and compliance communicated*. Thus in an

ideal communication of validity, it should be possible to combine the aspects of aim and its compliance (figure 19). The results from analysed reports point out that the combinations are rare.
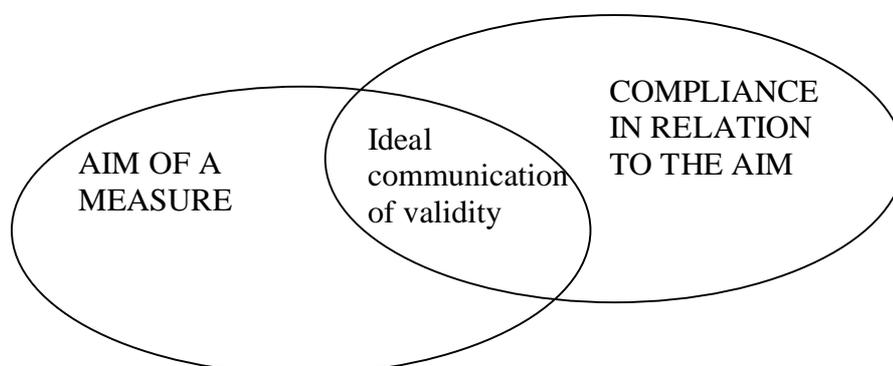

Figure 20: Ideal communication of validity

The reports analysed mainly consist of text stating the values or aims of a company's social dimension of CR. The measures indicating the performance level of the company are overall mostly somewhat valid or indifferent. Due to the fact that most of the measures are not communicating the validity of measures in an ideal way and the comparability of the measures is not predominant, *majority of the measures are not appropriate enough by the criteria used for the study*. The development stage of reports (figure 5 in chapter 3.2 and figure 9 in chapter 3.5) may explain the used level of measures, i.e. the companies have not fulfilled the requirements of preceding stage and thus they have not yet enough practice to compose appropriate measures.

All in all, the analysis frameworks and decision rules developed for this study may be used in later studies. By modifying the three-step approach, which firstly identifies the measures, secondly the dimension of CR and lastly analyses the reliability, validity and comparability, it is possible to analyse different aspects in other CR reports. In addition, instead of social dimension of CR it is possible to either identify other dimensions of CR, namely economical and environmental, or use the frameworks in the analysis related to reports of companies from another industry.

6.2   Managerial implications

For Ahold and Metro, which report their CR and not disclose many measures on social dimension of CR, not much is needed in order to gain the similar level of measures with the Carrefour and Tesco enclosing several performance levels. The notion is made based on the results from overall validity, reliability and comparability tests. When only nine measures out of all analysed measures were similarly valid, reliable and compara-

ble, namely appropriate, creating "inappropriate" measures seems to be the trend. When assessing the validity determined by the stakeholders, performance level is seen as precondition for benchmarking, limits etc. Thus disclosing less than competitors might be seen as lagging behind in reporting activities.

Yet again, for stakeholders an analytical tool is needed for evaluating the performance levels, since it is misleading to trust that the amount of communicated performance levels as the only suitable criteria for the development stage of a report. A deeper analysis is needed in order to reveal the aspects of measures.

Own-brand products are another point for stakeholders to concentrate on. Food retailers claim to have the highest influence over their own-brand products compared to manufacturers' products (also Metro 2005, 5):

> *... we see private label as our primary means to address sustainability issues in the supply chain, as we have the most control over production of our own brand products. (Ahold 2004, 21)*

If this is the case, especially information on social dimension of own-label products should be available. Remarkably none of the most appropriate measures are concerning products. However, there is a measure concerning own-label products gaining high values in overall validity and in overall reliability, but its comparability is lower than the most appropriate measures thus (appendix 11).

For companies, the main focus in developing measures of social dimension of CR should be on developing *more valid indicators*. When considering the reports analysed, this could be possible by combining information from several performance levels into a more complicated measure. Of course, it is possible that by creating more complex measures, the comparability and reliability of them decreases. However, by creating more valid measures, companies would move further up on the development stages of CR reporting. This is beneficial for the stakeholders receiving more meaningful information from the company. In addition, it is advantageous for the company, since it would enable them to communicate the social dimension of CR in more active or even in interactive ways creating more trust among the stakeholders.

When it has been able to create a measure that meets the set criteria of validity, reliability and comparability, it might turn out to be too expensive to measure. Some say that companies should invest in improving CR measures, since developing and prioritising CR actions generates savings (Chatterji and Levine 2006, 49). In the light of the results from this study, the development of measures in the aspect of validity by combining information is not seen too expensive. However, some of the measures gained low values in validity test 1.2 due to the fact that the measures are not covering enough of company's activities either geographically or in its actions. In these cases, developing measures probably needs more investments, e.g. due to the collection of the data.

Reliability of a measure is greatly increased by external verification of measures. Nevertheless, *external verification is non-existent in analysed reports*, except for Carrefour, where the external verification for key performance indicators exists, but the scope is unclear. *External verification is another necessary step for the companies* in order *to increase the reliability of the reports as well as the trust of the stakeholders*. Additionally, more information on reporting systems is relevant, since now it is not possible to extract the measures based on existing system. This would again increase the reliability of the reports.

Comparability between companies needs improvement, and this gained by developing standards for industries in cooperation with the companies reporting social dimension of CR. The need of comparability between companies is naturally more urgent for stakeholders than for companies, since stakeholders might want to assess the CR performance of competitors. Interestingly, according to the results the comparability within the company is better than between companies. However, the overall trust towards CR measures may not increase unless all aspects of measures are developed.

All in all, the methodology of the CR report is described in detail only in Carrefour's report, and still the description provided has it shortcomings. More detailed descriptions on how the measures are gathered would increase the reliability of the reports and the trust of stakeholders.

6.3   Limitations and suggestions for further study

The study has some limitations. Firstly, more sophisticated computer software for faster analysis would have been suitable. The analysis was rather slow with the tools available due to the vast amount of measures in the reports. The test phase did not provide much warning before hand and thus the change of software would have caused quite a lot of extra work. Secondly, the social dimension of CR taking place in retail outlets was not addressed in a separate code. To some extent, the measures of CR in food retail seem to be dealing especially CR action in the outlets. This is explained by the strong consumer interface of the industry. In this study, the actions and social issues on premises have fallen under the category of CRE.

Broader issues concerning limitations are to do with the stakeholder interests, since the values for the respective test are purely theoretical. For a contemporary image of stakeholders' interests, the company has to engage itself in stakeholder dialogue. Another issue related to the test of validity, reliability and comparability is the *sophistication of the analysis*: with 1 870 measures, which were all tested by 13 different tests, and some of them with five different stakeholder groups, the results from the tests are

bound to be generalisations based on the information only available on the reports. However, it is considered that the analysis is sufficient for research questions.

Thus future studies could first address *how to combine data in order to create meaningful measures according to the criteria developed in this study in cost efficient way*. A deeper study and with more limited scope would probably give more practical and detailed answers to the question. A second, larger question not addressed in this study is, *how to motivate companies to develop the measures of social dimension of CR*. The benefits of developing measures of social dimension of CR should be more elaborated and communicated for companies. Of course, the pressure from stakeholders can do the same trick eventually, but then the change is not necessarily as controlled as it would be if companies would engage themselves in developing the measures. The third interesting aspect would be to analyse *how* the measures used in the reports correspond to the CR statements communicated either in the same report or elsewhere in corporate communication. E.g. if social cohesion of an area is important, is it reflected in measures used? Finally, it would be interesting to evaluate the performance level of social dimension of CR also in other company communication, e.g. in stores.

7   SUMMARY

The conservative means in measuring corporate success are rooted in capitalist thinking, and they do not take into consideration the externalities produced by companies. Externality is a concept used in economics to describe the consequences of economic activity outside the company. The alternative perspective presented by the academics states that eventually external negative influences caused by companies become internal, i.e. affect their business. However, it is not enough that companies say that they are responsible - companies should *prove* their responsibility. Companies should show that they are worth the trust of the public by enhancing their non-financial performance.

The trust is enhanced by measuring CR and reporting the findings. As corporate responsibility reporting has become more popular it is also criticised. The reliability, comparability and validity of CR measures are usually hard to meet. *Reliable* measure would provide the same outcome more than once but this is not always the case when using non-financial metrics. It should be also possible *to compare* different companies over time. A *valid* measure again would provide information that is important to society.

Compared to the indicators of economic and environmental dimension, most indicators for *social dimension* of CR are still developing. Social dimension may be divided into e.g. labour practices and decent work, human rights, society and product responsibility. The most relevant form of corporate responsibility for a company depends on the *industry* the company is doing business in; some companies are innately more close to one type of CR than the other. As an industry, retailing has a major effect on consumers' life. It is believed that compared to other regions, there is homogeneity between European companies in how they report on CR issues.

European food retailing is chosen as the industry in the study. The purpose of the study is to analyse, how appropriate are the measures of social dimension in the leading European food retailers' CR reports. The research question is divided into sub questions:

- How do the measures of social dimension of CR meet reliability?
- How do the measures of social dimension of CR meet validity?
- How do the measures of social dimension of CR meet comparability?

