AN INVESTIGATION INTO THE NATURE AND EXTENT OF CORPORATE SOCIAL RESPONSIBILITY WITHIN THE TOP FOUR BANKS IN IRELAND

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Abstract

Corporate Social Responsibility (CSR) has become a topical debate over the last decade. The CSR concept has been evolving since 1953 and it is primarily concerned with organisations acting responsibly and considering environmental and social concerns in their decision making process. In Ireland, the debate on CSR emerged at a time when numerous scandals were emerging in many industries, particularly within the banking industry. The Irish banking sector has been criticized for its superficial approach to CSR and that CSR is not regarded as a priority for many banks.

This research shows that the top four banks in Ireland have recognised the role of CSR and that they understand the important role CSR has within their corporate business objectives.. In addition, this research found that the nature of CSR within the banking sector is diverse and relatively consistent, ranging from charitable donations to environmental management systems. Furthermore, this research reveals that the extent of CSR within the top four banks extends beyond the surface and that it has been integrated to some extent. However, it was found that CSR is still very much aligned with the public relations function in many of these banks.

Additionally, this thesis discusses the implications of the alignment of CSR within the public relations function and suggests recommendations on how an organisation can improve the value of CSR within their organisations. The researcher also reviewed the need for government to take proactive steps in encouraging CSR within the Irish banking sector and also anticipated future areas of research in light of the findings in this research.

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Chapter One Introduction

1.1   Introduction

Corporate social responsibility (CSR) is far from a new concept; however, it has become increasingly topical over the last decade. The purpose of this study is to examine the nature and extent of CSR within top four banks in Ireland. Firstly, in order to establish a foundation for understanding CSR, it is necessary to review the numerous definitions that have evolved since the concept first emerged in 1953, discussed in chapter 2:2. This is followed by the theories that influence CSR participation, chapter 2:3, as it is important to understand what encourages an organisation to adopt CSR strategies. The CSR concept has been a largely neglected area of analysis in the financial services sector (Jeucken 2002). Therefore, the next section in this thesis, chapter 2:4, discusses CSR within the banking industry at an international level, European level and in particular at an Irish level. The main contributors to the growth in CSR at all levels, chapter 2:5, include the increase in socially responsible investment, the increasing awareness of customers and stakeholder pressure.

While there are theoretical competitive advantages to be earned from implementing CSR, such as improved financial performance, improved reputation and employee retention, there are still suggestions that CSR is without substance (Friedman, 1970; Frankental, 2001). The main criticisms of CSR examined within chapter 2:7, include the absence of a clear definition, the view that profit making is the only responsibility owed by businesses, and whether CSR is simply another form of public relations (PR). This is particularly relevant in the context of this research, as there is scepticism of the value Irish financial institutions place on CSR. Research conducted by Douglas et al (2004) suggested that CSR reporting practices in Irish banks was largely superficial in nature compared to best practice. In order to examine the nature of CSR within the banking industry, the four areas of impact devised by the FORGE Group (2002) have been considered in detail, chapter 2:8. These areas are referred to as the environment, the community, the marketplace and the workplace (Business Impact Task Force, 2000; FORGE Group, 2002).

The following chapter, chapter 3, of this thesis is concerned with the research methodology. Firstly, the researcher identifies and discusses the various types of research that can be conducted. The researcher then proceeds to identify the specific research objectives of this study and finally, the researcher discusses the rational for the choice of research philosophy, focus, and data collection methods used to achieve the aims of this research. The findings of

this researh are presented in chapter four. The researcher identifies how the top four Irish banks define the concept of CSR in order to gain an insight into how CSR is understood within these banks. Subsequently, the researcher analyses the main reasons for the adoption of CSR. The literature revealed that level of stakeholder engagement and integration of CSR was a means of establishing the extent of CSR, therefore this was researched and presented in the findings, chapter 4:4 and 4:6. This research also shows that the nature of CSR has deveopled and become diverse, with all banks in the population developing many policies using the classifications of the FORGE Group (2002), chapter 4:5. While CSR has advanced in many areas, chapter 4:5 shows that the value of CSR is still relatively superficial, in that CSR is very much associated with public relations. The final chapter of the thesis presents the conclusions, recommendations and possible areas of future research in this research area.

1.2   Motivation and Aims of Research

The initial motivation for conducting this research was the researcher's personal interest in the area of CSR. The decision to explore CSR in the top four banks in Ireland was influenced by the role that banks play in the lives of the Irish population. It is estimated that 90% of the population have savings with either banks or other institutions (IBF 2007). Therefore, the findings of this research should interest the customers of the top four banks in Ireland, as there is growing interest in the socially responsible behaviour in the Irish banking sector. The initial question for this research was primarily concerned with examining only the CSR activities undertaken by the top four banks in Ireland. However, after reviewing the existing literature the direction has somewhat changed and now emcompasses both the nature and extent of CSR.

Research Question: "What is the nature and extent of corporate social responsibility within the top four banks in Ireland?"

In order to answer this research question, the researcher divided the research question into a number of research objectives. The first objective is to establish whether CSR is currently adopted by the top four Irish banks and what has influenced this decision. During the examination of the literature the researcher realised that it is simply not enough for an organisation to undertake CSR activities but that the organisation must also have their CSR agenda integrated and embedded within their business operations (UNEP, 1992; Brennan, 2002; Orgrizek, 2002; European Commission, 2001; Naylor, 1999; Business Impact Task Force, 2000;

FORGE Group, 2002). Therefore this has influenced the researcher's decision to examine the extent to which the top four banks participate in CSR and to also include the examination of CSR integration as a specific research objective. It was observed in the existing literature that there remains scepticism of the value placed on CSR within organisations (Frankental, 2001), including financial institutions (Douglas et al, 2004). According to Frankental (2001) the value placed on CSR by management can be determined from the location of this function within the organisational structure and can also contribute to understanding the extent of CSR within an organisation. Therefore, determining the value placed on CSR was included as a research objective. The final research objective is to examine the nature of CSR by investigating the CSR polices under the categories devised by the FORGE Group (2002) in line with the BITF (2000).

As the demand for ethical investment increases, investors are actively seeking socially responsible financial institutions; therefore this research will provide investors with information on the nature and extent of CSR within the top four banks in Ireland before making investment decisions. Jeucken (2002) stated that CSR within the financial services industry is largely a neglected area of research, thus this research will assist many parties including CSR task forces, competitors within the banking industry, goverment bodies and future researchers to gain an insight into the current status of CSR within the Irish banking sector.

1.3   Limitations of the Research

The main limitations of this research include both the resources available to the researcher and also restrictions encountered during the data collection process. Firstly, this research was completed as part of a masters degree programme, therefore it was required to be completed within a specified time frame and this limited the amount of research that could be conducted. Secondly, this study was funded solely by the researcher and for that reason the research was limited in terms of the financial resources available to the researcher.

This research also incurred restrictions during the data collection process. Ideally, the researcher had intended to conduct four interviews, as the researcher believed this to be the most appropriate data collection method to achieve the aims of the research. However, due to time restrictions on those asked to participate in the interview process, this was not possible. The researcher could only secure one interview, and therefore this limited the amount of qualitative research that could be gathered. Prior to conducting the interview, the interviewee had requested that the interview was not recorded due to confidentiality reasons. The researcher also perceives this as a limitation of the research, as the researcher could not transcribe the interview directly from the recorder and had to rely on notes written during the interview. In order to reduce the risk of misinterpretation, the researcher typed up the interview immediately after completing the interview.

Due to the limitations encountered, the researcher decided to change the design of the research in order to ensure that the findings of the research would still be of value. Consequently, the researcher decided to use the findings of the interview as a basis for designing the questionnaire, as the CSR bank officials had agreed to complete a questionnaire rather than the interview. As the researcher was unable to obtain the amount of qualitative data previously envisaged, the researcher decided that the questionnaire would contain a considerable number of open ended questions to facilitate in gathering qualitative data.

Chapter Two Literature Review

2.2   Defining Corporate Social Responsibility

Over the last decade corporate social responsibility (CSR) has grown from a narrow and often marginalised notion into a complex and multifaceted concept. Definitional issues regarding CSR have remained an area of deliberation from the first emergence of the concept (Meehan et al, 2006).   Much effort has been invested to produce definitions of CSR, but it remains complex, arbitrary and fuzzy (Jonker, 2003). Therefore, it is widely acknowledged that there is no one accepted definition of corporate social responsibility (McWilliams et al, 2006).

The term corporate social responsibility was first formalised by Bowen (1953) in the early 1950's. He argued that CSR refers to the obligations of businessmen to pursue politics, to make decisions and to follow lines of actions that are desirable in terms of the objectives and values of society. This and future publications earned him the unofficial title of "Father of Corporate Social Responsibility" (Carroll, 1991, p272). A decade later, several authors including Davis (1960), Frederick (1960) and McGuire (1963) undertook further research into defining CSR. These authors like Bowen (1953) before them had restricted their definitions to include businessmen only. By 1967, Davis (1967) enlarged the definition of CSR to include institutions and enterprises. This was a crucial development in defining CSR, as up to that point all definitions referred only to the responsibility of individual business owners.

CSR definitions continued to evolve and by 1991, Carroll (1991) had widened the scope of CSR. He defined corporate social responsibility as an activity that is concerned with the simultaneous fulfilment of the business economic, legal, ethical and philanthropic responsibilities. Subsequently in 1999, Naylor (1999) defined CSR as the obligations of managers to choose and act in ways that benefit both the interests of the organisation and society as a whole. Naylor (1999) suggests that an organisation should voluntarily incorporate social aspects such as their stakeholders, communities and surrounding environments into the decision making process. This definition implies that an organisation is responsible for its wider impact on society as a whole (Frankental, 2001).

It is apparent from the literature that CSR is still very much an evolving concept that is increasing in complexity. Noticeably the above definitions encompass the basic principles of CSR; the concepts voluntary nature and the inclusion of social and environmental considerations in business operations, however, there is one definition that provides an

inclusive description of CSR. The Commission of the European Communities (2001) Green Paper defines CSR as a concept whereby companies integrate their business operations and their interaction with stakeholders, the environment and social concerns on a voluntary basis. This definition incorporates the responsibilities of business to consider all stakeholders, environment and social issues in business decisions. It also reiterates the importance of the integration of CSR into a company's business operations. In terms of this research, the underlying principles of this definition can be used to identify the extent to which the top four banks participate in CSR, by examining whether the CSR agenda has been integrated into mainstream business operations.

2.3   Theories relating to active Corporate Social Responsibility

There are a number of theories in the literature that aid the understanding of an organisation's decision to participate in CSR activities. Such theories include the stakeholder theory, social contracts theory and legitimacy theory. To understand the rationale behind an organisation's decision to adopt CSR these theories must be discussed in greater detail.

2.3.1 Stakeholder Theory

Stakeholder Theory helps an entity to analyse those groups or individuals to whom the organisation should be responsible (Moir, 2001). Freeman (1984) defines a stakeholder as any group or individual that can affect or is affected by an organisation achieving its objectives. There are two distinguished groups of stakeholders, primary and secondary. Firstly, primary stakeholders are those that are critical to the organisations success and typically include shareholders, employees, investors, customers and suppliers (Clarkson, 1995). Secondly, there are secondary stakeholders, and these include those individuals or groups that influence or are affected by the actions of the organisation. The main difference between the primary and secondary stakeholders is that only primary stakeholders are critical to the organisation's going concern (Clarkson, 1995).

In the context of CSR, the central issue is whether stakeholder theory motivates an organisation to be socially responsible, and to which stakeholders they owe this responsibility. The major divide within stakeholder theory is whether the theory is normative theory, based upon largely

ethical propositions or it is empirical/ instrumental theory (Donaldson and Preston, 1995). The instrumental approach is interested in how stakeholders can be considered in a way that enhances financial performance and efficiency, and thus regards stakeholders as "means" for achieving this (Donaldson and Preston, 1995). The underlying argument is that stakeholders' interests are considered as a means for higher level goals, such as profit maximization, survival and growth. The normative approach is used to interpret the functions of an organisation and identify the moral guidelines that should be followed with regard to the organisation's operation and management. Normative theory suggests that an organisation should pursue actions which are beneficial to society and views stakeholders as an "ends". The current commercial approaches to CSR suggest that stakeholder analysis is important but the rationale remains largely instrumental (WBCSD, 1997; Business Impact, 2000). This suggests that the stakeholder approach to CSR is used as a means to identify the connections between stakeholder management and the achievement of traditional corporate objectives and ultimately to maximise profits. For those organisations that are not influenced by the stakeholder theory, it is possible that they are subject to social contracts theory.

2.3.2 Social Contracts Theory

For the purposes of CSR, it is possible that an organisation may act in a responsible manner not because it is in its best interests to do so, but because it is how society explicitly expects businesses to operate (Moir, 2001). Donaldson and Dunfee (1999) have suggested that social contracts theory is a method for management to make decisions that are ethical in nature. The main premise of social contracts theory is that society consists of a series of explicit and implicit contracts between individuals, organisations and institutions. These contracts evolved so that exchanges could be made within an environment of harmony and trust (Moir, 2001).

According to social contracts theory, corporations as organisations enter into these contracts with members of society. In turn the corporations receive resources, goods and societal approval to operate in exchange for good behaviour (Wilson, 2003). In the same line of thought, Gray et al. (1995) suggest that business is derived from society and is accountable to society. This accountability is inherent in the social contract and is enforced through the market forces that punish or reward corporate actions. This social contracts theory is also embedded within

the legitimacy theory.

2.3.3 Legitimacy Theory

Suchman (1995) has defined legitimacy as an assumption or perception that actions by an entity are desirable or appropriate within a socially constructed system of norms, values and beliefs. Legitimacy theory appears to have its roots in the idea of the social contract. There are two main differences between legitimacy theory and social contracts theory. Firstly it appears that the legitimacy theory is based on the assumption that society has granted power to the organisation to operate, and if the company breach the terms of this contract then society will revoke the company's power to operate (Lindblom, 1994). Secondly legitimacy theory is primarily concerned with perceptions of an organisation and influencing such perceptions. According to Lindblom (1994) an organisation can obtain legitimacy from a society by using CSR. Lindblom (1994) suggests four ways in which a company can achieve this. Firstly a company can correct public misunderstandings about the company's performance. Secondly, a company can use CSR to alter stakeholder's perceptions of the company's performance through CSR reporting practices. Thirdly, CSR can help to show the company's improved performance, and lastly CSR can direct stakeholders' attention away from the current performance of the company. Components of legitimacy theory suggest several ways that a company can use the discussion of CSR to manage stakeholder impressions. For example, environmental disclosures can be used to influence stakeholders' reaction, if the incident is to have industry wide repercussions.

However it must be noted that not all organisations adopt CSR therefore, these theories provide a reasoned theoretical foundation to explain why some companies decide to adopt CSR. In relation to the proposed research, these theories can help the researcher to identify the reasons, if any, which have influenced the Irish banks to develop CSR strategies.