The research question and sub questions are answered by forming analysis frameworks to study the corporate responsibility reports and the measures of social dimension of CR of the four largest European retailers, which report on corporate responsibility. The companies are determined as large by their market shares. The analysis frameworks are formed by combining a number of existing theories on social dimension of corporate responsibility, stakeholder theory and measures of CR.

The research data consists of eight reports analysed from Ahold, Carrefour, Metro and Tesco. The analysis is originated from the latest reports. Additionally, one report

published in year 2002 is coded. The method used in the study is *content analysis*, where the data is coded by using a priori designs based on theory and some based on the issues emerging from the data. Content analysis is a research method that relies on scientific methods, is systematic and has defined procedures, is used for interpreting messages and creating meanings from data in a valid way, and concentrates on analysing text. The approach of the research is booth qualitative and quantitative.

When discussing the wider costs and impacts of satisfying consumers' needs, marketing becomes somewhat obsolete, whereas the stakeholder theory provides a more useful framework. The interests of stakeholders determine the company's existence and the company may exist only if it succeeds in fulfilling the needs of most important stakeholders. Relevant core stakeholder groups for companies are usually *employees, communities, suppliers, clients or customers* and *investors*, which are also considered as the primary stakeholders. Also other divisions of stakeholder groups exist. However, only the primary stakeholders are taken into consideration when forming the analysis frameworks for the study. Interests of all stakeholder groups are combined in a table 13 in appendix 3.

Several definitions of social dimension of corporate responsibility have been formed, and many of them are overlapping in some. It is possible to divide social dimension into 7 themes, namely *human rights and labour conditions in the supply chain, employment issues, product responsibility, voluntary actions, stakeholders and society, trade with tyrannical regimes and non-sustainable industries.* The criteria for grouping the themes have emerged from the definitions and the author of the study has named them accordingly. The interests of a particular stakeholder group are identified by combining the theories on different stakeholders' interests presented by scholars (see appendix 5). In this study, a measure is determined as indicating the level of the corporate responsibility performance or identifiable stage of corporate responsibility processes.

Currently, corporate responsibility measures are used in several connections. This study is mainly concerned with CR reports. In CR *reports* measures are used to describe the company's level of CR to different stakeholders. The approaches to CR report vary geographically.

In general, there exist instructions to the successful process of gaining measures of corporate responsibility. When defining the indicators, the company should (1) be able to understand what is critical and relevant for it. Additionally, the company should (2) consider the commitments they need to support their policies and (3) be able to determine the benchmarks for their performance. Lastly, (4) the expectations of stakeholders need to be clear. In measuring CR, both financial as well as non-financial measures are used, but in different ways than in contemporary accounting. It is remarkable to realise that measuring abstract and multidimensional issues, e.g. human rights, is challenging, since asking even simple issues generate diverse answers within the company. The

process of forming a measure affects the appropriateness of a measure of corporate responsibility.

There have been several criteria and principles developed for meaningful CR measures. The name of single criterion may vary, but when inspecting it closely, it usually has aspects similar to other criteria. *Reliability, validity and comparability* may be used as evaluation criteria for the measures, standards and codes relating to non-financial performance of corporations.

The dimensions of validity used in this study are stakeholders' interests, completeness and context of a measure. For reliability, repeatability and the technique of forming a measure as well as external verification are important. In addition, a measure should be comparable over time, with measures from other companies and to other measures. In addition, all changes to a measure should be reported, since it affects the possibility to compare it in relation to other entities. If the measures are not valid, reliable and comparable at the same time, it is virtually impossible to analyse the externalities produced by a company in different contexts. Thus the evaluation of companies' CR performance requires measures that perform well in all sectors. Using validity, reliability and comparability tests developed purposefully for this study, the appropriateness of measures from the reports is assessed. The validity and reliability tests were updated according to the test phase.

Successful corporate communication serves the formation of an auspicious relationship between a company and its stakeholders. By creating the ideal non-financial measures, it is possible to see where the markets are possibly and evaluate the company's performance.

In results of the study, there is altering emphasis of themes of measures between companies' reports as expected. The amount of measures proved to be higher than it was likely after the test phase. The level of validity of used measures varies greatly depending on the stakeholder group and the company. *Reliability* tests provided more homogeneous results. The most striking observation is that almost none of the measures are surely based on external systems or are externally verified. *Comparability* tests again show that the reporters with fewer measures have more comparable measures with other companies. As an end result, there are only nine appropriate measures in all reports analysed. This result supports the statement that *a reliable measure usually suffers from low validity to stakeholders*, since an issue easy to measure is usually indifferent to the stakeholder group. As a conclusion, *majority of the measures are not appropriate enough by the criteria used for the study*. It is also concluded, that the ideal type of a measure is something that has both its aim and compliance communicated. Thus in an ideal communication of validity, it should be possible to combine the aspects of aim and its compliance.

For companies, the main focus in developing measures of social dimension of CR should be on developing more *valid* indicators. External verification is another necessary step for the companies in order to increase the *reliability* of the reports as well as the trust of the stakeholders. *Comparability* between companies needs improvement, and this gained by developing standards for industries in cooperation with the companies reporting social dimension of CR. Finally, more detailed descriptions on how the measures are gathered would increase the reliability of the reports and the trust of stakeholders.

Broader issues concerning limitations to the study are to do with the stakeholder interests, since the values for the respective test are purely theoretical. For a contemporary image of stakeholders' interests, the company has to engage itself in stakeholder dialogue. Another issue related to the test of validity, reliability and comparability is the *level sophistication of the analysis*, which may have been better, if there had been more time to conduct the study.

When assessing the trustworthiness of the study, it can be stated that the use of content analysis minimises some threats to qualitative research, but brings along new challenges. Especially the process of coding distinguishable to content analysis is dominating when assessing the reliability of the study, and the lack of multiple coders diminishes the reliability of the study. However, all possible actions are taken to diminish the unreliability by increasing the reproducibility (replicability). These activities are thought to be sufficient for the purpose of this study. In addition, some central aspects of content analysis are addressed in a thorough manner, e.g. a priori design and training, and thus the study is considered reliable.

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APPENDIX 1: THE EMPLOYMENT RATE OF RETAILING IN EUROPE

		NO. of employees	No. of retail employees as %t of total population		
1	Austria	287 100	3,6		
2	Belgium	191 536	1,8		
3	Bulgaria	205 324	2,6		
4	Czech Republic	381 015	3,7		
5	Denmark	193 182	3,6		
6	Estonia	42 744	3,2		
7	Finland	108 408	2,1		
8	France	1 691 645	2,8		
9	Germany	2 540 000	3,1		
10	Greece	483 724	4		
11	Hungary	154 173	1,5		
12	Ireland	152 419	3,8		
13	Italy	706 035	1,2		
14	Latvia	80 990	3,5		
15	Lithuania	133 500	3,9		
16	Luxembourg	14 600	3,3		
17	Netherlands	743 200	4,5		
18	Norway	184 766	4		
19	Poland	970 289	2,5		
20	Portugal	437 625	4,2		
21	Romania	na	na		
22	Russia	1 932 000	1,3		
23	Slovak Republic	239 936	4,5		
24	Slovenia	49 787	2,5		
25	Spain	1 507 862	3,5		
26	Sweden	208 637	2,3		
27	Switzerland	356 535	4,8		
				Average no of employees per country	*Average % of employees per country*
28	UK	3 217 000	5,4		
		17 214 032	**87,2**	**637 557**	**3**
	USA	21 165 862	7,5		

Source: Mintel 2004, 13

APPENDIX 2: THE LARGEST EUROPEAN RETAILERS AND THE CR REPORTING ACTIVITY

Table 13: The largest European retailers and their CR reporting activity

Company	Country of origin	Position / market share in Europe	Sales 2006 (billion Dollars)	Sales 2005 (billion Dollars)	Worldwide sales 2003/2004 (€m, excl. tax)	Web pages with CR / sustainability issues	CR report available	Years available	*If there is no report, where has the report been looked for?*
Carrefour S.A.	France	1.	99,91	104,60	70 500	yes	yes	2001–2006	_
Tesco PLC	United Kingdom	2.	n/a	65,20	33 600	yes	yes	2002-2007	_
Intermarché/ITM Entreprises	France	3.	n/a	n/a	38 400	no	no		Home pages; www.enviroreporting.com; www.corporateregister.com
REWE-Zentral AG	Germany	4.	n/a	46,80	30 730	yes	no		Home pages; www.non-financial-reporting.de; www.enviroreporting.com; www.corporateregister.com
Edeka Zentrale AG	Germany	5.	n/a	39,11	n/a	some	no		Home pages; www.non-financial-reporting.de; www.enviroreporting.com; www.corporateregister.com
Metro AG	Germany	6.	75,13	69,70	28 171	yes	yes	2002; 2004; 2006	_
Aldi	Germany	7.	n/a	n/a	33 400	no	no		Home pages; www.non-financial-reporting.de; www.enviroreporting.com; www.corporateregister.com
Ahold	The Netherlands	-	55,31	n/a	39 400	yes	yes	1998; 2000; 2002; 2004; 2005	_
Source:		*Corporate Intelligence on Retailing (2000)*	*Datamonitor (2007, 22–26)*	*Datamonitor (2006, 14–15)*	*Mintel: European retail handbook (2004/5, 213, 253, 428, 690)*				

The table is formed by firstly listing all the companies in the Corporate Intelligence's list accompanied with Ahold mentioned in other sources. Secondly, the complementary data from other sources was added next to the respective company.