2.4   CSR and the Banking Industry

Oil, mining and retail companies may suffer more stringent consequences of socially irresponsible behaviour, such as environmental issues and human rights campaigns (Maitland, 2004). However the banking industry is increasingly coming under scrutiny for finance decisions in relation to investments that lead to environmental, human rights and transparency abuses. The current emphasis on CSR at the international level has also encouraged corporate social responsibility in the European and Irish contexts. In order to appreciate CSR within the banking industry, with particular reference to the Irish context, it is important to discuss the development of CSR internationally and at a European level in more detail.

2.4.1 Global Context

Industries such as banking were not included on the environmental and social pressure groups list of priorities ten years ago; however, this has started to change. It is the past accounting scandals involving Enron and WorldCom that have given CSR its current importance in the International context (Van Dijken, 2007). Many global banks insist that issues such as environment, society and ethical governance are high on their list of priorities. Although as the profits and indeed reputations of many of these banks collapsed in the recent and ongoing subprime crisis, The Banker (2008) has stated that it is evident that such socially responsible factors were not embedded in their investment decisions. Due to this subprime crisis, investors are no longer concerned only with whether banks are incorporating socially responsible risk, but this needs to be achieved while delivering returns for the shareholders.

In April 2005, the environmental and social activists singled out JPMorgan and Chase. These activists alleged that this bank was involved with underwriting illegal logging and also abusing human rights in connection with mining (Van Dijken, 2007). In the same line of action, environmental groups have also called on international banks to refuse the sale of bonds over two billion dollars on behalf of certain Chinese banks (Maitland, 2004). These activists have publicly alleged that such bonds would be used to finance controversial infrastructure projects that are socially irresponsible (The Banker, 2008). This emphasises the need for banks to consider their corporate social responsibilities carefully before engaging in business activities.

As a consequence of the controversy surrounding financial institutions' social behaviour and indeed other corporations', a new set of voluntary guidelines was developed. These guidelines, (namely the Equator Principles) ensure companies that comply with them put CSR on their list of business priorities. According to a survey conducted by KPMG and F&C Asset Management (2005), banks cannot afford to ignore CSR concerns anymore.

2.4.2 European Context

According to literature, the banking sector in Europe has been slow in considering the consequences of the lack of CSR practices (WBCSD, 1996; Vigano and Nicolai, 2006). Banks in Europe began the CSR process by firstly considering environmental and social concerns and attempting to incorporate these areas into policies (Vigano and Nicolai, 2006). At the Lisbon meeting of the European Union, a Green Paper (2001) affirmed that the concepts of CSR are important. The paper states that if Europe is to become the most competitive and dynamic knowledge based economy in the world, capable of sustainable growth and greater social cohesion, CSR is a means of achieving this (European Commission, 2002). Through this Green Paper (2001), the EU has aimed to promote CSR, develop guidelines and encourage the development of innovative practices with increased transparency. The UK financial services sector has also published voluntary guidance on CSR, as a means for improving the sector. This guidance was the first in relation to CSR in the UK financial services industry and was developed by the FORGE Group (2002).

In addition there has been a large body of research into the CSR practices in the European banking industry. One of the observers of the changing attitudes of the financial world in challenging sustainability is Marcel Jeucken, a senior economist with Rabobank (Jeucken, 2002; Peeters, 2003). Research conducted by Jeucken (2002) found that there are still a large group of banks that do not see the role of CSR in their banks; therefore CSR is inactive because the business case still needs to be proven (Jeucken, 2002). A more recent survey showed that European banks perceive CSR as a path leading from commitment towards substantive and visible results both internally to the bank and externally in the societal and environmental realms (Vigano and Nicolai, 2006).

2.4.3 Irish Context

CSR in the Irish context is the focus of this research, as the main premise of the research is to examine CSR within the top four banks in Ireland. The discussion on CSR in Ireland emerged at a time of controversial business practices, alleged payments to politicians and widespread tax evasion by leading companies and individuals (O'Dywer, 2002). The Irish banking sector has not been excluded from such socially irresponsible behaviour. Strikes, frauds, overcharging, and tax evasions amongst other scandals have unsettled the history of the Irish banking industry. In order to address such behaviour, the Irish financial services sector has recognised the relevance and need for CSR (Douglas et al, 2004). This recognition has also been influenced by the international and European focus on CSR. Brennan and Pierce (1996) analysed 125 companies in Ireland and found that there was little social disclosure beyond mandatory statutory requirements.

Also, research conducted by Douglas et al (2004) found that there is still a significant gap between CSR reporting in Irish financial institutions and that of best practice. This research also concluded that from the six banks examined, half of them had made an attempt to make CSR policies work but in a defensive manner (Douglas et al, 2004). As the banking services are intangible and cannot be sampled before purchase, their image and trustworthiness is crucial (Neuberger, 1997). This is particularly important in relation to Irish banks because of previous bad press. CSR can help to build their reputation once again. As the CSR practices within the Irish banking industry are unsatisfactory according to Douglas et al (2004), this has influenced the decision to examine CSR within the top four Irish banks.

2.5   Drivers of CSR in the Banking Industry

Throughout the European Union, the twenty first century is to become the corporate social responsibility century. The UK appointed a Minister for CSR, and the Department of Trade and Industry are reviewing changes to Company Law in order to incorporate social reporting (Douglas et al, 2004). There have been a number of reasons for this increased interest in CSR within the banking industry. In order to fully understand the driving forces of CSR, it is necessary to consider the growth in social investments, increase in customer awareness and stakeholder pressures in more detail.

2.5.1 Growth of Ethical Investment

Lending institutions, such as banks do not produce or discharge toxic pollution; however, it has become evident that through their lending policies they still can have a negative effect on the environment (Bebbington and Gray, 2001). Socially Responsible Investment (SRI) has been traditionally a niche market but in recent times the financial community have recognised that this type of investment can be beneficial (ENDS, 2001). The principle of SRI is to encourage investors to evaluate companies based on their policies in connection with environmental concerns, employee welfare and community relations, before they invest.

The initial recognition by banks for the need to consider environmental issues in lending came to light when a large number of banks across the globe signed the United Nations Environment Programme Statement (UNEP, 1992). This statement publicly recognised that banks need to rank CSR among their highest business priorities. This has encouraged the practice of SRI, as according to the Social Investment Forum (2006) 2.29 trillion dollars in assets was socially managed in 2005. The SRI has also grown immensely in the UK, as in 1997 it was a mere 23 billion pounds to 225 billion pounds by 2001 (UK Social Investment Forum, 2001).

2.5.2 Customer Awareness

As well as the growth in SRI within the banking industry, consumers have also become increasingly aware of the concept of CSR. This is partly due to the media coverage over

companies that have acted in a social irresponsible way, such as AIB, BOI and NIB. An annual survey conducted by pollsters MORI, showed that people's perceptions of social behaviour has grown from 28% in 1998 to 46% in 2001 (The Guardian, 2001).

Business in the Community (Brennan, 2002) conducted the first consumer survey on CSR in Ireland. The survey results concluded that over 70% of Irish consumers are affected by environmental concerns when it comes to their purchase decisions. It also showed that when price and quality are equal in terms of the product or service, over 86% of these consumers were more likely to purchase a product or service that is associated with a social cause (Brennan, 2002). The statistics from this survey illustrate the increase in consumer awareness of socially responsible behaviour by companies, and demonstrate the importance for Irish businesses to develop and exhibit active CSR policies.

2.5.3 Stakeholder Pressure

There is an increased awareness both nationally and internationally that corporate behaviour affects social, political and natural environments. Corporate shareholders are also increasing their demand for companies that use responsible business practices; this is evident as in 2001 The FTSE4Good was launched in the UK and also the Dow Jones Sustainability Indexes has emerged. Research has also shown that employees have raised their expectations and are no longer satisfied with just monetary benefits, and they are actively looking for socially responsible action within their companies (Sustainability, 2001).

Among the external stakeholders, the media deserves particular attention, as what is portrayed in the media will influence both internal and external stakeholders, including customers, non-government organisations' and society at large (Mbare 2004). The media ensures that the CSR debate remains in the public domain providing ethical investors and financiers with more information and raising their expectations progressively (Mbare, 2004). Therefore, the media can be viewed as a screen to distinguish between CSR stunts and CSR strategies forcing companies to develop and be clear on their CSR agenda.

2.6   The Case for CSR in the Banking Industry

A company can derive a number of benefits from corporate social responsibility (Crowther and Rayman-Bacchus, 2003). In particular, growth in CSR practices will lead to market benefits and competitive advantages for those financial services firms that integrate CSR into their business policies (Ogrizek 2002). The research conducted by Ogrizek (2002) suggests that the benefits will only be achieved if the CSR policy is integrated within the corporate strategy. These benefits include improved financial performance, reputation and branding and employee attraction and retention.

2.6.1 Financial Performance

The association between CSR and financial performance has been a topic of debate for many academics over the years. The initial conclusions of empirical research found that CSR did not appear to influence profits, at least in the short term (Gray et al, 1995). However, in later years further research proved contradictory to previous results. Karake (1998) found a positive correlation between a firm's social performance and its financial performance. This correlation was measured by a company's reputation index compared with its return on equity. Margolis and Walsh (2001) and Orlitzky et al (2003) also produced similar results, in that the market will reward a company's social activities. Therefore CSR can be considered as an efficient management strategy to aid a company in maximising shareholder wealth in the long term (Baron, 2003)

2.6.2 Reputation and Branding

Banks, like other financial services firms, are special players in the market for information (Decker, 2004). Banking markets are characterised by information asymmetry and a set of promises are exchanged between buyer and seller (Decker, 2004). The characteristics of banking services highlight the importance of trust and customer knowledge as responsibilities of banks in the marketplace.

With the emphasis on customer trust in the banking sector, organisational image is one of the most important forms of branding available to financial institutions. Thus, reputation and image are critical success factors in the financial services competitive environment (Decker, 2004). Companies are now beginning to realise that the level of transparency required by the public has grown, and if they do not state their position on CSR they may be hiding something (Anonymous, 2006). Howley (1996) believes that if a company is forthcoming in mistakes it has made, the public will be more forgiving. By incorporating CSR into mainstream policies and the encouragement of transparency, a company can increase goodwill and strengthen its reputation. The Co-operative Bank claims that due to its mainstream CSR agenda, it has benefited from its ethical image (Decker, 2004).

2.6.3 Employee Attraction and Retention

There is growing evidence that a company's CSR activities comprise a legitimate, compelling and increasingly important way to attract and retain good employees (Bhattacharya et al, 2008). Therefore, CSR will become vital to lasting competitive advantage. A study by Sustainability (2001) found that when a company has a positive reputation specifically in the areas of environment and human rights this will increase a company's ability to attract and retain employees, while a negative reputation in these fields and a lack of ethics and integrity will decrease it.

A survey by Opinion panel research on behalf of the Guardian Grad Facts (2006) also revealed that the ethical record of prospective employers was more important than the monetary value of wages. This theme was also evident in an empirical study by Turban and Greening (1997), which demonstrated that a company's participation in CSR could help develop a competitive advantage in attracting employees. Therefore it would suggest that active CSR policies in the organisation should lower staff turnover rates and improve employee motivation.

On consideration of both the driving forces of CSR and the benefits that an organisation can obtain by adopting a CSR strategy, it is clear that there is a need for the banking industry to recognise and implement a CSR strategy. Since this research will examine CSR within the top four banks in Ireland, the starting point of this research will be concerned with whether these banks have recognised the need for CSR and put a CSR agenda in place.

2.7   Criticisms of CSR

While many companies across the world have recognised CSR as a valuable business activity, there remains scepticism among some academic researchers. Firstly, the concept lacks a clear definition for use by all (Frankental, 2001). Secondly Friedman (1970) argues that the only responsibility owed by business executives is to maximise shareholder wealth and finally CSR has often been described as a new public relations tool.

2.7.1 Lack of definition

Over the last fifty years, the concept of CSR has changed its focus many times, from an initial vague awareness of the relationship between business and society, to explicit rules of conduct (Perrini, 2005). Yet, CSR remains a fuzzy terminology despite attempts to define it and it is often used interchangeably with other related concepts such as business ethics, corporate citizenship and corporate sustainability (Valand and Heide, 2005).

One concern in relation to the definitions put forward for CSR, was that they explicitly deemed businesses to have responsibilities. Only people can have responsibilities, and as a corporation is an artificial person, these cannot have responsibilities even in a vague sense according to Friedman (1970). The lack of clear definition for CSR does weaken the case for CSR because there is no one commonly used and widely accepted definition for use within and across companies. Therefore as CSR is vague and intangible in nature, Frankental (2001) believes this concept in its present form is without meaning. Although, with the current emphasis being placed on the development of a new standard for CSR, this may override this argument.

2.7.2 Maximising Shareholder wealth

A renowned critic of CSR is Nobel Prize winner Milton Friedman. Friedman (1970) was among the first authors to fundamentally reject the concept of businesses owing social responsibilities. As there is no legal framework that provides incentives to a company to accept their responsibility to society, in the form of corporate gains, Friedman (1970) believes there is no need to recognise CSR. He also states that if managers are to act in a socially responsible

manner for the benefit of society, they should do this at their own expense rather than at the expense of their principals (Friedman, 1970). This is mainly because if CSR is incorporated into a company, it is not the management who bear the costs; instead they decide to take action in their role as agents of the principals.

It is Friedman's (1970) point of view that the only responsibility owed by mangers of an enterprise is to increase shareholder wealth and value by maximising profits and the value of the enterprise. As a result of this view, managers are bound by economic rules only, and commitments that are beyond legal requirements should not be undertaken. This argument was originated in the 1970's when the corporate world was very different to its present form. While there is no concrete evidence to suggest CSR is a necessity for companies, the worldwide company of Coca Cola, a soft drink manufacturer with a worldwide brand, would fully recognise the costs associated with the failure to have CSR practices in place (Killer Coke, 2006). The failure to have addressed the need for CSR within this organisation has lead to increased negative publicity which ultimately damaged the company's brand reputation.

2.7.3 PR Invention

According to Frankental (2001), an indicator of the real value that companies attach to CSR is where CSR is located within their organisational structure. Frankental (2001) suggests that CSR is usually located within the external affairs, corporate affairs or community affairs. This suggests that the CSR function is a peripheral function and is not embedded within the organisation as a mainstream exercise but rather a public relations exercise.

The premise of CSR is that companies should act responsibly and their operations are transparent. This requires management to critically evaluate their corporate actions, both good and bad. Therefore the way in which companies respond to reputation related risks and crisis determines whether CSR is a legitimate business activity or just another PR invention (Frankental, 2001). There are many organisations that fall into this category; Douglas et al (2004) found that from a sample of Irish financial institutions less than 1% of these companies disclosures were negative, while the remainder was either neutral or positive. It is the belief of Frankental (2001) that until there is complete stakeholder involvement, changes in company law, benchmarking and auditing as well openness to public scrutiny, CSR will remain a PR

exercise. Therefore in order to determine whether CSR has been undertaken as an extension of PR in the top four Irish banks, the researcher has decided to examine the location of CSR within the banks organisational structure, as Frankental (2001) states this can demonstrate the real value companies place on CSR.

2.8 CSR participation in the Banking Industry

The FORGE Group (2002) guidance in line with the classification adopted by Business Impact task Force (2000) identifies four main areas of impact for CSR issues in the financial services industry. However, the guidance does not specifically define each category, but rather implies that each of the four areas have key stakeholder groups. These categories are referred to as the community, the environment, the workplace and the marketplace.

2.8.1 Community

The community is largely concerned with the broad conceptualisation of surrounding neighbours or surrounding societies of the organisation (Business Impact Task Force, 2000). Research conducted by O' Dwyer (2002) found that managers in the Irish banking sector perceive corporate involvement in community activities as a 'win-win scenario' for both the organisation and community. The Irish Banking Federation (2007) recently published statistics on community investment by Irish financial Institutions. These statistics showed that these institutions spend over 46 billion euro each year on community activities (IBF, 2007).

A survey conducted by Viango and Nicolai (2006) in the European banking industry found that the most relevant community initiative is donating/ sponsorship, and a close second is volunteering in community projects. While in the Irish context, Douglas et al (2004) discovered that only 1% of social disclosures are related to community involvement as opposed to 22% for those institutions of best practice, representing a significant gap. However, EIRIS, (2003) believes that a company's involvement in community should extend beyond merely writing cheques. This is because it is believed that there are considerable mutual benefits to companies, individuals and charities, if the banks are actively involved with the causes they support (EIRIS, 2003).

2.8.2 Environment

For the purposes of undertaking CSR activities within the banking industry, the environment relates to concerns about natural resources, the organisation's surroundings and replenishing those resources (Decker, 2004). According to a survey by Stock at Stake (2004) the main

method of evaluating a banks effort in CSR is to review the application of environmental criteria for credits and loans. European banks tend to emphasise the application of environment credit risk assessment (ECRA) and there is a growing tendency to finance environmentally friendly projects. Many of these banks have now incorporated environmental management systems into their business operations (EIRIS, 2003).

There is a significant gap also between Irish financial institutions environmental disclosures and that of best practice (Douglas et al, 2004). Research has shown that the mean average over four years for the best practice financial institutions was 6%, while there were no disclosures by Irish banks (Douglas et al, 2004). Research by EIRIS (2003) also found that AIB and BOI performed poorly in the relation to their environmental policies. The results of this research are displayed in Table 1.

Table 1 Environmental Results

Bank	Environmental Policy	Environmental Management Systems	Environmental Reporting	Environmental Performance
Allied Irish Bank	Underdeveloped	Underdeveloped	Underdeveloped	Inadequate data to assess
Bank of Ireland	Moderate	Weak	Underdeveloped	Inadequate data to assess

Adapted from: EIRIS Guide to Responsible Banking 2003

2.8.3 Workplace

The workplace focuses on the treatment of employees and the improvement of employment conditions within the organisation. Issues that need to be considered from the financial services perspectives according to Business in The Community (2002) include human rights, equal opportunities, health and safety as well as training and development for employees. Mc Keown (2003) believes that CSR without human resources is public relations. Therefore this reiterates

the need for effective implementation of HR policies on employee consultation, diversity, fair treatment and work-life balance to project the image of a responsible employer.

Viango and Nicolai (2006) found that European banks are promoting work life balance, gender equality, equal pay of men and women as well as preventive measures against sexual harassment and bullying in their organisations. In relation to Irish banks EIRIS (2003) found that both AIB and BOI had moderate policies in place for equality in the workplace.

2.8.4 Marketplace

The marketplace is a key interface between society and business. The key stakeholders groups include customers and suppliers (Decker, 2004). Past banking practices in a number of Irish banks have damaged the standing of the banking sector as a whole. The financial services sector in Ireland now faces unprecedented challenges to restore public confidence where it has been lost, and this can be achieved through active CSR policies in the marketplace (Mc Sweeney, 2005).

CSR policies within the marketplace should reassure customers and suppliers that the bank has ethical trading on their business priorities (Business in the Community, 2002). It is relevant to consider that Viango and Nicolai (2006) found that the most important social issue for European banks was their indirect responsibilities to customers and suppliers. This suggests that banks seem to be aware of the indirect role they play via their lending operations, management of assets, SRI funds, and consulting.

2.9   Conclusion

As the purpose of this research is to examine the nature and extent of CSR within the top four Irish banks, these four areas of impact provide the framework to help realise this research objective. To examine the nature of CSR, the activities and policies adopted under each of the four categories will be analysed. In relation to the environment, policies on lending decisions and environmental credit risk assessment will be examined (EIRIS, 2003; Viango and Nicolai,

2006; Stock at Stake, 2004). The areas for consideration in terms of community include the bank's participation in community initiatives, sponsorship and volunteering of staff in community projects (EIRIS, 2003; Viango and Nicolai, 2006; IBF, 2007). The evaluation of CSR within the workplace will involve reviewing whether policies have been developed in terms of gender equality, work life balance and human rights, as human resources are of significant importance, according to McKeown (2003). The marketplace activities appear to be vague in comparison to the other categories; however the prevailing theme in the literature seems to concentrate on ethical trading with customers and suppliers, therefore this is likely to be achieved through examining whether the top four Irish banks have developed of codes of conduct.

Chapter Three Research Methodology

3.1 Introduction

The purpose of this chapter is to identify and discuss the various types of research that can be conducted. This chapter gives an outline of the plan of action and the research methods followed in this research project. Leedy (1993) describes methodology as an operational framework within which the facts are placed so that their meaning may be seen more clearly. A structured research process can only be done by means of a systemic plan of action. An outline of the plan of action is provided in order to give structure to the process of research.

3.3 Research Philosophy

A research philosophy is a belief about the way in which data about a phenomenon should be gathered, analysed and used. Two major research philosophies have been identified in the Western tradition of science, namely positivist and interpretivist (Galliers, 1991). Such philosophies have also been described as research paradigms according to Burrell and Morgan (1979). The concepts of these research philosophies are captured in two very different paradigms illustrated below.

Figure 3.1 Research Philosophy/ Paradigm Alternatives
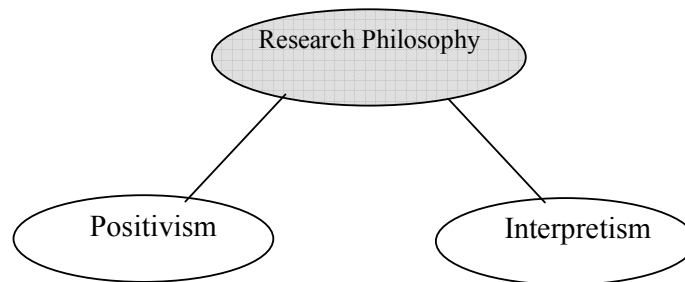
3.3.1 Positivism

Positivism is the belief that reality is stable and can be observed and described from an objective viewpoint (Bryman, 1988). Hussey and Hussey (1997) believe that positivism relates to scientific research, the philosophy that the social world exists externally and that its properties can be measured objectively. Positivist research has a number of distinguishing features according to Gill and Johnson (1997). Firstly, positivist research is deductive and seeks

to explain relationships between variables. Secondly, this philosophy generally uses quantitative data and uses controls to test a hypothesis and lastly it is a highly structured methodology to allow repetition. Jankowicz (1995) clarifies that positivism searches for the truth and for the positivist researcher there is no alternative.

The underlying assumption of positivism is that the researcher is in control of the research process and has clear and defined research objectives. Positivist research develops a hypothesis or theory for analysis through the research process, and according to Gummesson (1991) positivist researchers obtain security in testing hypothesis by means of statistical and mathematical formulas. This research is characterised by validity and reliability testing where under the same conditions the same result would be achieved through retesting. For the purposes of this research such a philosophy would not provide the required results and is unsuitable to the objectives of the research, this is discussed in greater detail in chapter 3:9. Saunders et al (2000) state that there are a number of advantages and disadvantages of using the positivist philosophy to research which have been summarised in table 2 below .

Table 2 Advantages and Disadvantages of Positivism
Source: Adapted from Saunders, M., et al., (2000)

Positivism	Advantages	Disadvantages
1.	This type of research is economical in relation to time and the data collection process where large sample and quantities of data are used.	Positivist research is inappropriate to the study of social phenomena.
2.	This philosophy also ensures that a clear theoretical focus to achieve the defined objectives at the outset.	The methods of positivism are limited in what they can explain and describe about human behaviour.
3.	Positivism allows the researcher to retain control of the research process (Jankowicz, 1995; Easterby- Smith et al, 1991).	This philosophy is often rigid and inflexible, as once the data collection process has commenced it is very difficult to modify.

3.3.2 Interpretive

Interpretivists contend that only through the subjective interpretation of and intervention in reality can that reality be fully understood. The study of phenomena in their natural environment is prominent in the interpretivist philosophy, together with the acknowledgement that scientists cannot avoid affecting those phenomena they study (Orlikowski and Baroudi 1991). The interpretive tradition has a deep seated scepticism of the positivist view of the world as external and objective. In particular, the social world is seen as socially constructed on the basis of shared meanings that are subjective (Orlikowski and Baroudi, 1991; Klein and Myers, 1999). Therefore, this leads to the second element of the interpretive philosophy, which is the unavoidable involvement of the researcher in the observation process (Walsham 1995). The third characteristic of the interpretive approach is the focus on meanings rather than facts alone. In contrast to the positivist paradigm, rather than studying facts alone the interpretive researcher studies issues.

Similar to the positivist paradigm, monitoring for reliability of the data is possible, however this is conducted in a less rigid and structured manner. This research philosophy tends to produce qualitative data and uses small samples; therefore it is more suited to this research project than the positivism philosophy. The merits and drawbacks of this research philosophy have been summarised in table 3 below.

Table 3 Advantages and Disadvantages of the Interpretive Philosophy
Source: Adapted from Saunders, M., et al (2000)

Interpretivism	Advantages	Disadvantages
1.	It allows the researcher to examine beyond the objective facts to understand the reasons of why and how they exist.	This research can be time consuming and costly.

2.	Unlike positivism, interpretivism is flexible and a change in direction is feasible even if the research process has commenced.	Data analysis may be more difficult and it can be difficult to reach an end conclusion, therefore patterns may not emerge.
3.	This philosophy is more suited to understanding and interpreting social actions and processes.	This research philosophy is sometimes perceived as less credible than the positivism philosophy to research.

3.4 Research Focus

There are various types of research according to Hussey and Hussey (1997). These authors state that these various research methods can be classified according to the purpose of the research, the process of the research and lastly the logic of the research. This classification is shown in Table 4 below. Research according to its purpose, as shown below, can be classified as exploratory, descriptive or explanatory. These various research types will be discussed briefly.

Table 4 Classifications of Research Types
Source: Adapted from Hussey and Hussey (1997)

Basis of Classification	Research Type
Purpose of Research	Explanatory, Exploratory or Descriptive Research
Process of Research	Primary or Secondary research
Logic of Research	Deductive or Inductive Research

3.4.1 Exploratory

Exploratory research, as the name suggests, is a method of gaining initial information and insights about a problem or a specific topic. Exploratory research aids the researcher to seek new insights, to ask questions and to assess the phenomena in a new light (Robson, 2002).

Saunders et al (2000), states that there are three principal ways of conducting exploratory research. Firstly, the researcher should examine the literature available; secondly the researcher should talk to experts in the area and lastly conduct focus group interviews.

3.4.2 Descriptive

Descriptive research is used to establish a factual picture of the issue or topic under investigation. Robson (2002) states that the purpose of descriptive research is to give a comprehensive profile of persons, events or situations that is accurate. Furthermore, this author continues to advise that descriptive research can be used as an extension or a forerunner to exploratory research. Therefore the main purpose of descriptive research is to describe what is prevalent with respect to the issue or subject under study (Kumar, 2005).

3.4.3 Explanatory

Explanatory research examines casual relationship between variables (Saunders et al, 2003). They further state that the emphasis of explanatory study is on studying a situation or problem in order to explain the relationship between variables. Explanatory research frequently includes descriptive elements but goes beyond this to identify and explore the causes lying behind the effects and the nature of the relationships between the two.

Table 5 The goals of exploratory, descriptive and explanatory research
Source: Adapted from Newman (1994)

Exploratory Research	Descriptive Research	Explanatory Research
Become familiar with the basic facts, people and concerns involved	Provide an accurate profile of a group	Determine the accuracy of a principle or theory
Develop a well grounded mental picture of what is	Describe a process, mechanism or relationship	Find out which competing explanation is better

happening		
Generate many ideas and develop tentative theories	Give a verbal or numerical picture	Advance knowledge about an underlying process
Determine the feasibility of doing additional research	Find information to stimulate new explanations	Link different issues or topics under a common general statement
Formulate questions and refine issues for more systematic enquiry	Present basic background information or a context	Build and elaborate a theory so it becomes complete
Develop techniques and a sense of direction for future research	Create a set of categories or classify types	Extend a theory or principle into new areas or issues
	Clarify a sequence, set of stages or steps	Provide evidence to support or refute and an explanation
	Document information that contradicts prior beliefs about a subject	

3.5   Primary and Secondary Data

There are two main sources of data, namely secondary data and primary data. Malhotra (1999) defines secondary data as data that was originated by a researcher for the problem on hand at that time. Therefore, secondary data is data which has been collected by individuals for purposes other than those of this particular research study. Saunders et al (2003) have created three subgroups of secondary data: documentary data, survey based data, and those complied from multiple sources.

Primary data is data which is originated by the researcher for the research problem under study (Saunders et al, 2003). Primary data can be qualitative or quantitative in nature and can be generated through the use of observations, interviews or questionnaires depending on the objectives of the current research.

3.6   Inductive/ Deductive Research Approach

The choice between the deductive or inductive research paradigms has been discussed by numerous authors (Cavaye, 1996; Hussey and Hussey, 1997; Perry, 2001). The decision on whether to use inductive or deductive will depend on the nature of the phenomena under research. The researcher will briefly discuss both research approaches.

3.6.1 Inductive

The main purpose of induction is to build new theory, rather than test existing theory, its main empirical focus is on collecting data from the real world as a resource to be used in developing explanations or theory. Hussey and Hussey (1997) define inductive research as a study in which theory is generated from observing empirical reality; therefore the general inferences are induced from particular instances. Inductive research places an emphasis on gaining and understanding of the meanings humans attach to events.

3.6.2 Deductive

Deductive research is concerned with testing existing theory, which is in contrast to that of the inductive method. Gill and Johnson (1997) have defined deductive research as the development of a conceptual and theoretical structure prior to its testing through empirical observations. Therefore, unlike the inductive approach, general inferences are deduced from particular references. The deductive approach is based on scientific principles and usually means that the researcher is independent of the research being undertaken (Saunders et al, 2003).