APPENDIX 3: THE STAKEHOLDERS' INTERESTS, RETAILERS' EXPECTATIONS AND PRIMARY STAKEHOLDERS

Table 14: Interests of primary stakeholders by different scholars

Primary stakeholders (Clulow 2005, 982)	Stakeholder group	Interests or stakeholders regarding retailers	Expectations of retailers towards stakeholders (direct or indirect)	Source
X	Employees	Levels of pay, differences in male and female pays, equality in opportunity in promotion, testing the employees (e.g. drugs or deceases), recruitment policies, health and safety concerns, union representation and demands on retail staff for longer opening hours		Whysall 2000, 311
		Safe working environment		Niskala & Tarna 2003, 54
		The treatment of employees: gender and ethnic ratios, pay rates, benefits, holidays, training and information about job satisfaction		Elkington & Dijk 1999, 506
		Staff composition, staff turnover, equality of treatment, training, working hours, schemes of wages, absence from work, employees' benefits, industrial relations, in-house communications, health and safety, personnel's' satisfaction, workers rights, disciplinary measures and litigation		Perrini 2005, 615
		Reasonable compensation in money, recognition, self-respect, working environment, inspiration, security (continuity and permanence), chances of promotion		Näsi 1995, 111
X	Customers / Clients	Health & safety, pricing, privacy, vulnerability		Whysall 2000, 310
		Environmental protection and eco-efficiency		Niskala & Tarna 2003, 54
		Demand of proofs on companies' responsibility		Elkington & Dijk 1999, 506
		General characteristics, market development, customer satisfaction, customer loyalty, product/services information and labelling, ethical products and services, promotional policies, privacy		Perrini 2005, 615
		Reliability of products, product development, prices, guarantee, service (spare parts and garage), continuity		Näsi 1995, 111
X	Suppliers	Profitability	Respecting copyrights	Whysall 2000, 310

		Contracts with retailers	Human rights	Niskala & Tarna 2003, 54
		Supplier management policies, contractual conditions		Perrini 2005, 615
			Labour conditions in supply chain	Elkington & Dijk 1999, 506
X (suppliers of one kind)	Service providers	Profitability	Indirect impacts to the society (varies according to the sector)	Whysall 2000, 310
X	Community	Convenience: services, public facilities and infrastructure; supporters of good causes		Whysall 2000, 311–312
		Use of raw materials		Niskala & Tarna 2003, 54
		Corporate giving, direct contributions in the different intervention fields, stakeholder engagement, relations with the media, virtual community, corruption prevention		Perrini 2005, 615
		Provide jobs; supporting charity		Elkington & Dijk 1999, 506
X (as community)	Society	Jobs		Niskala & Tarna 2003, 54
		Reliability of the firm, nationality, services of the society, social development, economic expectations (salaries and taxes)		Näsi 1995, 111
X	Owners, shareholders	Future wealth		
		Capital stock formation, shareholders'/ partners' pay, rating performance, corporate governance, benefits and services, investor relations		Perrini 2005, 615
		Economic expectations: dividends/yields for investments, price trends for shares, possibility to convert shares into money, forthcoming free issue of bonus shares, other benefits for the shareholders. Other expectations: authority, prestige, membership in administrative bodies.		Näsi 1995, 111
X (investors)	Financial community / Investors	Capital increase	High interest rates in loans	Whysall 2000, 311
		Financial surplus value	Ethical investment	Niskala & Tarna 2003, 54
		Gain profits in a sustainable manner; more information	Demand of responsible funds	Elkington & Dijk 1999, 506
	Lenders	Loan servicing, reliability, permanence, continuity, growth, adaptability to general economic policy		Näsi 1995, 111
		Relations with banks, insurance companies and financial institutions		Perrini 2005, 615
	Managers	Career development		Whysall 2000, 311
	Landlords	Wealth		Whysall 2000, 311

	Activists / NGOs	Rights		Whysall 2000, 311
		Diversity; consumer protection		Niskala & Tarna 2003, 54
	Mass media	Product safety		Niskala & Tarna 2003, 54
	Government	National economy	Legislation	Whysall 2000, 311
		Taxes and duties, relations with local authorities, codes of conducts and compliance with laws, contributions, benefits or easy term financing		Perrini 2005, 615
	Competitors	Market share	Market share	Whysall 2000, 311

APPENDIX 4: DECISION RULES ASSESSING THE SOCIAL DIMENSION OF CORPORATE RESPONSIBILITY

Table 15: The themes and sub themes of social dimension of corporate responsibility and stakeholders' interests

Numbering by themes	*Themes of social dimension of corporate responsibility*	*Description*	*Decision rules*	*Codes assigned by the author of the thesis*
1	*Human rights and labour conditions in the supply chain*		Information about human rights and labour conditions in the supply chain in general	HLS
1.1	*Human rights*	Human rights are defined by several conventions and declarations: United Nations (UN) Universal Declaration on Human Rights and its Protocols; UN Convention: International Covenant on Civil and Political Rights; UN Convention: International Covenant on Economic, Social and Cultural Rights; ILO Declaration on Fundamental Principles and Rights at Work of 1998; the Vienna Declaration and Programme of Action. Information on human rights usually consist of the following: investment and procurement practices, non-discrimination, freedom of association and collective bargaining, abolition of forced labour and compulsory labour, Complaints and grievance practices, security practices and indigenous rights. (Global reporting Initiative 2006, 32)	Information on compliance and violence of human rights	HUM
1.2	*Supply chain*	Supply chain consist of upstream and	Information concerning sourcing, manufacturing and overseas suppliers, e.g.	SCM

		downstream organisations that form a network. They conduct different activities in order to produce products and services for consumers. Managing the supply chain is cooperating and distributing information. (Stainer et al. 1998, 206) Information about the supply chain management should be accountable and transparent.	fair trade, factory monitoring Information about supply chain auditing and management Relations with supply base	
1.3	*Sourcing from local suppliers*		Information concerning sourcing from local suppliers or producers.	SLS
1.3	*Labour conditions*	Labour conditions of the employees may vary depending on the country and region. Labour conditions in the supply chain concern the companies supplying goods and services for the company. In addition to describing the current situation, information about labour conditions should also include suppliers' actions to improve working circumstances. (Modified from Hackstone and Milne 1996, 106; Modified from Storebrand 2003, 4–5)	Information about labour conditions, practices and decent work: Child labour, working conditions, health and safety, bonded labour, slave labour, prison labour, fair wages, home working, freedom of association, living conditions in dormitories, care for employees. (Storebrand 2003, 4–5).	LCO
2	*Employment issues*	Employment issues are related to company's relations with its direct employees, i.e. .the employees within the legal entity.	Information about employment issues in general	EMP
2.1	*Employment related policies and empowerment*	Employment related policies and empowerment are concerned with the position of minorities and women in the company. Policies might include plans how to tackle sexual harassment or affirmative action, like quotas for women or minorities. (Modified from Hackstone and Milne 1996, 106; modified from Storebrand 2003, 4–5)	Information on employment of minorities or women: Recruitment or employing racial minorities and/or women; disclosure of percentage or number of minority and/or women employees in the workforce and/or in the various managerial levels; goals for minority representation in the workforce; programme for the advancement or minorities in the workplace; information on the employment of other special interest groups, e.g. the handicapped, ex-convicts or former drug addicts; disclosures about internal advancement statistics (Hackstone and Milne 1996, 106). Information about employees with disabilities, employees' gender and	EPE

			sexuality, age, race and culture sensitive information Information about raising the awareness of employees about minorities and equality (Storebrand 2003, 4–5). Information about employer ensuring equal employment opportunities and informing workers about employees' rights (CIAA 2002, 39).	
2.2	*Employee training*	Employees are trained and their skills are developed, and it benefits both the employer and the employee (CIAA 2002, 40).	Employee education and training: Information about training employees through in-house programmes; information about giving financial assistance to employees in educational institutions or continuing education courses; information about the establishment of trainee centres (Hackstone and Milne 1996, 106).	ETR
2.3	*Employee remuneration and benefits*	In addition to payroll employees might have other benefits from working in the company (modified from Hackstone and Milne 1996, 106; Modified from Storebrand 2003, 4–5).	Employee assistance/benefits: Information on the assistance or guidance to employees who are in the process of retiring or who have been made redundant; information on staff accommodation/staff home ownership schemes; information on recreational activities/facilities Employee remuneration: Information on amount and/or percentage figures for salaries, wages, PAYE taxes, superannuation; information on any policies/objectives/reasons for the company's remuneration package/schemes Employee share purchase schemes: Information on the existence of or amount and value of shares offered to employees under a share purchase scheme or pension programme; providing any other profit sharing schemes (Hackstone and Milne 1996, 106). Payroll giving (Storebrand 2003, 4–5).	ERB
2.4	*Information about employees*	In order to form a coherent picture of the company's current employment issues, employers collect information about employees. (Adams et al. 1991, 14–22)	Employee profiles: Information on the number of employees in the company and/or at each branch/ subsidiary; information on the occupations/managerial levels involved; information on the disposition of staff – where the staff are stationed and the number involved; statistics on the number of staff, the length of service in the company and their age groups; information on per employee statistics, e.g. assets per employee and sales per employee; information on the qualifications of employees recruited (Hackstone and Milne 1996, 106).	EIN