3.7   Research Questions and Objectives

In order to understand the justification for the choice of research philosophy, research focus, research approach and also the data collection methods used in this research, it is necessary to identify the research question and objectives of this study.

Research Question: "What is the nature and extent of corporate social responsibility within the top four banks in Ireland?"

Research Objectives

1.   To what extent do the top four banks in Ireland participate in CSR?
- *To determine if a current CSR agenda is in operation*
- *To determine what has influenced the bank to adopt a CSR agenda*
- *To examine whether the CSR policies are integrated within business operations (Commission of the European Communities 2001)*
- *To examine what value management place on CSR by determining where the CSR function is placed within the organisational structure (Frankental, 2001)*

2   What is the nature of CSR participation within the top four banks in Ireland?
- *Do these banks use the four categories suggested by the FORGE group (2002) in line with the Business Impact task Force (2002)*
- *Examine CSR activities in relation to;*
  - *Community*
  - *Environment*
  - *Workplace*
  - *Marketplace*

3.8   The Scope of the Research

The scope of the research process for the purposes of this study is illustrated in figure 3.3 below

Figure 3.3   The Scope of the Research Process

```
┌─────────────────────┐      ┌─────────────────────┐      ┌─────────────────────┐
│  Literature Review on │ ──→ │  Identify Population  │ ──→ │   Determine data      │
│  CSR and the Banking  │      │  Determine whether    │      │   collection methods  │
│       Industry        │      │  sample or census is  │      │                       │
│                       │      │   more appropriate    │      │                       │
└─────────────────────┘      └─────────────────────┘      └──────────┬──────────┘
                                                                       │
                                                                       ↓
┌─────────────────────┐      ┌─────────────────────┐      ┌─────────────────────┐
│   Create online       │ ←── │  Based on results from│ ←── │   Design Semi         │
│  questionnaire and    │      │  Interview, compile a │      │   structured          │
│  email questionnaire to│      │  questionnaire for    │      │   Interview           │
│     respondents       │      │  financial institutions│      │                       │
└──────────┬──────────┘      └─────────────────────┘      └─────────────────────┘
           │
           ↓
┌─────────────────────┐
│   Final research phase│
│ Prepare qualitative   │
│  analysis from        │
│    Interview          │
│ Prepare statistical   │
│  analysis captured    │
│  from questionnaires  │
└─────────────────────┘
```
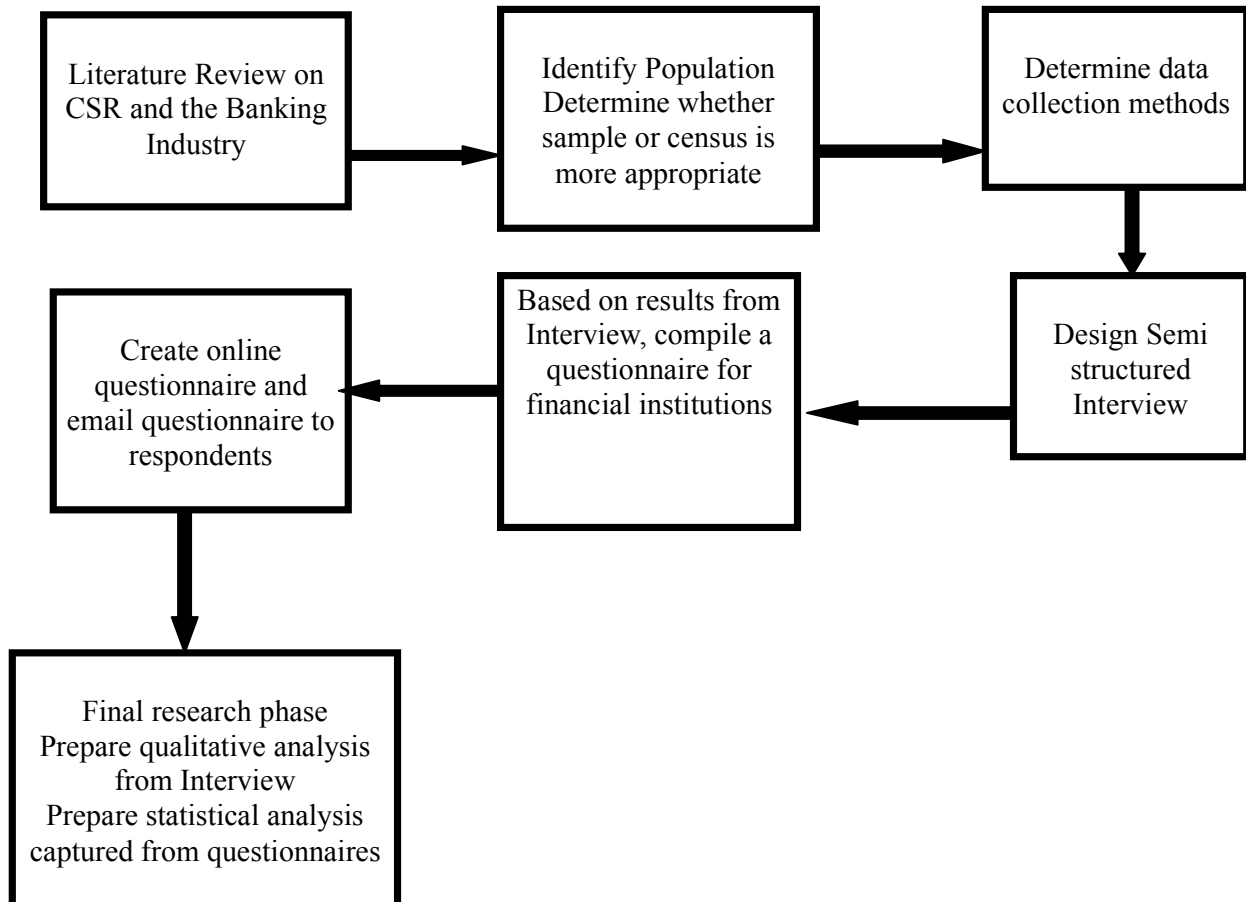
Figure 3.3 can be summarised as follows; firstly a comprehensive review of the current literature has been undertaken including CSR in general and CSR within the banking industry. Secondly, the researcher identified the population as the top four banks in Ireland, this population is small therefore it is more appropriate to conduct the research using a census as opposed to a sample. The next step in the process involved determining which data collection methods would be used. For the purposes of this research both an interview and a questionnaire have been selected. The interview would be carried out and analysed as a stepping stone to develop a comprehensive questionnaire. Finally, both the results of the interview and questionnaires will be analysed and presented.

3.9   The Research Design

A research design is a plan, structure and strategy of investigation devised to obtain answers to the research problem (Kerlinger, 1956; Kumar, 1997). The research design of this research project sets out the research philosophy used, the purpose of the research, the process of the research, the logic of the research and also the data collection methods used to achieve the aims of this research.

3.9.1 Research Philosophy Adopted: Interpretism

It has often been observed that no single research philosophy is intrinsically better than any other, however many others have stated that a combination of philosophies can improve the research (Benbasat, 1987; Kaplan and Duchon, 1988). In this case, the research question lends itself toward the interpretive philosophy rather than the positivist philosophy. This is due to the subjective nature of the subject matter, i.e., CSR. The interpretive philosophy allows the researcher to understand the patterns behind the facts, rather than just obtaining the facts alone. For example, this research aims to explain the reasons the top four Irish banks participate in CSR as opposed to simply identifying that CSR agendas are in operation within these organisations.

During the literature review it became apparent that there was no one commonly accepted definition of CSR, therefore how an organisation defines CSR is largely dependent on the perceptions of management within that particular organisation or industry (Decker, 2004). This means that many aspects of this research will be based on opinions and therefore it is more suited to the interpretive philosophy, as interpretism is more appropriate for understanding social processes. Ideally, the researcher's aim was concerned with obtaining predominantly qualitative research in line with the interpretive philosophy, however due to restrictions encountered during the research process, dicussed in chapter 1:3, this was not entirely possible.

3.9.2 Purpose of the Research: Descriptive and Exploratory Research

As the purpose of this research is to examine the nature and extent of CSR within the top four banks in Ireland, the study can be classified as both descriptive and exploratory in nature. Firstly, this research involved an analysis of the evolution of CSR and the relevant literature, which is classified as descriptive research. Secondly, in order to obtain an understanding of the extent of CSR within these organisations, an exploratory study must be undertaken. The exploratory research was carried out using a semi structured interview with a CSR bank official. The data gathered from this interview was then used as the basis for designing the questionnaire. The main advantage of using both exploratory and descriptive research was that it permitted the researcher to obtain both qualitative and quantitative data relating to the issues of the research.

3.9.3 Process of the Research: Primary and Secondary Research

This research was carried out by utilising both secondary and primary data. The secondary data was obtained by reviewing existing literature in the area of CSR. This material included academic journals, books, reports and newspaper articles. The primary research was conducted in two stages, the first stage was a semi structured interview and the second stage was an online questionnaire. As the researcher could only obtain one interview, this interview would be the first step in the data collection process and would also aid the design of the questionnaire. The research also combined the used of both qualitative and quantitative research methods.

3.9.4 Logic of the Research: Inductive Research and Deductive Research

This research was conducted predominantly using the inductive approach. According to Jeucken (2002), this particular research topic is a largely neglected area of research in the financial services sector. Therefore, the inductive approach was adopted because the findings of this research will add to the existing body of knowledge on the research topic. Previous research by Douglas et al (2004), based solely on published literature from Irish banks, found

that CSR was superficial when compared to European best practice, and this research was unable to conclude on the extent of CSR within these organisations'. Therefore, this research aims to establish the nature and to what extent these banks participate in CSR. This process involved the gathering of qualitative data that is rich and subjective. However, the deductive approach has also been used, as Frankental (2001) states that the value placed on CSR can be determined by examining the location of CSR within the organisational structure and this can indicate whether CSR is a valuable internal function or a public relations exercise. Therefore this theory will be used to establish the value placed on CSR by management within the top four banks in Ireland.

3.10 Constructing an instrument for data collection

There are many different data collection methods available when conducting research. The data collection methods used will be dependent on the objectives of the research. For the purposes of this research the researcher used both the interview and the questionnaire for data collection. The researcher will discuss the data collection methods used in greater detail.

3.10.1 Interviews

Interviews enable data to be collected through direct verbal interactions between individuals and are routinely used in interpretive research (Denzin and Lincoln, 2003). An interview is an effective means of gaining valid and reliable data that is relevant to the aims of the research. Interview structure varies according to the context and purpose of the interview, from structured through semi-structured to unstructured interview schedules (Fontana & Frey, 2003). Unstructured interviews are commonly referred to as in depth interviews (Saunders et al, 2003). This type of interview is commonly conducted on a one to one basis to allow more in depth answers and opinions to be expressed. Semi structured interviews are non- standardised in format and questions may vary in from interview to interview. The researcher may add or omit questions in an interview to suit the specific context which is encountered in relation to the research topic. A structured interview is often conducted using a predetermined list of questions (Saunders et al, 2000). According to Easterby- Smith et al (2003) the questions used in a structured interview are continuously refined in an attempt to insure validity. The researcher's choice to use a semi structured interview was based on the belief that this would allow more flexibility to change or omit questions during the interview depending on the reactions and

answers given by the interviewee.

Initially, the aim of the researcher was to carry out four interviews; however the research process incurred difficulty, unfortunately, the researcher was unable to secure all four interviews with CSR officials within the top four banks. Only one bank, from the four selected, agreed to participate in an interview. However, it must be noted that the researcher did not believe there to be any resistance by any of the banks to the research being conducted, as it appeared that the respondents' time was the main obstacle. The only interview conducted was semi structured in nature, and the guidance for this interview was sent to the interviewee one week before the interview. The main reason for sending this guidance to the interviewee was to allow them to adequately prepare for the interview. The guidance for the interview and the transcribed answers can be found in Appendix I and Appendix II, respectively. Due to ethical considerations the researcher was not permitted to record the interview.

3.10.2 Questionnaires

Questionnaires can be used to gather data from a specifically-defined group of individuals who all respond to identical questions (Saunders et al, 2000). According to Bernard (1999) the questionnaire, tends to be more focused and structured than either an interview or observation. The main considerations when designing a questionnaire are concerned with ensuring that questions included measure the concepts that the researcher intends them to measure, and they must mean the same thing to all respondents (Baker, 1999). The questions should be clear, simple, unambiguous and free of bias (de Vaus, 1991).

In relation to this research, questionnaires were also used to collect data, although this data collection method was not the preferred option. The design of the questionnaire was based on the results from the interview and the researcher felt that due to the qualitative nature of the research area, a number of open ended questions would be required to achieve the objectives of this research, closed ended questions were also used. The open-ended questions helped the researcher avoid the limitations of pre-set categories, and responses may contain the 'gems' of information that might not be captured with closed questions (Cohen, Manion, & Morrison, 2000). However, the researcher was aware that open ended questions may be more difficult to

code and classify than closed ended questions (Baker, 1999). According to Somekh and Lewin (2005) open ended questions tend to be off putting to the respondents as they require more time to answer, such issues had to be considered during the design phase of the questionnaire. In relation to closed ended questions, these questions force the respondents to select a single response. Although closed questions are useful because they can be easily coded, they do not allow the respondent to add any qualifications or explanations to the given categories (Cohen, Manion, & Morrison, 2000). There is also the risk that the categories may not be exhaustive and that they are biased (Oppenheim, 1992). The interview provided the researcher with knowledge on areas such as integration, stakeholders and CSR activities to develop predetermined lists in the closed ended questions. Copies of the accompanying cover letter and the questionnaire can be found in Appendix III and Appendix IV, respectively. The researcher decided to use an online questionnaire, which was distributed directly to the respondents via email. During the early stages of this research, the researcher contacted all four respondents in the population via email, in order to ensure that a 100% response rate was achievable. This was important from the perspective of the researcher, as the population was relatively small it was necessary for all respondents to participate in the research to ensure the findings were meaningful.

Chapter Four Findings and Analysis

4.1   Introduction

This chapter is concerned with analysing and interpreting the data collected during the primary research process. The primary research was conducted in two stages; the first stage was a semi-structured interview. The second stage was an online questionnaire sent to CSR officials within each of the top four banks in Ireland. This chapter presents a review of the transcript of the interview conducted with one of the CSR directors within one of the top four banks and also the results of the questionnaires will also be examined to understand the nature and extent of CSR within the top four banks in Ireland.

4.2   The concept of corporate social responsibility

The questionnaire was sent to the top four banks in Ireland and the researcher received all four responses which gave a response rate of 100%. The first objective of this research was to establish whether CSR has been adopted, and it has been found that all banks surveyed currently have a CSR agenda in place (see figure 4.2).

Figure 4.2   Does your organisation currently have a CSR policy in place?