2.5	*Employee morale*	Employers engage in various actions in order to improve job satisfaction and employee motivation (modified from Hackstone and Milne 1996, 106–107).	Employee morale: Information on the company/management's relationships with the employees in an effort to improve job satisfaction and employee motivation; information on the stability of the workers' jobs and the company's future; information on the availability of a separate employee report; information about any awards for effective communication with employees; information about communication with employees on management styles and management programmes which may directly affect the employees (Hackstone and Milne 1996, 106–107).	EMO
2.6	*Employee health and safety*	The working conditions of employees are in the power of the company (Adams et al. 1998, 11).	Employee and occupational health and safety: Reducing or eliminating pollutants, irritants, or hazards in the work environment; promoting employee safety and physical or mental health; disclosing accident statistics; complying with health and safety standards and regulations; receiving a safety award; establishing a safety department/committee/policy; conducting research to improve work safety; providing low cost health (Hackstone and Milne 1996, 106).	EHS
2.7	*Employee work-life balance*	The work–life balance of employees, e.g. the support for families, and the improvements in health and safety of employees (modified from Hackstone and Milne 1996, 107).	Improvements to the general working conditions – both in the factories and for the office staff; information and statistics on employee turnover; information about support for day-care, maternity and paternity leave (Hackstone and Milne 1996, 107).	EWL
2.8	*Employee downsizing and restructuring*	Downsizing and restructuring of a company, its impacts and the actions by the company towards its staff (modified from Hackstone and Milne 1996, 107).	Information on the re-organization of the company/discussions/branches which affect the staff in any way; The closing down of any part of the organization, the resultant redundancies created, and any relocation/retraining efforts made by the company to retain staff (Hackstone and Milne 1996, 107).	EDR
3	*Product responsibility*	Product responsibility in general including all or parts of its sub themes.	Information about consumer products and product responsibility in general Meeting the consumer needs (CIAA 2002, 33).	PRE
3.1	*Food security*	Food security means the access to safe and adequate food supply. The issue of food security is integral to food and drink industry, and the industry has been contributing into innovating means to guarantee food security.	Information about ensuring food security Information on food sales Information on consumers' buying behaviour	FSE

		The available income affects the food security, and in some developing nations people do not have a secure food supply. (CIAA 2002, 33)		
3.2	*Food regulatory framework*	Complying with the regulations and rules regarding food is a fixed condition for sustainable business. Creating effective and efficient regulatory system is in the interest of all. (CIAA 2002, 36)	Information about complying and violating the food regulations	FRF
3.3	*Food: health and nutrition*	Consumers need information about the ingredients of the food they purchase and its companies' obligation to provide it, since the ingredients of food products influence the health of the consumer. Food and drink industry is also involved in campaigns promoting healthy diets. The concept of a healthy diet varies between countries, cultures and individual's condition etc. For instance, in developing countries the focus s on sufficient nutrition, where as in developed countries the emphasis lies in healthier consumption habits. (CIAA 2002, 37)	Information on health and nutrition impacts of products Information on genetically manipulated food Information on organic food	FHN
3.4	*Product development*	The product development guarantees e.g. better products and more efficient means to serve the customers (modified from Hackstone and Milne 1996, 107).	Product development: The amount/percentage figures of research and development expenditure and/or its benefits; information on any research projects set up by the company to improve its product in any way (Hackstone and Milne 1996, 107).	PDE
3.5	*Product safety*	Product safety is guaranteed with complying with the safety standards. The risk of food being contaminated is diminished by e.g. partnership programmes, but in general food safety is not an outcome of a single actions: it is a result of continuous risk assessment, management and communication (CIAA	Product safety: Information on whether products meet applicable safety standards; making products safer for consumers; conducting safety research on the company's products; information on improved or more sanitary procedures in the processing and preparation of products; information on the safety of the firm's product (Hackstone and Milne 1996, 107). Food safety:	PSA

		2002, 34–35).	Information about risk assessment, management and communication concerning food safety (CIAA 2002, 35).	
3.6	*Product quality*	Product quality is a central theme in making sustainable business, since without quality products the likelihood of sustaining customers is low. Food quality can be understood as the satisfaction of consumers' regarding the products (CIAA 2002, 38).	Product quality: Information on the quality of the firm's products as reflected in prizes/awards received; verifiable information that the quality of the firm's product has increased (e.g. ISO 9000) (Hackstone and Milne 1996, 107). Food quality: Information on consumers' satisfaction with food products, information on quality controls, management methods, product testing (CIAA 2002, 38).	PQU
3.7	*Fair trade products*	Fair trade products are produced differently compared to mainstream products traded customary. Fair trade products aim in delivering benefits to the small producers in developing countries. The benefits for producers are transparent negotiations, information and price premiums. (Bird & Hughes 1997, 159)	Information about the products labelled as fair trade (sales, products etc.)	PFT
3.8	*Animal tested products*	Animal tests are conducted to find out whether a product is safe to use, however it is costly and morally suspicious. The consumers consider moral dilemmas in the light of relevance of the tests, possible alternatives for tests as well as need for new products, which have to be tested using animals. (Adams et al 1998, 34)	Information about the products with animal testing	PAT
4	*Voluntary actions*	Voluntary actions include financial aid and actions that company conducts on voluntary basis (Adams et al. 1998, 23).	Philanthropy and volunteerism Supporting charities, volunteering by staff Information on technology transfer and investment in emerging economies	VAC
5	*Stakeholders and society*	Stakeholder dialogue is seen as an important tool in finding out stakeholders' views (Niskala & Tarna 2003). Additionally, company may have existing policies how to	Information about general stakeholder relations, accountability and stakeholder dialogue Corporate objectives/policies: General information on corporate objectives/policies relating to the social	SSA

		conduct the dialogue (modified from Hackstone and Milne 1996, 108).	responsibility of the company to the various segments of society; any other information that relates to the social responsibility of the company (Hackstone and Milne 1996, 108).	
5.1	*Stakeholder involvement*	Relations to political parties and actors as well as with authorities is an important issue to consider since there might be conflicts of interest (Adams et al., 37–40).	Disclosing/reporting to groups in society (other than shareholders and employees, consumers, NGOs, labour unions) e.g. governments, authorities (modified from: Hackstone and Milne 1996, 108).	SIN
5.2	*Community involvement*	Companies are seen contributing the local community in several ways. They might support voluntary actions in the local community, provide jobs for challenged workers. Additionally they provide information about company's actions in a transparent dialogue with the community. (Modified from Hackstone and Milne 1996, 107–108).	Community development and involvement: Information on donations of cash, products or employee services to support established community; information on activities, events, organizations, education and the arts; information on summer or part-time employment of students; information on sponsoring public health projects; information on aiding medical research; information on sponsoring educational conferences, seminars or art exhibits; information on funding scholarship programmes or activities; information on other special community related activities, e.g. opening the company's facilities to the public; information on supporting national pride/government sponsored campaigns; information on supporting the development or local industries or community programmes and activities (Hackstone and Milne 1996, 107–108). Local communities: Information on the relationships with local store neighbours and community (Storebrand 2003, 4–5).	CIN
5.3	*Customer relations*	By customer relations it is meant the actions the company takes to guarantee the appropriate treatment of its customers. Additionally there might be e.g. campaigns to raise the awareness of consumers in certain issues. (modified from Storebrand 2003, 4–5)	Information how to take into consideration of customers with disabilities, race and culture, gender and sexuality, age, health and safety Information on how to raise the awareness of consumers (Storebrand 2003, 4–5)	CRE
5.4	*Relations with non-governmental organisations*	Non-governmental organisations (NGOs) may be seen as the society's social and ethical consciousness. The NGO relations include various issues, e.g. meetings and cooperation in raising the awareness of community. CIAA	Information about the dialogue and actions with non-governmental organisations	RNG

		2002, 42)		
5.5	*Industrial relations*	Company's industrial relations include trade and labour unions (Adams et al. 14–15) and other business associations.	Industrial relations: Information on the company's relationship with trade unions and/or workers; information on any strikes, industrial actions/activities and the resultant losses in terms of time and productivity; information on how industrial action was reduced/negotiated (Hackstone and Milne 1996, 107). Information on partnerships and associations with other businesses. Information on competitors	RIN
5.6	*Relations with financial community*	Financial community consist of shareholders, i.e. owners, and investors, who both finance the company and expect get returns for the investment (Niskala & Tarna 2003, 54; Näsi 1995, 111).	Information on the relations with the corporate community such as investors (Storebrand 2003, 4–5). Information on retaining by index(es) for sustainable development (CIAA 2002, 42).	RFC
6	*Trade with tyrannical regimes*	If the company is trading form countries with dictatorship or oppressive regimes, the conditions of the citizens in the tyrannical regime are affected, e.g. by supporting the oppressive politics (Adams et al. 1991, 43–46).	Information on possible trade with tyrannical regimes	TTR
7	*Non-sustainable industries*	All the industries handling weapons, alcohol, tobacco, gambling and pornography are considered as non-sustainable (Bennett & James 1999, 45–46).	Information on liaisons with non-sustainable industries (defence and weapons, alcohol, tobacco, gambling and pornography) (Bennett & James 1999, 45–46).	NSI

APPENDIX 5: SYNTHESIS OF STAKEHOLDER THEORY AND SOCIAL DIMENSION OF CORPORATE RESPONSIBILITY IN EUROPEAN FOOD RETAILING

Table 16: Synthesis of stakeholder theory and social dimension of corporate responsibility in European food retailing

Numbering by themes	*Themes of social dimension of corporate responsibility*	*Decision rules for social dimension*	*Stakeholder groups* X: high interest (X): intermediate interest No X: low interest					*Reasoning*
			Employees	*Customers*	*Suppliers*	*Community*	*Shareholders*	
1	*Human rights and labour conditions in the supply chain*	Information about human rights and labour conditions in the supply chain in general	(X)	X	X			• Corporation's employees are interested of the working environment other workers related to them, but not necessarily as much as they are interested about their own working environment • Suppliers are affected by the demands of consumers • Consumers are the driving force behind the pressure of complying the international standards
1.1	*Human rights*	Information on compliance and violence of human rights	(X)	X	X			
1.2	*Supply chain management*	Information concerning sourcing, manufacturing and overseas suppliers, e.g. fair trade, factory monitoring Information about supply chain auditing and management Relations with supply base	(X)	X	X			
1.3	*Sourcing from local*	Information concerning sourcing from local suppliers or producers		X	X	X		• Community is interested in local sourcing due to the interest in jobs.

	suppliers							• Suppliers are affected by the local sourcing policy. • Customers are interested in products produced near to them.
1.4	*Labour conditions*	Employee and occupational health and safety: Reducing or eliminating pollutants, irritants, or hazards in the work environment; promoting employee safety and physical or mental health; disclosing accident statistics; complying with health and safety standards and regulations; receiving a safety award; establishing a safety department/committee/policy; conducting research to improve work safety; providing low cost health (Hackstone and Milne 1996, 106). Information about labour conditions, practices and decent work: Child labour, working conditions, health and safety, bonded labour, slave labour, prison labour, fair wages, home working, freedom of association, living conditions in dormitories, care for employees. (Storebrand 2003, 4–5).	(X)	X	X			• See the discussion next to 1.1–1.2.
2	*Employment issues*	Information about employment issues in general	X					• Employment related issues are in the high interest of employees, since they are affected by the changes
2.1	*Employment related policies and empowerment*	Information on employment of minorities or women: Recruitment or employing racial minorities and/or women; disclosure of percentage or number of minority and/or women employees in the workforce and/or in the various managerial levels; goals for minority representation in the workforce; programme for the advancement or minorities in the workplace; information on the employment of other special interest groups, e.g. the handicapped, ex-convicts or former drug addicts; disclosures about internal advancement statistics (Hackstone and Milne 1996, 106). Information about employees with disabilities, employees' gender and sexuality, age, race and culture sensitive information Information about raising the awareness of employees about minorities and equality (Storebrand 2003, 4–5). Information about employer ensuring equal employment opportunities and informing workers about employees' rights (CIAA 2002, 39).	X			(X)		• Equal treatment of community's potential workforce, e.g. disabled people and the amount of women employed, is in the interest of the community.

2.2	**Employee training**	Employee education and training: Information about training employees through in-house programmes; information about giving financial assistance to employees in educational institutions or continuing education courses; information about the establishment of trainee centres (Hackstone and Milne 1996, 106).	X					
2.3	**Employee remuneration and benefits**	Employee assistance/benefits: Information on the assistance or guidance to employees who are in the process of retiring or who have been made redundant; information on staff accommodation/staff home ownership schemes; information on recreational activities/facilities Employee remuneration: Information on amount and/or percentage figures for salaries, wages, PAYE taxes, superannuation; information on any policies/objectives/reasons for the company's remuneration package/schemes Employee share purchase schemes: Information on the existence of or amount and value of shares offered to employees under a share purchase scheme or pension programme; providing any other profit sharing schemes (Hackstone and Milne 1996, 106). Payroll giving (Storebrand 2003, 4–5).	X				X	• Shareholders: remuneration affects company's finances (expenses).
2.4	**Information about employees**	Employee profiles: Information on the number of employees in the company and/or at each branch/subsidiary; information on the occupations/managerial levels involved; information on the disposition of staff – where the staff are stationed and the number involved; statistics on the number of staff, the length of service in the company and their age groups; information on per employee statistics, e.g. assets per employee and sales per employee; information on the qualifications of employees recruited (Hackstone and Milne 1996, 106).	X			(X)		• Community: interest in the amount of job provided by the company
2.5	**Employee morale**	Employee morale: Information on the company/management's relationships with the employees in an effort to improve job satisfaction and employee motivation; information on the stability of the workers' jobs and the company's future; information on the availability of a separate employee report; information about any awards for	X	X			(X)	• Shareholders: Profitability of a company is influenced by the job satisfaction of employees • Consumers: concerned about labour conditions

		effective communication with employees; information about communication with employees on management styles and management programmes which may directly affect the employees (Hackstone and Milne 1996, 106–107).						
2.6	*Employee health and safety*	Employee and occupational health and safety: Reducing or eliminating pollutants, irritants, or hazards in the work environment; promoting employee safety and physical or mental health; disclosing accident statistics; complying with health and safety standards and regulations; receiving a safety award; establishing a safety department/committee/policy; conducting research to improve work safety; providing low cost health (Hackstone and Milne 1996, 106).	X	X				• Consumers: concerned about labour conditions
2.7	*Employee work-life balance*	Improvements to the general working conditions – both in the factories and for the office staff; information and statistics on employee turnover; information about support for day-care, maternity and paternity leave (Hackstone and Milne 1996, 107).	X	X			X	• Consumers: concerned about labour conditions • Shareholders: changes in employee structure affects company's finances (expenses).
2.8	*Employee downsizing and restructuring*	Information on the re-organization of the company/discussions/branches which affect the staff in any way; The closing down of any part of the organization, the resultant redundancies created, and any relocation/retraining efforts made by the company to retain staff (Hackstone and Milne 1996, 107).	X	X		X	X	• Consumers: concerned about labour conditions • Community: interest in the amount of job provided by the company • Shareholders: changes in employee structure affects company's finances (expenses).
3	*Product responsibility*	Information about consumer products and product responsibility in general Meeting the consumer needs (CIAA 2002, 33).		X	(X)			• Consumers: the products purchased affect e.g. their living standards, health and safety • Suppliers: supply the products and are affected by the criteria for product responsibility and consumers' demands
3.1	*Food security*	Information about ensuring food security Information on food sales		X	(X)		(X)	• Shareholders: interested about the information about sales of products

		Information on consumers' buying behaviour						
3.2	*Food regulatory framework*	Information about complying and violating the food regulations		X	(X)			
3.3	*Food: health and nutrition*	Information on health and nutrition impacts of products Information on genetically manipulated food Information on organic food		X	(X)			
3.4	*Product development*	Product development: The amount/percentage figures of research and development expenditure and/or its benefits; information on any research projects set up by the company to improve its product in any way (Hackstone and Milne 1996, 107).		X	(X)			
3.5	*Product safety*	Product safety: Information on whether products meet applicable safety standards; making products safer for consumers; conducting safety research on the company's products; information on improved or more sanitary procedures in the processing and preparation of products; information on the safety of the firm's product (Hackstone and Milne 1996, 107). Food safety: Information about risk assessment, management and communication concerning food safety (CIAA 2002, 35).		X	(X)			
3.6	*Product quality*	Product quality: Information on the quality of the firm's products as reflected in prizes/awards received; verifiable information that the quality of the firm's product has increased (e.g. ISO 9000) (Hackstone and Milne 1996, 107). Food quality: Information on consumers' satisfaction with food products, information on quality controls, management methods, product testing (CIAA 2002, 38).		X	(X)			
3.7	*Fair trade products*	Information about the products labelled as fair trade (sales, products etc.)		X	(X)			
3.8	*Animal tested products*	Information about the products with animal testing		X	(X)			