		Response Percent	Response Count
Yes	▆▆▆▆▆▆▆▆▆▆	100.0%	4
No		0.0%	0

It is widely acknowledged that there is no one commonly accepted definition of CSR (Mc Williams, 2006). Therefore, it was anticipated that when the respondents were asked how CSR was defined within their organisation, the responses would be varied. Interestingly, when the interviewee was asked this question, they stated that *"our organisation defines CSR as a concept whereby we integrate social and environmental concerns in our business operations and also in our interactions with stakeholders, which is very much what the EU Commission Green Paper defines it as".* The interviewee expressed that their organisation favoured the EU Green Paper (2001) definition, because it *"reinforces aspects such as environmental, social, stakeholders concerns and reiterates that such concerns should be integrated".* Only one

respondent from the top four banks expressed that they did not have a formal definition in place and that they simply act responsibly in the pursuit of their business objectives. The remaining banks had similar definitions of CSR. They defined CSR as a means of achieving long term sustainability through establishing relationships with their stakeholders and the environment in which they operate. The definitions used by these organisations are in unison with that of Naylor (1999), who suggested that an organisation must incorporate social aspects such as stakeholders and surrounding environments in their decision making process.

It is important to understand how each bank defines CSR, as this provides the foundations on which to base reasoned judgments on the nature and extent of CSR within these organisations. It was interesting to discover that only one bank recognised CSR integration in their definition, as this is a central component of valuable CSR. Frankental (2001) believes that stakeholder engagement is important to ensure that CSR is a valuable business function. Three banks, from the four surveyed, have made reference to stakeholders in their definitions, therefore these organisations understand the importance of stakeholders' needs in their CSR agenda's.

4.3   The factors influencing the top four banks to adopt CSR

Many organisations adopt CSR, however, it is not always stated why these organisations have made that particular decision. Therefore, as one of the objectives of this research is to examine why these banks decided to adopt CSR, a number of questions were included in the questionnaire. When the interviewee was asked this question, they stated that " *there has been increased demand from customers, employees, statutory bodies and general public for detailed information about whether companies are meeting acceptable standards"*. The interview continued to explain that there were also internal influencing factors, *"being proactive about CSR will increasingly provide a competitive advantage both externally through protecting our company reputation and the accompanying publicity and internally through employee engagement."* Therefore, the interviewee believed that their organisation was influenced by increased awareness of stakeholders, protecting and improving their brand reputation, building creditability and trust in the marketplace, and also internal business factors such as employee management.

It is difficult to establish which theory has influenced this organisation's decision to adopt CSR, discussed in chapter 2:3. The interviewee stated, *"a good CSR reputation is a reflection of good management [...], and provides us with our licence to operate."* This statement supports legitimacy theory, however because legitimacy theory has its roots in social contracts theory, it could be argued that this statement also relates to social contracts theory. In relation to stakeholder theory, the interviewee stated, *"We have responsibilities to all our stakeholders and in order to deliver our business objectives we need to employ robust CSR policies to ensure that all our stakeholders' needs are met."* Therefore this bank has been influenced by a combination of all three theories relating to active CSR.

When respondents were asked the same question, the responses proved vague and varied. One bank stated that the main motivation for adopting CSR was simply because it was part of their business philosophy. However, this bank did not provide any information on what had influenced them to adopt CSR into their business philosophy. One bank from the four surveyed, simply stated that *"sustainability"* was the only motivating factor for adopting CSR. The questionnaire also contained closed ended questions in relation to the main drivers of CSR to allow the researcher to obtain a more balanced understanding of the motivating factors in adopting CSR (see Figure 4.3).

Figure 4.3   What do you believe to be the main drivers of CSR within your organisation?
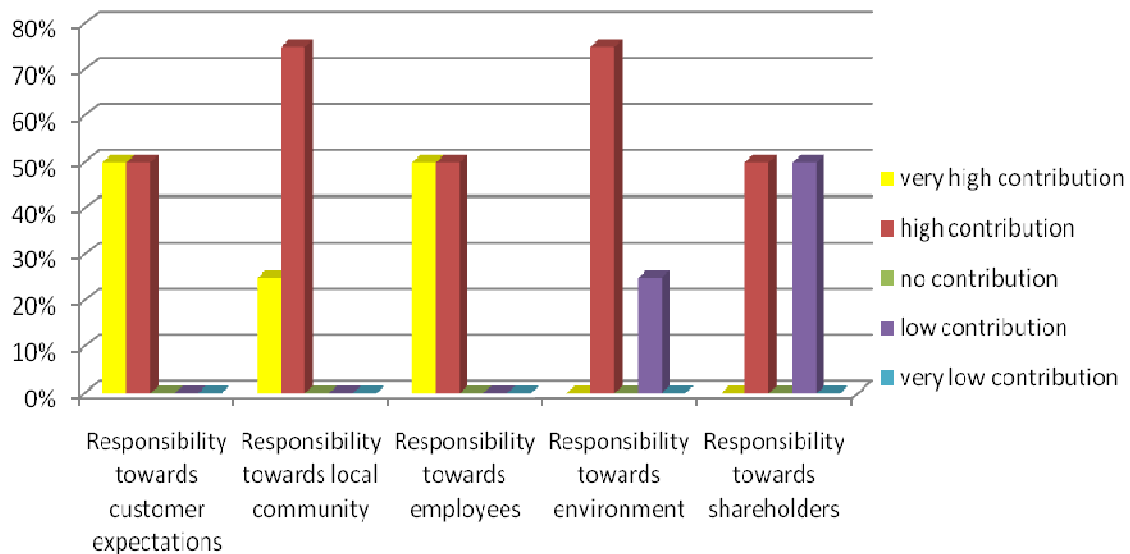

When the respondents were asked what the main drivers of CSR were within their organisation, all four banks placed responsibility to customers, to the local community and to employees as high or very high contributing factors. Responsibility to shareholders as a motivation to adoopt CSR, was a factor which was equally divided with two banks deeming it as a low contributor and the remaining to banks considering it a high contributing factor. The banks have stated that customers, employees, community and the environment have been the most infleuential factors in their decision to adopt CSR, however, a slight contradiction was apparent (see Figure 4.3.1). As these stakeholders' influenced these banks to adopt CSR, the researcher assumed that this would be reflected in the amount of pressure such stakeholders' put on these banks. However, when the respondents were asked how much pressure they experience from a variety of stakeholders, the results were mixed (see Figure 4.3.1)

Figure 4.31   How much pressure do you perceive your organisation to experience from stakeholders to adopt and continually improve your CSR programme?
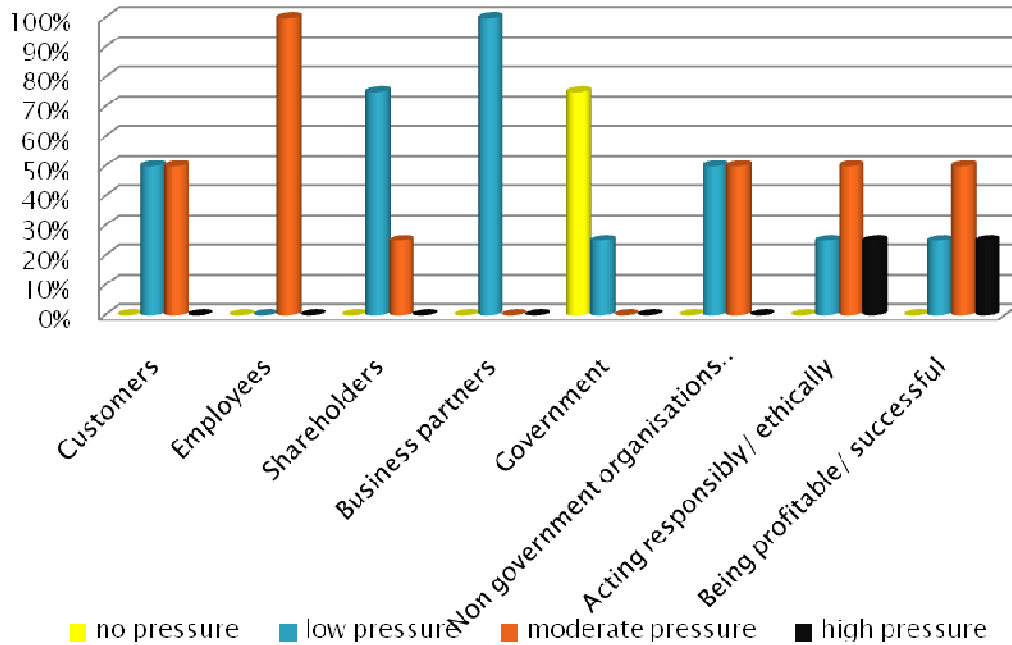

All four banks encountered moderate pressure from employees to adopt and improve CSR, while customers were perceived as putting moderate pressure on two of the banks and low pressure on the remaining two banks. Despite figure 4.3 showing that these were among the main influencing factors. NGO's were rated as 'moderate pressure' by two banks, while the remianing two banks felt that they only experience low pressure from NGO's to adopt and improve CSR. The only categories to be considered as applying high pressure were 'acting responsibily' and 'being profitable', this is expected as the core objective of any business is to be profitable/ successful (Friedman, 1970). Interestingly, three banks (75%) feel that they experience no pressure from the government to adopt and improve their CSR agenda, and this is the only stakeholder selected in the 'no pressure' category, while the remaining bank believed that they experience low pressure from the goverment. Subsequently, respondents were asked how important stakeholders are in relation to encouraging positive change, only customers (75%), employees (50%) and business partners (25%) were ranked as important (see figure 4.3.2). Once again, it was expected that government's encouragement would be ranked as not important based on previous responses, although it was not the only category to be ranked as unimportant, as lawsuits were also perceived as not important.

Figure 4.32   How important has each of the following categories been in encouraging positive change in the social responsibility of your organisation?
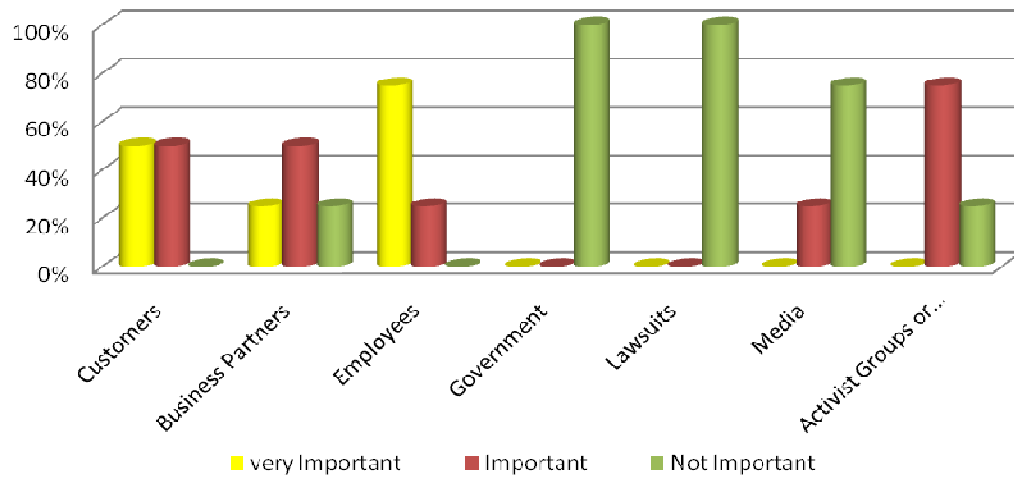
The findings show that no respondent indicated that the government played any role in influencing their organisation to recognise CSR. Overall this suggests that the government are not proactive in pressuring organisations in the financial services sector to recognise and improve CSR. Fortunately, this has not hindered the committment to improve CSR, as figure 4.33 shows that all banks in the population have become more socially responsible over the last decade, despite the perceived lack of creative pressure from government.

Figure 4.33   Has your organisation become more socially responsible over the last 10 years
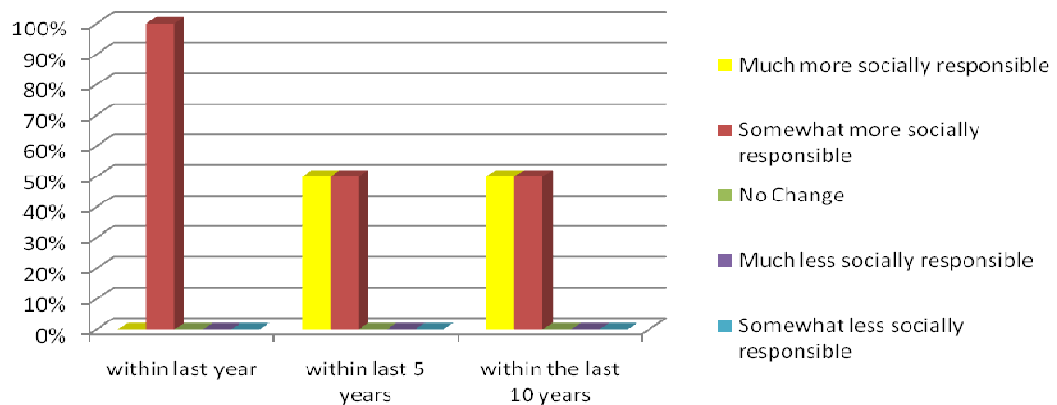
4.4 Stakeholder engagement during the CSR development and improvement process

The approach to stakeholder engagement when developing CSR policies is not a specific objective of the research. However, the level of stakeholder engagement in developing CSR can be a determinant of the extent of CSR within organisations. The interviewee, when asked about stakeholder consideration during the development of CSR stated, *"a number of our stakeholders are considered when developing CSR policies."* Subsequently, this question was included in the questionnaire and respondents were united in agreement that their stakeholders are considered during the development of CSR (see Figure 4.4).

Figure 4.4   When CSR policies are being developed, are there any stakeholders considered in this process?


All four banks consider customers, the local community, employees, and shareholders when developing CSR policies and three banks also consider business partners in the CSR process. The next phase of the research was to examine whether such stakeholders are actually involved in the development process. The interviewee expressed that *"we involve various stakeholders including staff, customers, shareholders, suppliers, as well as external stakeholders such as non-profit organisations and government bodies."* The interviewee continued to explain how stakeholder involvement was accommodated during CSR development, *"we [...] ask our staff to complete surveys [...], we also do customer research on CSR to allow our customers to get involved in the CSR policies [...], meetings with non-profit organisations and government bodies [...], test all our CSR policies before implementation and we do this through the use of focus groups that incorporate a variety of our stakeholders".* When respondents were asked this

same question, all banks stated that stakeholders are involved in the CSR development process. However, there was only one respondent; employed by the same organisation as the interviewee that briefly explained how stakeholders were accommodated.

4.5   The nature of CSR activities within the top four banks

In order to examine the nature of CSR within the top four banks in Ireland, it was the researcher's objective to establish whether these banks use the classifications devised by the FORGE Group (2002), in line with the BITF (2000), discussed in chapter 2.8 and the policies implemented under each classification. It has been established that only three banks, from the four surveyed, use these classifications, however, each bank does have policies in place regarding all four classifications (see Figure 4.5)

Figure 4.5   **These FORGE Group and Business Impact Task Force have classified four areas of concern for CSR policies that are of particular interest to this research. These classifications are referred to as the environment, workplace, marketplace, and community. Does your organisation use any of these classifications, or variations of these, for devising CSR policies?**

	Response Percent	Response Count
Yes	75.0%	3
No	25.0%	1
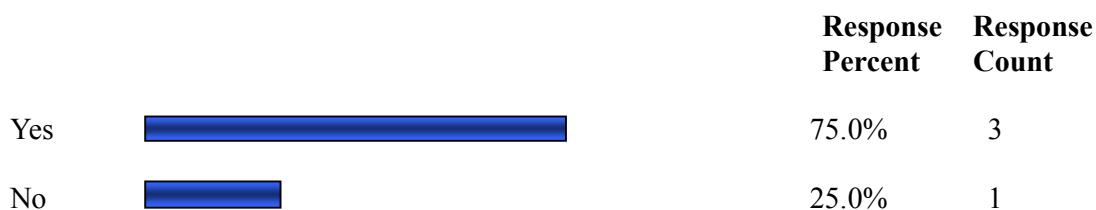
The interviewee expressed that they used three classifications and one variation of the FORGE Group (2002) classifications, *"we determine and report our CSR activities under four headings [...], these include the community, the marketplace, and the environment. However, instead of using the workplace we actually use a variation or another name for workplace [...], we use the term People."* The interviewee was then asked to briefly elaborate on the general issues incorporated into their CSR programme, to which they replied *"our CSR agenda covers a variety of issues [...], codes of ethics [...], organisational diversity, training and development [...], equality [...], health and safetyy [...], transparency,[..], promoting ethical investment in the marketplace [...], environment management system [...], providing sponsorship and*

donations to local community projects". As a result of the descriptive nature of the interviewee's response, this aided the researcher when designing a multiple-choice matrix for the questionnaire.

When the respondents were asked what general issues are incorporated into their CSR agendas community volunteering, sponsorship, codes of ethics and transparency were the only four issues selected by all four banks. The literature reviewed in relation to the driving forces of CSR, chapter 2:5, led the researcher to the belief that the interest in socially responsible investment and environmental criteria for credit risk assessment were among the reasons for the growth of CSR in the Irish banking industry. However, the research shows that only two, out of the top four banks, actually incorporate these issues into their CSR agendas (see Figure 4.51)

Figure 4.51   **Does your organisation's CSR policy incorporate any of the following CSR issues?**


Interestingly, only two banks incorporate corruption prevention in their overall CSR policies, considering that many scandals relating to fraud have dominated the financial services industry in Ireland in recent times. Issues related to the workplace; organisational diversity, education and training, work life balance, equality and health and safety, have been incorporated by three banks in the population. The researcher did not perceive this as unusual as many of the leading banks in Ireland have comprehensive human resource policies in place, regardless of whether CSR has been implemented.

4.5.1 Environment

In order to fully explore the nature of CSR within these banks, the researcher divided CSR activities into the four FORGE Group (2002) classifications. The interviewee was asked to explain what policies were in place for each of the four classifications. Firstly, in relation to the environment the interviewee stated that they currently operate "*recycling policies in the work environment [...], add more green campaign [...], the e- statement to reduce paper being used [...], new group environment policy [...,] environmental management systems*". The results show that only 50% of the population have an environmental system in place (see figure 4.52), this supports results shown in Figure 4.51. However, while all banks may not include environment management systems, the results show that all four banks have some form of initiative in operation to promote and protect the environment.

Figure 4.52   Environmental Policies
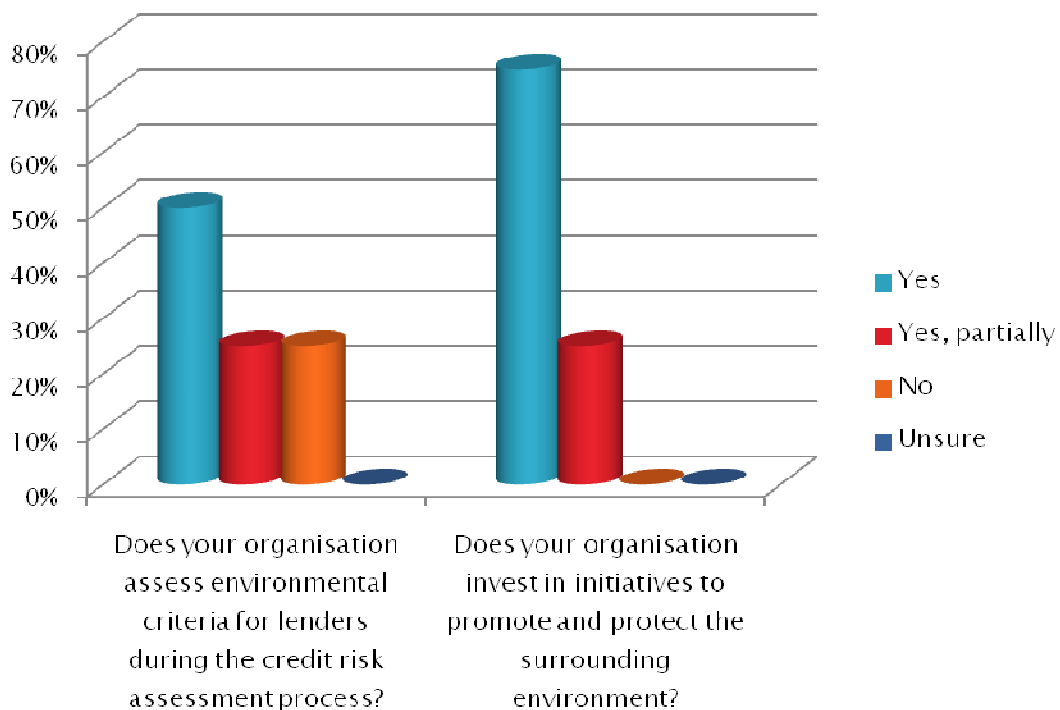
4.5.2 Workplace

The workplace is concerned with the nature of CSR policies implemented to benefit employees in the work environment. The interviewee stated that they have a number of policies within their organisation, *"these include harassment policy, equal opportunities policy, fair and formal selection criteria for recruitment, speak up policy, prevention of bullying policy, paternity leave policy, formal induction process, appraisal training for managers, flexible working practices and family friendly practices [...], and optional health screening".* When the respondents were asked whether they incorporate policies such as training and development for employees, equality, discrimination, health and safety, and work life balance for employees, all four banks state that such issues have been incorporated to some degree (see Figure 4.53)

Figure 4.53 Workplace policies
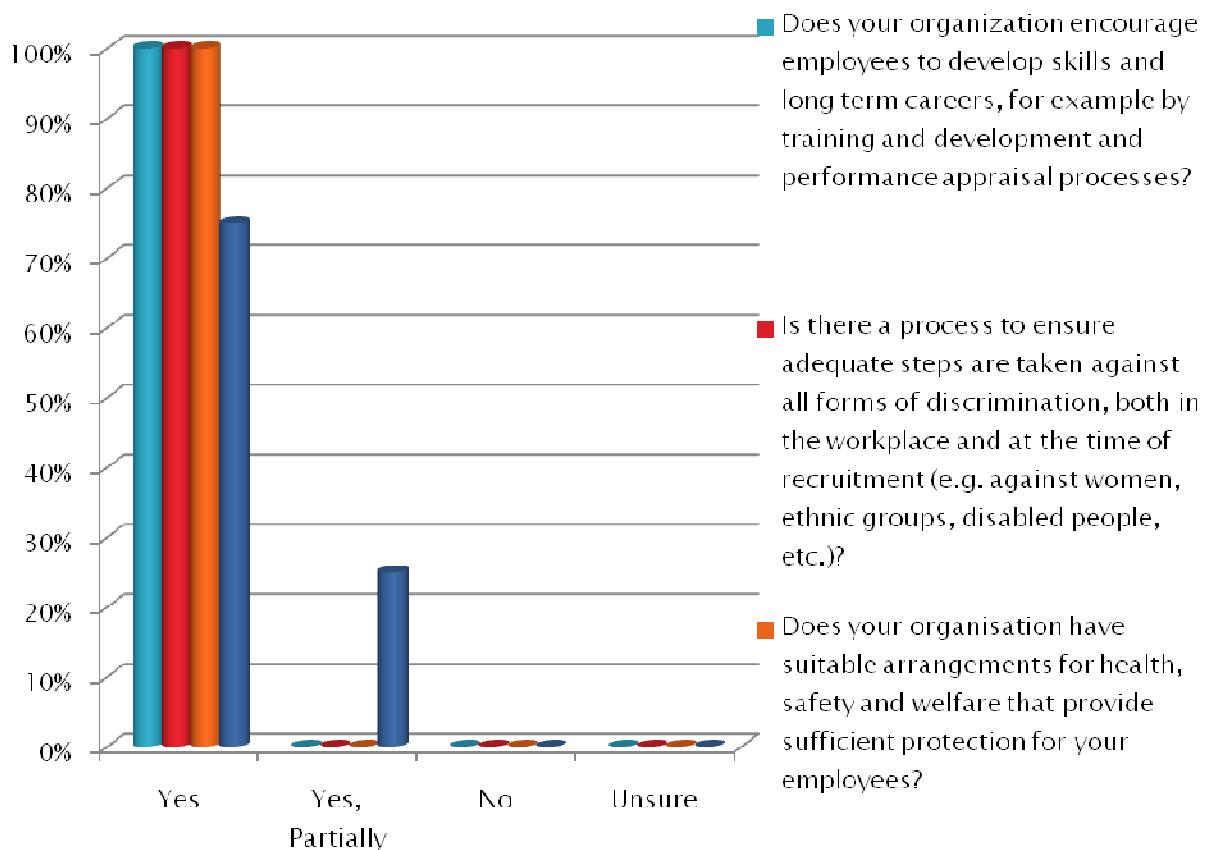
4.5.3 Marketplace

The main themes revealed during the literature review, discussed in chapter 2.8.4, in relation to CSR issues in the marketplace concern codes of ethics and transparency of business practice. When the interviewee was asked what CSR practices they operate within the marketplace, they stated that "*we have a code of business ethics in place for all staff and this code is based primarily on the bank's values of honesty, integrity and fairness [...], a leadership code, a system for customer feedback and complaints [...], and we also encourage ethical investments in the marketplace*".

Figure 4.54   Marketplace Policies
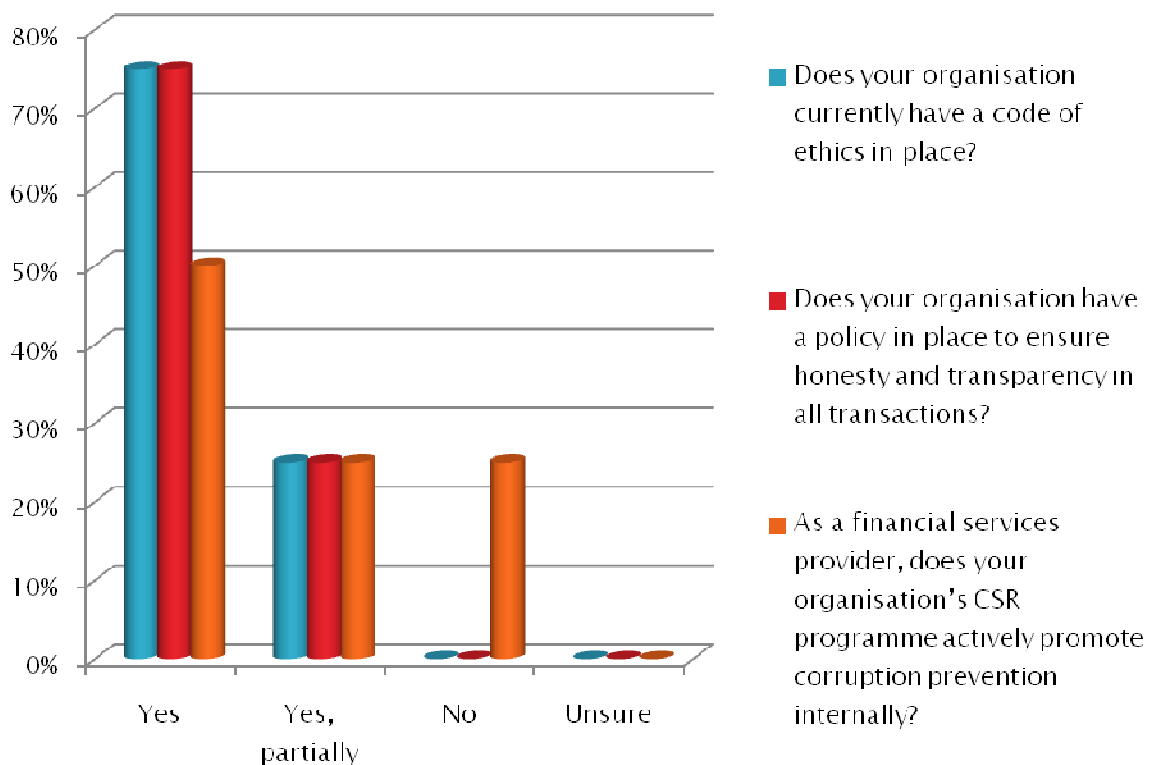
In terms of the marketplace, the responses to the questionnaire showed mixed results (see Figure 4.54). All four banks in the population have provided that they have a code of conduct in place, either in its entirety or partial fulfillment, this was also the case for tranparency of business practices. However, the results show that one bank does not promote corruption prevention within their organisation, with only two banks having a complete programme for promoting corruption prevention and the remaining bank expressing that they only partially

promote this concern.

4.5.4 Community

Research conducted by the Irish Banking Federation (2007) found that Irish financial institutions spend over 46 billion euro each year on community activities. To establish the nature of CSR policies in the community, the interviewee was asked what CSR initiatives have been devised by their organisation in this area. The interviewee explained a number of community activities including *"a range of social, cultural, sports, artistic and charitable initiatives through sponsorship, corporate giving and grassroots activity by staff"*. The interviewee continued to explain community initiatives they have been invovled in and stated that they also encourage their *"staff to participate in community projects voluntarily"*. As this interview highlighted relevant community policies, such as corporate giving and staff volunteering, in line with research conducted by EIRIS (2003) and Viango and Nicolai (2006), these issues were incorporated into the questionnaire (see Figure 4.55).

Figure 4.55   Community Policies

The respondents were asked if their organisation participates in corporate giving, via charitable donations or sponsorship, and the results in figure 4.55 show that all four banks currently participate in these activites. The respondents were then asked if they encourage their staff to participate in local community activities voluntarily, as suggested by EIRIS (2003), and it has been established that all banks in the population have incorporated this into their CSR policies.