4	*Voluntary actions*	Philanthropy and volunteerism Supporting charities, volunteering by staff		(X)		X		• Community values the company as a supporter of a good cause • Consumers demand proof of company's responsibility
5	*Stakeholders and society*	Information about general stakeholder relations, accountability and stakeholder dialogue Corporate objectives/policies: General information on corporate objectives/policies relating to the social responsibility of the company to the various segments of society; any other information that relates to the social responsibility of the company (Hackstone and Milne 1996, 108).	X	X	X	X	X	• All stakeholders expect to be able to communicate their interests through stakeholder dialogue
5.1	*Stakeholder involvement*	Disclosing/reporting to groups in society (other than shareholders and employees, consumers, NGOs, labour unions) e.g. governments, authorities (modified from: Hackstone and Milne 1996, 108).				X		• Community: interested in the dialogue between the company and the surrounding community
5.2	*Community involvement*	Community development and involvement: Information on donations of cash, products or employee services to support established community; information on activities, events, organizations, education and the arts; information on summer or part-time employment of students; information on sponsoring public health projects; information on aiding medical research; information on sponsoring educational conferences, seminars or art exhibits; information on funding scholarship programmes or activities; information on other special community related activities, e.g. opening the company's facilities to the public; information on supporting national pride/government sponsored campaigns; information on supporting the development or local industries or community programmes and activities (Hackstone and Milne 1996, 107–108). Local communities: Information on the relationships with local store neighbours and community (Storebrand 2003, 4–5).		(X)		X		• Community: interested in the dialogue between the company and the surrounding community • Consumers interested in voluntary actions of company
5.3	*Customer relations*	Information how to take into consideration of customers with disabilities, race and culture, gender and sexuality, age, health and safety Information on how to raise the awareness of consumers		X		X		• Customers and community: customers and the community involved in stakeholder dialogue

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|								
5.4	*Relations with non-governmental organisations*	Information about the dialogue and actions with non-governmental organisations				X		• Community: interested in the dialogue between the company and the surrounding community
5.5	*Industrial relations*	Industrial relations: Information on the company's relationship with trade unions and/or workers; information on any strikes, industrial actions/activities and the resultant losses in terms of time and productivity; information on how industrial action was reduced/negotiated (Hackstone and Milne 1996, 107). Information on partnerships and associations with other businesses. Information on competitors	X			X	X	• Community: interested in the dialogue between the company and the surrounding community • Employees: labour union negotiations • Community: affect the employment within the community
5.6	*Relations with financial community*	Information on the relations with the corporate community such as investors (Storebrand 2003, 4–5). Information on retaining by index(es) for sustainable development (CIAA 2002, 42).		(X)	(X)		X	• Shareholders: the company's relationship with its investors and information related to it • Customers' and communities: interest in sustainable indexes
6	*Trade with tyrannical regimes*	Information on possible trade with tyrannical regimes		X	X			• Consumers: the labour conditions of workers in tyrannical regimes • Suppliers: sourcing from tyrannical regimes may affect the business
7	*Non-sustainable industries*	Information on liaisons with non-sustainable industries (defence and weapons, alcohol, tobacco, gambling and pornography) (Bennett & James 1999, 45–46).		X	X			• Consumers: alcohol and tobacco affect the human health, but they are sold in food stores. Thus the harmful products are available to large consumer masses. • Suppliers of tobacco and alcohol are affected by any restrictions in availability of respective products

APPENDIX 6: DECISION RULES FOR CORPORATE RESPONSIBILITY MEASURES

The definition of a measure (discussed in chapter 2)

- A measure indicates the level of the corporate responsibility performance and identifiable stage of corporate responsibility processes.
- A result of measure is a CR measure, if it claims to indicate the level of CR of the measured company and it claims to be a result of a measurement process.
- CR measure is an outline of a situation regarding the specific issue.
- Any measurement unit is acceptable (Vuontisjärvi 2006, 339).
- Reported *compliance* of externally developed externally or internally developed code of conduct, initiative, guideline, standard, policy, relevant management system as well as awards from third parties are regarded as measures, since they indicate the stage of the process described.
- A mere goal, aim or value of corporate responsibility is **not** a measure.
- Only mentioning the development of a code of conduct etc. or joining one, is **not** regarded as a measure.

Code for a measure: **m**

APPENDIX 7: AN EXAMPLE OF A CODED SHEET FROM AN ANALYSED REPORT

14   2005 Sustainability Report   *Carrefour*

Customers

- 25 million customers per day in our stores
- 12,028 stores (all formats) worldwide
- 80,000 listed products in a France Hypermarket

To provide our customers the best price combined with the best sales offering in every banner in every country.

- To guarantee product quality and safety PQU PSE
- To strengthen environmental considerations in the design of our products and packaging and develop product lines that respect environmental and social criteria
- To respect the customer's freedom of choice
- To guarantee customer safety at our sites CRP
- To raise awareness and support our customers towards responsible consumption
- To promote diversity and equal opportunity within the company EPE

- 436,474 employees EIN-m
- 30% women managers EPE-m
- 21,905 employees surveyed in 2005 EMO-m

To provide our employees with an opportunity to flourish in a climate of confidence, with the chance for development, and with motivating work and pay.

- To guarantee respect for human rights internally EPE-HUM
- To guarantee the safety of personnel on our sites EHS
- To promote the sharing of best practices between countries and banners
- To promote each individual's training, prospects, and, more particularly, awareness regarding our vision of the world, values, goals, policies and concern for sustainable development EMG

- 5,025 franchise stores worldwide
- 41.78% of stores operated as franchises
- 16 partner-franchisee countries and territories

To provide our associate, franchise and affiliate partners with the top banners and brands, commercial know-how, purchasing power and constantly improving techniques.

- To convey our know-how
- To promote access to a franchise for our employees
- To contribute to local economic development by creating companies
- To raise partners' awareness regarding the Group's sustainable development policy
- To strengthen our partnerships with local companies in every country SLS
- To promote fair relationships with suppliers SCM

- Between 4,000 SCM-m and 15,000 suppliers, depending on the country
- 15-30% of sales are from banner or own brands, depending on the country SCM-m
- 41,849 Carrefour Quality Line producers in the world SCM-m

To provide our suppliers with outlets, knowledge of the customers, and cooperation in order to improve products within the framework of lasting, fair relationships. SCM

- To offer export support SCM
- To guarantee respect for Human rights in the supply chain for our products HUM
- To promote traceability and ethical supplies SCM
- To systematize dialogue step by step with our stakeholders SSA

Communities

- 1,394 stores opened in 2005 (all formats)
- 1.7 million euros in gifts for assistance and reconstruction following the December 2004 tsunami VAC-m

To provide local and national public authorities with a concrete commitment to being a good, responsible economic citizen in the life of the community.

- To strengthen consideration for the environment in logistics
- To reduce environmental impact related to the construction and operation of stores, including impact related to our commercial publications and catalogues
- To foster social solidarity CIN

- 461,000 shareholders RFC-m

To provide our shareholders with profitability throughout their investment and the sort of growth prospects to be expected from an international, multi-format group. RFC

- To improve our transparency through suitable communications RFC
- To complete and extend our system of reports to ensure regular monitoring with relevant performance indicators RFC

Figure 21: An example of a coded page (Carrefour 2005, 14)

APPENDIX 8: DECISION RULES FOR VALIDITY, RELIABILITY AND COMPARABILITY

1. Validity
   1.1. Importance
      1.1.1. The relevance in general
         o Indifferent: It is not possible to benchmark the measure or communicate a target value for it.
         o Low: The measure does not have a benchmark or a goal communicated.
         o High: The measure has a benchmark or a goal communicated.
      1.1.2. The relevance to stakeholders (see appendix _ for the detailed decision rules)
         o Indifferent: The measure dos not address any relevant issues for the stakeholder group.
         o Low: The measure addresses some relevant issues for the stakeholder group.
         o High: The measure addresses relevant issues for the stakeholder group.
   1.2. Limitation of a measured entity
      • It might be important to the stakeholder group to include also (a) other business entities to the measure, e.g. the suppliers' actions, or (b) more information than there is presented (e.g. a broader example or a case).
         o Indifferent: The boarders of the measured entity are insufficient for the stakeholder group.
         o Low: The boarders of the measured entity are somewhat sufficient for the stakeholder group.
         o High: The boarders of the measured entity are sufficient for the stakeholder group.
   1.3. Relevant to the context
         o Indifferent: The measure is not relevant for the stakeholder group due to the context where the measure is used.
         o Low: The measure is somewhat relevant for the stakeholder group due to the context where the measure is used.
         o High: The measure is relevant for the stakeholder group due to the context where the measure is used.

Stakeholders:

Employees, customers, community, suppliers and shareholders.

2. Reliability

 2.1. A measure based on a reliable standard/guideline/initiative

   o Weak: No.

   o Intermediate: Partially.

   o Strong: Yes.

Table 17: Judging the reliability of a measure when it is based on a standard, guideline, reporting guideline, initiative or principle.