4.6   Integration of CSR and business operations within the top four banks

One of the research objectives is to examine the integration of CSR into business operations, as a means of estabishing the real extent of CSR within these banks. It was discussed in chapter, 4:2, that only one bank from the population recognised CSR integration in their organisational definition. The researcher's concern is that the organisational definition of CSR relates to how that organisation understands the concept of CSR. However, CSR integration can also be investigated by examining the relationship between CSR and other business functions. When asked how important CSR was in relation to certain business functions, no repondent ranked CSR as unimportant in any of the categories presented to them (see Figure 4.6)

Figure 4.6   How important is CSR in the following functional areas?
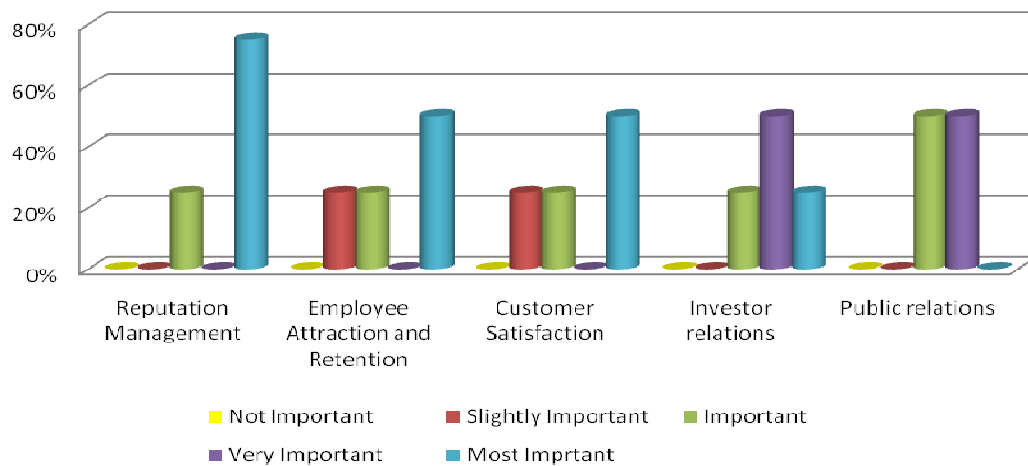
CSR was perceived as most important in reputation mangement, on average, by the population. In line with this, all four banks ranked CSR within public relations as very important or important. These results would favour the arguement made by Frankental (2001), that CSR is an extension of public relations in many instances. However, CSR has also been ranked as most important in employee management and customer satisfaction by two banks. The interviewee believed that "*CSR [...], is very important when protecting brand reputation*", however they continued to state that CSR " *isn't just important in certain functional areas of a business it's actually important in all functional areas because all our functional areas cross paths*". To examine this statement, the respondents were asked what role CSR has in their corporate business strategies. In all four responses a theme of integration and the embedding of CSR was evident (see Appendix V). Two banks made specific refernece to CSR being integrated into business decisions, while the remaining two banks refered to CSR as embedded

throughout the organisation and underpinning all strategic decisions. Respondents were subsequently asked who had responsibility for CSR in their organisation. The results shown in figure 4.61 are vague, with many of the banks selecting more than one answer. This suggests that no one person has complete responsibility for CSR within their organisation, one bank selected all categories and all banks stated that there is a 'Head of CSR', who reports directly to the chief executive officer. As CSR extends across many departments in the organisation, this supports that CSR has been integrated into the banks' business operations.

Figure 4.61   Who is responsible for the development of the CSR agenda within your organisation?
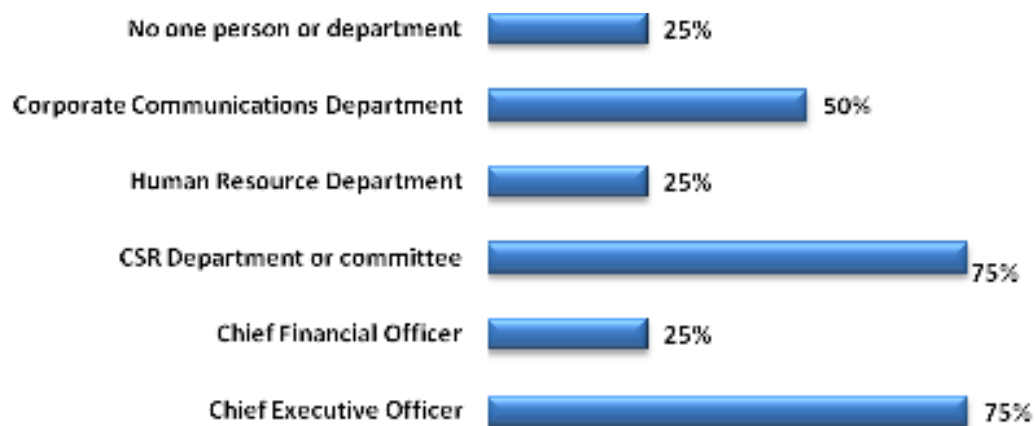
The respondents were also asked if CSR contributes to their profitability, as many integrated business functions will effect the profitability of an organisation. Figure 4.62 shows that 75% of the population declares that CSR does make a tangible contribution to their overall profitability, with only one bank unsure as to the contribution of CSR to the bottom line. It s evident from the findings that CSR is an integrated business function, however, CSR remains largely integrated in the area of public relations as opposed to any other business function.

Figure 4.62   Does   CSR make a tangible contribution to the profitability of your organisation?
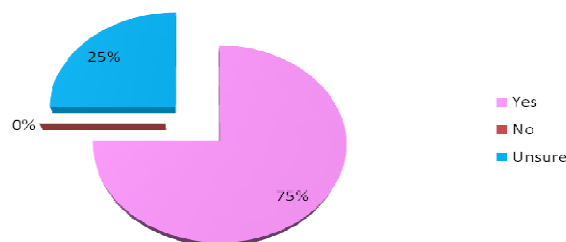
4.7 The value placed on CSR by management within the top four banks in Ireland

The final research objective is to examine the value management place on CSR within the top four Irish banks. This objective helps to establish the true extent of CSR, as Frankental (2001) agrues that the value of CSR in an organisation can be determined by where it is placed within the organisational structure, discussed in chapter 2:7:3. Therefore, to realise this objective, the researcher has developed a theoretical organisational structure (see Figure 4.73). When respondents were asked if they agreed with the arguement made by Frankental (2001), the results in figure 4.7 show that all four banks agree that this can be a determinant of the value placed on CSR.

Figure 4.7 **The argument made by Frankental (2001) in particular, is that the location of the CSR function is a key determinant of the value placed on it as a mainstream business function. Do you agree with the above view?**

		Response Percent	Response Count
Yes		100.00%	4
No		0.0%	0
Undecided		0.0%	0

The interviewee provided an interesting response when asked this question, they stated that "*if CSR is located in the external functions of a company surely that means that it would not have the same importance as say one of the internal functions like human resource management.*" This statement underpins the basic premise of the researcher's theoretical organisational framework. Therefore, if an organisation place CSR within the external business activities it would not be regarded as highly than if it were placed within the internal business activities shown in figure 4.73. Before examining the location of CSR, respondents were asked if CSR was considered a public relations exercise, all banks were clear and unequivocal in disagreement of this statement (see figure 4.71), although this proved not to be the case when analysing the location of CSR in the organisational structure. Furthermore, when the respondents were asked if they would sacrifice short term profitability when implementing CSR, the findings show that three banks would not make this sacrifice, which reflects poorly on the value placed on CSR.

Figure 4.71   To what extent do you agree or disagree that…?
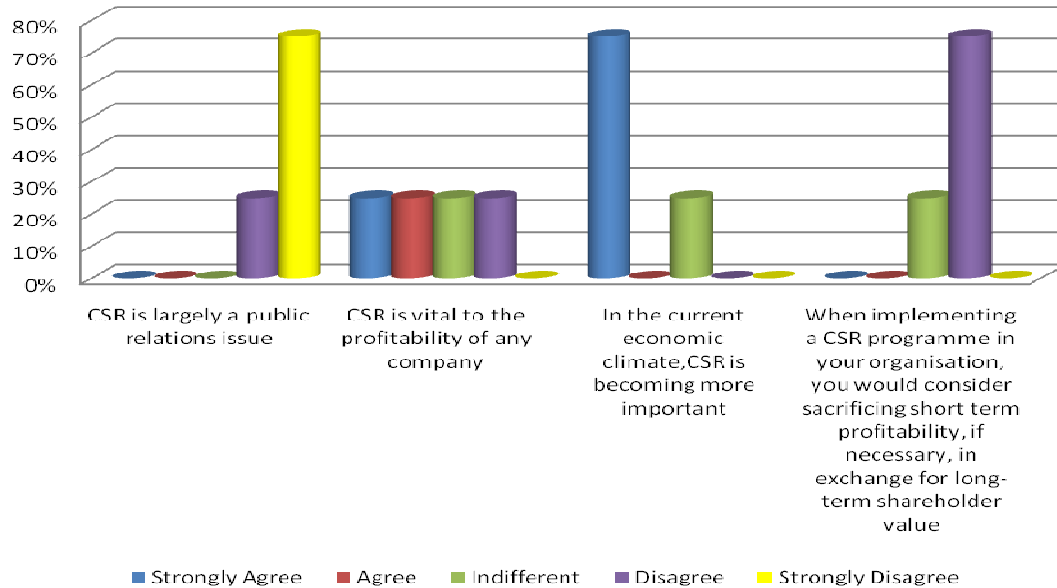
Nevertheless, the findings in figure 4.72 show that CSR was selected by three banks as an unlikely area of business to receive cut backs in a cost saving execise, showing that CSR is valued to some extent, while research and development, and marketing were rated as more likely to receive cutbacks.. Furthermore, it is believed by Frankental 2001, that until CSR is benchmarked, audited and company law changes will CSR be regarded as a valuable business function. In the same line of thought the researcher asked the banks whether the CSR function was audited and two banks from the population do have the CSR agenda verified by an external auditor (see figure Appendix V). Therefore, this reinforces that there is a degree of value placed on CSR within the top four banks in Ireland.

Figure 4.72   Which   areas of business would face the most severe cutbacks in a cost saving exercise within your organisation?
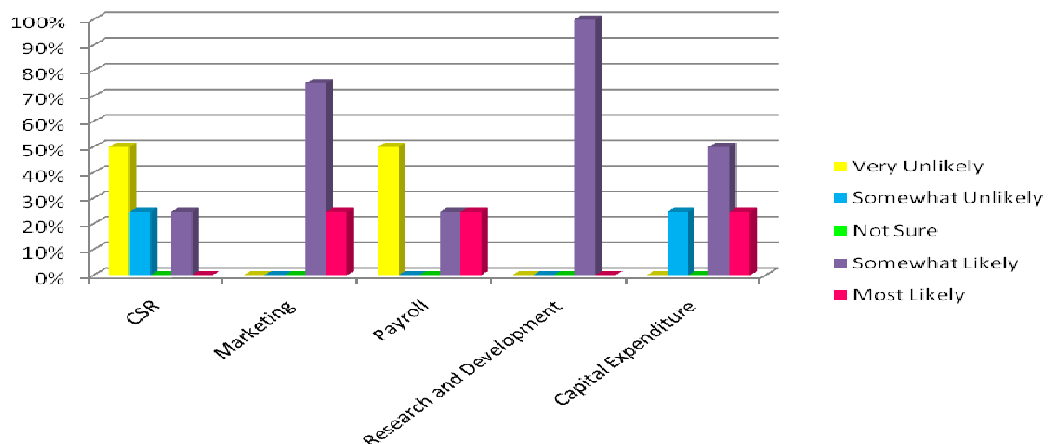
Figure 4.73   Theoretical Organisational Framework to determine the value placed on CSR
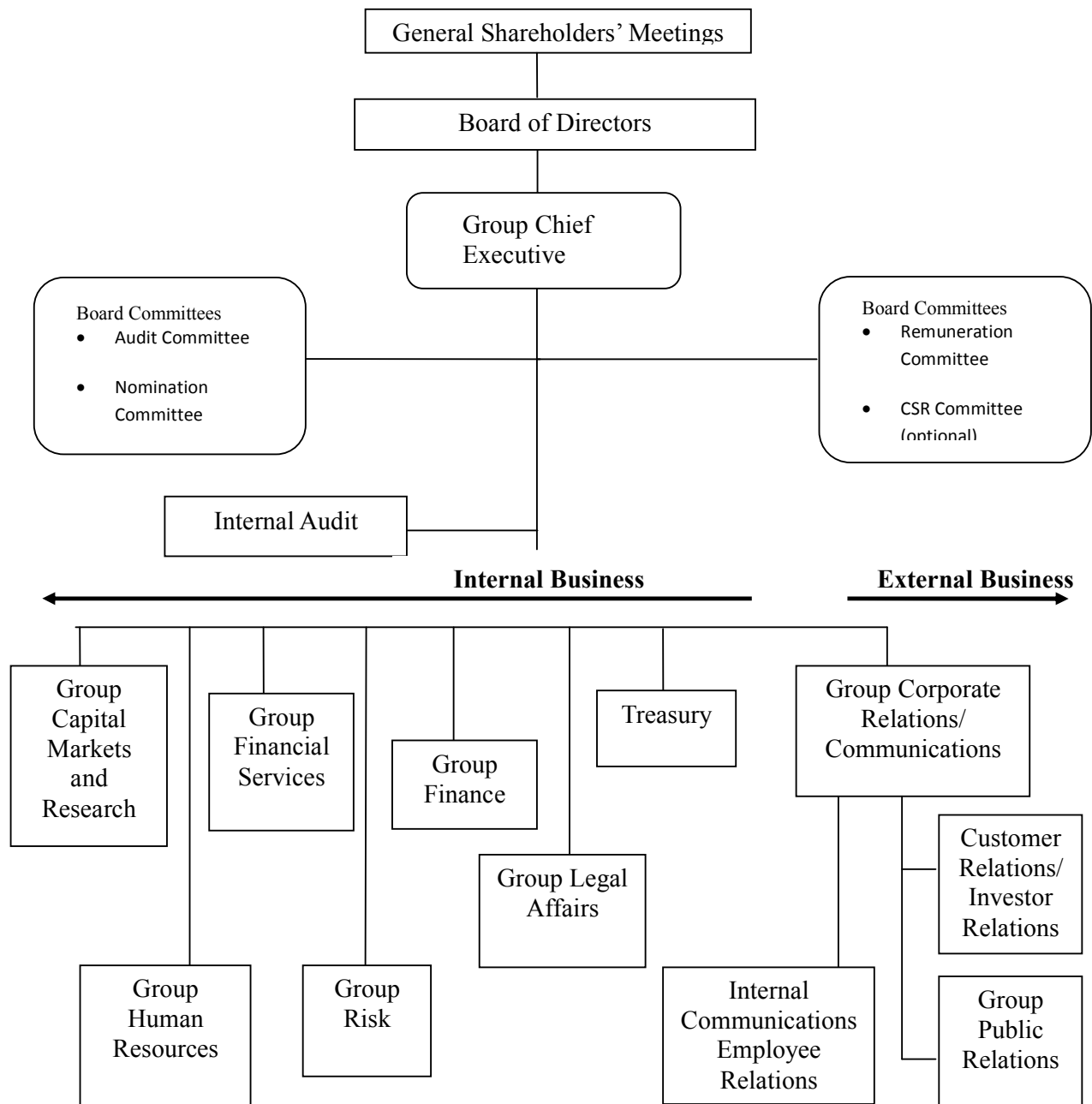
Figure 4.73 can be summarised as follows, firstly the researcher has developed the framework based on a typical organisational structure within the banking sector, although it must be noted that this structure is for guidance only. Secondly, the researcher has designed the most appropriate location for the CSR committee, placed alongside other board committees and the CEO, based on the literature examined. Finally, all functions within the structure have been arranged as either internal or external functions, so as to establish the value placed on CSR. The

CSR function should be placed on the left side of the structure under internal business activities. When asked where CSR is located within the organisational structure, three banks proved to have located CSR in similar positions (see Appendix V). Interestingly, these banks have located CSR within the group's corporate communications department, and as seen in figure 4.73, this function has been deemed as an external business activity. Corporate communications has been deemed an external business activity because it is generally concerned with promoting good relations with an organisation's stakeholders. Only one bank in the population have positioned CSR internally. This bank has stated that their CSR committee is located under the CEO as an internal function, which is in agreement with that of the organisational framework in figure 4.73. Therefore, based on the arguement made by Frankental (2001), the findings indicate that CSR remains largely in connection with public relations rather than a valuable internal business function. While CSR has progressed in terms of integration, stakeholder engagement and its nature, the value placed on it has remained stagnant, as the research shows that CSR is still very much alligned with the public relations function.