Is the measure used because of a guideline, initiative, reporting guideline, standard or a principle? Or is the measure an award by 3rd party?		
Yes	Partially	No
		-
Is the reliability of the process of forming the measure described in the used standard or in the report or the award?		
Yes		No
		X
Is it clear, what the process of forming a measure is?		
Yes	Partially	No
R	**P**	**X**
R = reliable *P = partially reliable* *X = non-reliable* *- = no value*		

2.2. A repeatability of a measure
- o Weak: No.
- o Intermediate: Partially.
- o Strong: Yes.

Table 18: Judging the repeatability of a measure.

May the outcome of a measure be obtained again by repeating the measurement process?		
Yes		No
		X
Do the surroundings manipulate the result?		
Yes		No
		R
Is it clear, how the surroundings distort the outcome?		
Yes	Partially	No
R	**P**	**X**
R = reliable		
P = partially reliable		
X = non-reliable		

2.3. The difficulty of using a measure

- o Weak: No.
- o Intermediate: Partially
- o Strong: Yes.

Table 19: Judging the reliability of a measure when considering the difficulty of using a measure in gaining an outcome

When considering the measure, does the measurer need to make value judgements rather than using data free of values?		
Yes		No
		R
May the value judgements affect the outcome of a measure?		
Yes		No
		R
Is it clear, how the values affect the outcome?		
Yes	Partially	No
R	**P**	**X**
R = reliable *P = partially reliable* *X = non-reliable*		

2.4. The technique of forming a measure
- o Weak: No.
- o Intermediate: Partially
- o Strong: Yes.

Table 20: Judging the technique of a measure

Is it clear which data has been estimated and which has been calculated?		
Yes	Partially	No
		X
Are the data measurement techniques adequately described or is it possible to estimate how the measure would have been formed?		
Yes	Partially	No
R	**P**	**X**
R = reliable *P = partially reliable* *X = non-reliable*		

2.5. External assurance

- o Weak: No.
- o Intermediate: Partially
- o Strong: Yes.

Table 21: Judging the reliability of a measure when looking at the external verification of a measure.

Is the report externally verified?		
Yes	Partially	No
		X
Is clear, which parts are externally verified?		
Yes		No
		X
Is the measurement process of the particular measure externally verified?		
Yes	Partially	No
R	**P**	**X**
R = reliable		
P = partially reliable		
X = non-reliable		
- = no value		

2.6 is evaluated if the result from test 2.5 is weak.

2.6. The original source of the information
- o Weak: No.
- o Intermediate: Partially
- o Strong: Yes.

Table 22: Judging the reliability of a measure when considering the original source of the information (the evidence to support the outcome of the measure)

Is the source of the information identifiable?		
Yes	Partially	No
		X
Is it clear how the information is obtained?		
Yes	Partially	No
R	**P**	**X**
R = reliable		
P = partially reliable		
X = non-reliable		
- = no value		

3. Comparability
    3.1. The measure compared to other companies' measures on the same issue
        o Weak: No.
        o Intermediate: Partially
        o Strong: Yes.

Table 23: Judging the comparability of a measure between companies

Has the issue been measured in another company?		
Yes		No
		X
Is the same measure used?		
Yes	No	
C		
May the outcome of the measure be converted into a comparable measure?		
Yes	Partially	No
C	**P**	**X**
C = comparable		
P = Partially comparable		
X = non-reliable		

3.2. The measure compared to the same measure within the company over time
- o Weak: No.
- o Intermediate: Partially
- o Strong: Yes.

Table 24: Judging the comparability in-company

Has the issue been measured before in the company under examination?		
Yes		No
		X
Is the same measure used?		
Yes	No	
C		
May the outcome of the measure be converted into a comparable measure?		
Yes	Partially	No
C	**P**	**X**
C = comparable *P = Partially comparable* *X = non-reliable*		

3.3. The changes in a measuring process are explained

- o Weak: No.
- o Intermediate: Partially
- o Strong: Yes.

Table 25: Judging the possible changes in a measure

Has the process of measuring the issue been changed compared to previous reports?		
Yes	No	No data / the issue not measured before
	C, *if the issue has been measured before*	–
Have the changes bee explained?		
Yes	Partially	No
C	**P**	**X**
C = comparable *P = Partially comparable* *X = non-reliable*		

APPENDIX 9: OVERALL VALIDITY, RELIABILITY AND COMPARABILITY

Table 26: The appropriateness of a measure as a synthesis from validity, reliability and comparability tests

Measure X				
1. VALIDITY	*High validity*	*Low validity*	*Indifferent validity*	**Overall validity**
1.1 Importance				*0, 1*
1.1.1 The relevance in general				
1.1.2 The relevance to stakeholders				*0, 1/5, 2/5 etc., 1/4, 2/4 etc. 1/3, 2/3 etc., 1/2, 1*
Employees				
Communities				
Suppliers				
Customers				
Investors				
1.2 Limitation of a measured entity				_
Employees				
Communities				
Suppliers				
Customers				
Investors				
1.3 Relevant to the context				*0, 1/5, 2/5 etc., 1/4, 2/4 etc. 1/3, 2/3 etc., 1/2, 11*
Employees				
Communities				
Suppliers				
Customers				
Investors				
			SUM	0, 1/5, 2/5 etc., 1/4, 2/4 etc., 1/3, 2/3 etc., 1/2, 1 1/5, 2/5 etc., 1 1/4, 2/4 etc., 1 1/3, 2/3 etc., 1 1/2, 2 1/5… … 3.
2. RELIABILITY	*Reliable*	*Partially reliable*	*Non-existent reliability*	**Overall reliability**
2.1 A measure based on a reliable standard/guideline/initiative				*0, 1*
2.2 A transparent process of gaining a measure				*0, 1*
2.3 The difficulty of forming a measure				*0, 1*
2.4 Technique of a measure				*0, 1*
2.5 External assurance				*0, 1*
2.6 The original source of the information				*0, 1*
			SUM	0, 1, 2, 3, 4, 5, 6
3. COMPARABILITY	*Comparable*	*Partially comparable*	*Non-existent comparability*	**Overall comparability**
3.1 The measure compared to other companies' measures on the same issue				*0, 1*
3.2 The measure compared to the same measure within the company over time				*0, 1*
3.3 The changes in measuring process are explained				*0, 1*
			SUM	*0, 1, 2, 3*
	Appropriateness of a measure		*0, 1/5, 2/5 etc., 1/4, 2/4 etc., 1/3, 2/3 etc., 1/2, 1 1/5, 2/5 etc., 1 1/4, 2/4 etc., 1 1/3, 2/3 etc., 1 1/2, 2 1/5… … 3… …6.*	

From the results, *the most appropriate measures are ranked by assessing overall validity, reliability and comparability*. This is done by *ranking each sector*, i.e. validity, reliability, comparability, *with a value of 1 for each test scoring the best*, i.e. high validity, reliable or comparable, *thus maximum value being the number of tests in each sector,* except for validity, where test regarding stakeholders' interests is not used for the overall evaluation and the awarded value may be less than one depending on the number of high validity from each test. The test for interests is left out since its results are determined by the interest towards the *theme* assessed to the measure, not other aspects determining validity. Including the interest towards the theme may distort the overall validity if not eliminated, because one out of three of the overall validity would be determined by the theme.

The value awarded for overall validity may be less than one if the test results for all stakeholders is not the same but there is high value(s) for validity. For instance, if the measure has relevance to two stakeholder groups, but only one of them considers the context highly valid, the value is then *1/2*. If there would be two stakeholder groups out of three assessing validity as high, the value would be *2/3* etc.

APPENDIX 10: CLUSTERS OF TYPES OF MEASURES

Table 27: Clusters of the measures introduced in analysed data

Description of a cluster	Sub cluster	Codes	Notes
Frequency of issues (number of actions taking place)		FREQ	
	Number of people (e.g. employees)	FNPP	
	People involved or influenced by an action (e.g. employees in training, stakeholders involved, people affected by charity)	FPIN	
	Quantity of issues (e.g. sales, product lines, stores, charity programs)	FNIS	
Amounts of money used (e.g. charity, personnel issues, investments in social dimension of CR)		AMON	
Key ratios, e.g. means		KRAT	
Scaled and/or combined information (e.g. no of employees in full-time equivalents, level of quality)		SCIN	
Results from surveys, studies and inquiries (own or external)		RSUR	May be overlapping with other codes
Ratios, mostly in per cents		RATI	
Dynamic indicators communicating change (increase, decrease)		DYNA	
Position/Success of a company (awarded or compared to other companies)		POSI	
Existence of a third party reference, i.e. sustainability index, fund		TPRE	

APPENDIX 11: ALL MEASURES GAINING HIGHER THAN TWO AS THE VALUE OF OVERALL VALIDITY

Table 28: Presentation of all measures from all reports analysed gaining value of higher than two as the overall validity

Company, reporting year	Page number	Theme of the measure	Code of the measure	Measure cluster	Measure description	Overall validity	Overall reliability	Overall comparability
Ahold 2005	3	EMP	ERB	AMON	Amount: Salaries and wages (€)	3	4	3
Ahold 2005	3	EMP	ERB	AMON	Amount: Pension expenses (€)	3	4	3
Ahold 2005	3	EMP	ERB	AMON	Amount: Total employee benefit expenses (€)	3	4	3
Metro 2004	i	EMP	ERB	AMON	Amount of pensions and support schemes (€)	3	4	3
Metro 2004	i	EMP	ERB	AMON	Amount of total wages and salaries (€)	3	4	3
Metro 2004	i	EMP	ERB	AMON	Amount of total personnel expenses (€)	3	4	3
Metro 2006	2	EMP	ERB	AMON	Amount of total personnel expenses (€)	3	4	3
Metro 2006	2	EMP	ERB	AMON	Amount of total wages and salaries (€)	3	4	3
Metro 2006	2	EMP	ERB	AMON	Amount of pensions and support schemes (€)	3	4	3
Ahold 2005	3	EMP	ERB	AMON	Amount: Social security charges (€)	3	4	2
Carrefour 2006	70	PRE	FHN	AMON	Amount of purchase of organic (own brand or retail banner) food products (€ million) - Group	3	4	2
Metro 2006	2	EMP	ERB	AMON	Amount of total social insurance contributions etc. (€)	3	4	2
Carrefour 2006	67	EMP	EPE	FNPP	No of employees recognized as disabled workers (results by zone and format)	3	4	2
Tesco 2006	48	EMP	EHS	RATI	% of decrease in reportable accident rate	3	4	2
Tesco 2006	60	HLS	SCM	RATI	% of suppliers meeting Nature's Choice scheme requirements	3	4	2
Tesco 2006	65	PRE	FHN	RATI	% of own-brand products genetically manipulated	3	4	2
Carrefour 2006	67	EMP	ETR	SCIN	% of training (rate), results by country *No of hours of training/number of hours worked	3	4	2
Carrefour 2006	67	EMP	EHS	SCIN	% of absence due to work-related and on-the-way-to-work accidents* (rate), results by country *No of hours of absence due to a work-related accident/number of hours worked	3	4	2
Carrefour 2006	70	PRE	PFT	AMON	Amount of purchase of own-brand and national-brand fair-trade products (€ million) - Group	3	4	0
Carrefour 2006	71	EMP	EMO	SCIN	% of absence due to work-related accidents -Group	3	4	0
Ahold 2005	3	EMP	ERB	AMON	Amount: Share-based compensation expenses (€)	3	4	0
Metro 2006	2	EMP	EIN	RATI	% of employees in Asia & Africa	3	4	0
Metro 2006	2	EMP	EIN	RATI	% of employees in Germany	3	4	0
Metro 2006	2	EMP	EIN	RATI	% of employees in Eastern Europe	3	4	0
Metro 2006	2	EMP	EIN	RATI	% of employees in Western Europe	3	4	0
Tesco 2007	20	EMP	EMO	RATI	% experienced staff staying	3	4	0
Tesco 2007	61	PRE	FHN-FSE	RATI	% of increase in sales of healthy products	3	4	0
Tesco 2007	14	HSL	SCM	RSUR-RATI	Tesco survey results: % rating Tesco trustworthy etc.	3	3	2
Tesco 2006	16	HLS	SCM	RSUS-RATI	% of respondents believing Tesco to be fair... / Supplier survey results	3	3	2
Tesco 2006	16	HLS	SCM	RSUS-RATI	% of respondents stating that they are paid on time / Supplier survey results	3	3	2

Tesco 2006	16	HLS	SCM	RSUS-RATI	% of respondents thinking Tesco professional... / Supplier survey results	3	3	2
Tesco 2007	18	EMP	EPE	RSUR-SCIN	Statistical difference in job satisfaction survey: the level / female employees under 25 & over 45	3	3	0
Tesco 2006	16	HLS	SCM	RSUS-RATI	% of respondents clear with feedback system / Supplier survey results	3	3	0
Tesco 2006	16	HLS	SCM	RSUS-RATI	% of respondents thinking buyers are available when needed / Supplier survey results	3	3	0
Metro 2006	39	SSA	RFC	TPRE	3rd party vote result concerning Metro's relations with investors (the position of Metro)	3	2	0
Tesco 2006	17	SSA	SIN	AMON	Amount of contributions to political parties	3	1	2
Tesco 2006	46	SSA	CRE	POSI	Award: Tommy's parent friendly awards 2005	3	1	2
Tesco 2006	21	SSA	RFC	POSI-TPRE	Index: Tesco sector leader in BiTC CR Index	3	1	2
Tesco 2006	65	PRE	FHN	RATI	% of GM feed / organic products	3	1	2
Carrefour 2005	2	SSA	RIN	POSI	Ranking in Fortune magazine listing for most sustainable companies	3	1	0
Tesco 2006	46	SSA	CRE	POS	Award: Best online shopping	3	1	0
Tesco 2006	26	HLS	SCM	RSUS-RATI	% of unnecessary costs in supply chain, various products / study by IGD	3	1	0
Carrefour 2005	54	PRE	PQU	SCIN	Level of quality procedure: Very good / Hypermarkets, Supermarkets, Convenience, Cash & Carry	3	0	2
Carrefour 2005	54	PRE	PQU	SCIN	Level of quality procedure: Very good / Hard discount	3	0	2
Carrefour 2005	54	PRE	PQU	SCIN	Level of quality procedure: Low / Hypermarkets, Supermarkets, Convenience, Cash & Carry	3	0	2
Carrefour 2005	54	PRE	PQU	SCIN	Level of quality procedure: Good / Hypermarkets, Supermarkets, Convenience, Cash & Carry	3	0	2
Carrefour 2005	21	PRE	PQU	SCIN	Level of quality procedure for controlled food products (in no of countries)	3	0	2
Carrefour 2006	64	PRE	PQU	SCIN	Level of quality procedure: Very good / Hypermarkets, Supermarkets, Convenience, Cash & Carry	3	0	2
Carrefour 2006	64	PRE	PQU	SCIN	Level of quality procedure: Very good / Hard discount	3	0	2
Carrefour 2006	64	PRE	PQU	SCIN	Level of quality procedure: Low / Hypermarkets, Supermarkets, Convenience, Cash & Carry	3	0	2
Carrefour 2006	64	PRE	PQU	SCIN	Level of quality procedure: Good / Hypermarkets, Supermarkets, Convenience, Cash & Carry	3	0	2
Carrefour 2006	64	PRE	PQU	SCIN	Level of quality procedure: Low / Hard discount	3	0	0
Carrefour 2006	64	PRE	PQU	SCIN	Level of quality procedure: Good / Hard discount	3	0	0
Tesco 2006	61	PRE	FHN-FSE	FNIS	Sales of organic produce / Position compared to other retailers	3	0	
Metro 2006	2	EMP	EIN	FNPP	No of employees, total / the METRO Group	2 1/2	4	3
Metro 2004	i	EMP	EIN	FNIS	Average age of employees / Germany	2 1/2	4	2
Metro 2006	2	EMP	EIN	FNIS	Average no of years working with Metro Group	2 1/2	4	2
Metro 2004	i	EMP	EIN	FNPP	No of vocational trainees / Germany	2 1/2	4	2
Metro 2006	2	EMP	EIN	FNPP	No of employees / Germany	2 1/2	4	2
Metro 2006	2	EMP	EIN	FNPP	No of employees / abroad	2 1/2	4	2
Metro 2006	2	EMP	EIN	FNPP	Average age of employees / Germany	2 1/2	4	2
Metro 2006	2	EMP	EIN	FNPP	No of vocational trainees / Germany	2	4	2

						1/2		
Metro 2004	i	EMP	EIN	KRAT	Average no of years working with Metro Group	2 1/2	4	2
Metro 2004	i	EMP	EIN	RATI	% of men in work force	2 1/2	4	2
Metro 2004	i	EMP	EIN	RATI	% of women in work force	2 1/2	4	2
Metro 2006	2	EMP	EIN	RATI	% of women in work force	2 1/2	4	2
Metro 2006	2	EMP	EIN	RATI	% of men in work force	2 1/2	4	2
Ahold 2004	4	EMP	EIN	SCIN	No of associates in full-time equivalents (Average)	2 1/2	4	2
Ahold 2005	3	EMP	EIN	SCIN	Average no of employees in full time equivalents	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Stop & Shop/Giant-Landover Arena	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents /Giant-Carlisle/Tops Arena	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / BI-LO/Bruno's Arena	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Albert Heijn Arena	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Central Europe Arena	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Total retail	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / U.S.	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Deli XL	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / total foodservice	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Group Support Office	2 1/2	4	2
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Ahold group	2 1/2	4	2
Carrefour 2006	36	SSA	CIN	FNIS	No of countries involved in handling solidarity actions on national level	2 1/2	4	0
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Schuitema	2 1/2	4	0
Ahold 2005	29	EMP	EIN	SCIN	Average no of employees in full-time equivalents / Other retail	2 1/2	4	0
Ahold 2005	1	PRE	FSE	AMON	Amount of net sales (€) / Group	2 1/3	4	3