Chapter Five Conclusions and Recommendations

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5.1   Introduction

This study examined the nature and extent of corporate social responsibility within the top four banks in Ireland. The researcher developed a number of objectives, firstly, the researcher established whether these banks have adopted CSR and explored factors influencing the adoption of CSR. The third objective investigated whether CSR has been integrated into main stream business operations, and the fourth objective determined the value placed on CSR by management within the top four banks. Finally, the researcher also explored the range of CSR activities undertaken by the banks selected. These objectives have been realised through an extensive review of existing literature and also through primary research. This chapter presents the conclusions and recommendations of the author, based on the research conducted, and also the possible areas for future reserach.

5.2   Conclusions

The research has shown that CSR has progressed in many areas within the top four banks in Ireland. The most notable developments relate to the nature of CSR in terms of the variety of activities undertaken, the regard for stakeholder engagement and the recognition of integrating CSR within the organisation. A review of the existing literature revealed that the main reasons for the growth in CSR within the banking industry has been a result of the increasing awareness of stakeholders and the recent interest expressed in ethical investment among investors (Brennan, 2001; Sustainablility, 2001; Mbare, 2004; Social Investment Forum, 2006). The findings in this research have supported that the aforementioned issues have been influential in the top four banks' decision to adopt CSR to some degree. However, this research also found that the top four banks in Ireland recognise the case for CSR, such as employee attraction/ retention, and reputation management, discusssed in chapter 2:6, as driving forces of CSR. Ogrizek (2002) stated that such business benefits are only attainable if CSR has been integrated to some extent, and the research shows that CSR integration has occured.

According to Douglas et al (2004), CSR has been at the forefront of government, industry and public thinking within the UK, as the Department of Trade and Industry considered changes to company law to emcompass social disclosure. However, this research has shown that the top

four banks in Ireland perceive the government to be non contributors in terms of applying creative pressure and encouraging positive change in their CSR agendas. This suggests that unlike the UK government, the Irish government are not encouraging CSR proactively in the financial services sector, despite fraudulent scandals dominating this particular industry in recent times. Although CSR may not be at the forefront of government thinking in Ireland, this has not hindered the level of committment to CSR, as this research found that all banks in the population have become more socially responsible over the last decade. The nature of CSR activities has become diverse, ranging from "*implementing environment management systems to codes of ethics [...], organisational diversity, training and development [...], equality[...], health and safety [...], transparency [...], promoting ethical investment in the marketplace [...], environment management system [...], sponsorship and donations to local community projects*". The findings illustrated that the nature of CSR has become much more than just donating to charity, and that all four banks have CSR policies developed for their employees, their surrounding communities and environments, and the marketplace in which they operate .

The nature of policies within the workplace appears to be comprehensive covering issues such as training and development, equality, work life balance, diversity, health and safety and disrimination. These results were predictable, due to the recognition by the banks of the importance of employees as both a stakeholder and to encourage the CSR agenda within their organisation. The findings also confirmed that CSR has progressed in terms of the community, as not only do the top four banks participate in corporate giving but also encourage volunteering by staff in community projects, as recommended by EIRIS (2003). The marketplace was an area that the researcher felt lacked prescribed policies in the existing literature, therefore, the researcher relied more upon the findings of the interview to examine the nature of marketplace policies. It was found in the research that transparency and ethics were the core themes in the marketplace. Policies relating to codes of conduct, transparency and honesty have been addressed by all four banks. One area that has not been previously associated with the financial services sector is the environment, but the literature review revealed that environmental issues are now also a priority for the banking sector (Van Dijken, 2007). The top four banks have recognised this concern for the environment, and this is evident as all four banks currently have initiatives in place to protect and promote the environemnt, however, only two banks currently have environmental management systems in place.

Much of the variety in the nature of CSR activities could be attributable to the level of

stakeholder engagement. It is evident from the existing literature that stakeholders are important to the CSR process (BITC Ireland, 2002; European Commission, 2001; Frankental, 2001; Naylor 1999). The importance of stakeholder engagement was also apparent in the research conducted. Employees, customers, local communities, business partners and shareholders are all considered and involved during the development of CSR policies within each of the four banks. The level of stakeholder engagement within the top four banks in Ireland indicates that CSR extends beyond the surface, and that CSR is somewhat integrated . This research did verify that CSR is integrated to some extent, however, it is still largely integrated into the corporate communications function. This was apparent in the findings, as three banks, from the four surveyed, located CSR within the corporate communications function in their organisational structure. All banks in the population have acknowledged that the location of CSR reflects the value placed on it. Therefore based on the theoretical structure developed by the researcher and the arguement made by Frankental (2001), it would appear that CSR is valued more highly, by the top four banks in Ireland, as an extension of public relations as opposed to an internal business function in its own right. The extent of CSR, therefore lies beyond a superficicial activity but has not yet achieved complete integration as a mainstream business function within these banks.

5.3   Recommendations

This research has highlighted a number issues relating to CSR within the top four banks in Ireland. The research highlighted that there is a lack of creative pressure and encouragement from government regarding CSR in the banking industry. Therefore, the researcher would reccommend that government review their role in encouraging CSR in the financial services sector and pursue methods of applying creative pressure to improve CSR. It was also noted from the research that the environmental credit risk assessment has not been embraced by all banks in the population. The researcher feels that this is significant, as due to the ongoing subprime crisis it is important that financial insitutions' consider environmental criteria in lending decisions to avoid adverse outcomes. Therefore, the researcher reccommends that the banking sector in Ireland should consider the implementation of an environmental credit risk assessment in their investing and lending decisions.

The research also showed that CSR is not fully integrated into mainstream business fuctions within the top four banks, and that it is more alligned with the corporate communications function. The researcher would reccommend that these banks review the integration of CSR and support CSR integration within the main business fucntions such as financing and human resource management. Finally, the research highlighted that CSR is located externally in the organisational structure, the researcher recommends that these banks would reconsider the relocation of CSR, and locate CSR internally with direct influence from the board of directors to add value and encourage integration of the CSR function.

5.5   Future Areas of Research

As this research highlighted issues relating to the lack of government influence in encouraging and promoting CSR, the researcher suggests that a comparative study should be carried out. This study should examine the influence of government in applying creative pressures and encouraging the adoption and improvement of CSR in the Irish banking sector in comparison to government influence in other countries. This research also revealed that CSR is alligned with the corporate communications function within the top four banks in Ireland, Therefore, the researcher believes that a comparative study should be conducted to explore the location of CSR within the organisational structure in the Irish banking sector with that of best practice.

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Appendix I

Interview Semi Structured guidance

Guidance for interview

Question 1

Margaret: Does your organisation currently have a CSR agenda in place?

Interviewee:

Margaret: If no, what is your organisation's motivation for such a decision?

Interviewee:

Margaret: If yes, what has been the motivation for your organisation to adopt a CSR approach?

Interviewee:

Question 2

Margaret: In your opinion, what does Corporate Social Responsibility mean?

Interviewee:

Question 3

Margaret: In your opinion, how is CSR defined within your organisation?

Interviewee:

Question 4

Margaret: The FORGE Group was set up by a consortium of financial institutions to address environmental impacts and risks. The Business Impact Task Force produces material and

resources to show businesses how to measure and report their impact on society. These organisations have classified four areas of concern for CSR policies which are of particular interest to this research. These classifications are referred to as the environment, workplace, marketplace and community. Does your organisation use any of these classifications, or variations of these, for devising CSR policies?

Interviewee:

Question 5

Margaret: What general issues does your organisation incorporate in its CSR agenda?

Interviewee:

The following questions 6, 7, 8 and 9 will only be asked if the organisation has answered yes to question 3

Question 6

Margaret: In terms of the environment, what CSR activities are in operation within your organisation? For example, does your organisation operate an environmental credit risk assessment, whereby environmental risks are incorporated into credit risk management processes to ensure that an organisation's business activities are not based on earning money from loans to lenders that cause negative environmental impacts?

Interviewee:

Question 7

Margaret: With reference to the workplace, what CSR policies are currently present in your organisation?

Interviewee:

Question 8

Margaret: In the existing academic literature, there are no prescribed policies that an organisation should incorporate in relation to the marketplace; however, it is suggested that a code of ethics would be desirable. What CSR policies has your organisation developed in terms of the marketplace, and does your organisation currently follow a code of ethics?

Interviewee:

Question 9

Margaret: Research conducted by Brendan O' Dwyer, an expert in the area of CSR, found that managers in the Irish banking sector perceive corporate involvement in community activities as a 'win-win scenario' for both the organisation and community. What CSR initiatives has your organisation devised in relation to the community?

Interviewee:

Question 10

Margaret: When CSR policies are being developed within your organisation, are there any stakeholders of the organisation considered in this process?

Interviewee

Question 11

Margaret: Are stakeholders involved in the development of your organisation's CSR policies, or is this function solely at the discretion of the CSR policy makers?

Interviewee:

Question 12

Margaret: Which stakeholders, if any, are involved and how are these stakeholders accommodated during this process?

Interviewee:

Question 13

Margaret: CSR has grown in importance over the last decade, how important do you believe CSR to be in the functional areas of your organisation, such as investor relations, customer satisfaction, reputation management and employee attraction?

Interviewee:

Question 14

Margaret: It has been suggested in academic literature that where the CSR function is located within the organisational structure is important. The argument made by Frankental in particular, is that the location of the CSR function is a key determinant of the value placed on it as a mainstream business function. Where is the CSR function placed within your organisation's structure, and do you agree with the above view?

Interviewee:

Question 15

Margaret: Who has responsibility, if anyone, for the development and monitoring of CSR activities within your organisation?

Interviewee:

Question 16

Margaret: Finally, in your opinion, has your organisation become more socially responsible over the last five years, or has there been no change in the level of commitment to CSR by your organisation? What factors have influenced this change or (lack of change) in your organisation's commitment to CSR?

Interviewee:

Appendix II

Transcribed Interview with CSR director within one of the top four banks in Ireland

Question 1

Margaret: Does your organisation currently have a CSR agenda in place?

Interviewee: Yes, we currently have a CSR agenda in place and we have had for some time now. Since this organisation was incorporated in 1966 it has always had close links with the local community and is considered by many to be Ireland's local bank. Our business is rooted in the communities we serve and our interests are bound to those of our customers, our staff and the society in which we live and work.

Margaret: If yes, what has been the motivation for your organisation to adopt a CSR approach?

Interviewee: Our bank supports the voluntary approach to CSR. We have responsibilities to all our stakeholders and in order to deliver our business objectives we need to employ robust CSR policies to ensure that all our stakeholders' needs are met. The profile of CSR has gained considerable momentum and has stimulated considerable debate in Ireland. This has included a broadening of the areas under consideration in most major organisations to include employees, environment and customers in addition to the more traditional area of the community. Externally in the marketplace public scandals in the Irish financial services industry among other industries, has meant that there has been increased demand from customers, employees, statutory bodies and general public for detailed information about whether companies are meeting acceptable standards. Being proactive about CSR will increasingly provide a competitive advantage both externally through protecting our company reputation and the accompanying publicity and internally through employee engagement. We believe that successful CSR management can bring benefits such as a distinct position in the marketplace, protect our brand and build credibility and trust with current and potential customers and employees. From a HR perspective it can help significantly with recruitment, engagement and retention of employees as well, so all these factors combined have hugely motivated our organisation to become proactive in terms of CSR.

Question 2

Margaret: In your opinion, what does Corporate Social Responsibility mean?

Interviewee: Corporate Social Responsibility is about companies acting responsibly through all their business processes, it's a process that brings commercial and other indirect business benefits to any organisation that genuinely participates in CSR activities. An organisation should integrate social and environmental concerns into the organisation's business operations and this is done on a voluntary basis, because as of yet it is not a legal requirement for companies. Basically, I understand CSR to be a concept that means an organisation should recognise its responsibilities to consider all of its stakeholders, as well as the environment around them and not to mention the social issues before making business decisions.

Question 3

Margaret: In your opinion, how is CSR defined within your organisation?

Interviewee: Within our particular organisation we actually feel that the European Commission's Green Paper, which I think was published in July 2001, defines CSR particularly well. Usually if this organisation is presenting our CSR values to both internal and external parties, we usually opt to use this definition, in fact just recently, in February of this year, we actually did a presentation on CSR in UCC and its this definition we used to define CSR within our own organisation. This definition reinforces aspects such as environmental, social, stakeholders concerns and reiterates that such concerns should be integrated. I would say that our organisation defines CSR as a concept whereby we integrate social and environmental concerns in our business operations and also in our interactions with stakeholders, which is very much what the EU commission Green paper defines it as.

Question 4

Margaret: The FORGE Group was set up by a consortium of financial institutions to address environmental impacts and risks. The Business Impact Task Force produces material and

resources to show businesses how to measure and report their impact on society. These organisations have classified four areas of concern for CSR policies which are of particular interest to this research. These classifications are referred to as the environment, workplace, marketplace and community. Does your organisation use any of these classifications, or variations of these, for devising CSR policies?

Interviewee: Yes, we do actually. We determine and report our CSR activities under four headings, three of which you have mentioned in the question just asked. These include the community, the marketplace and the environment. However, instead of using the workplace we actually use a variation or another name for workplace which does cover the area of the workplace in relation to our employees but we use the term People instead of workplace. In relation to the community, we aim to support our local communities and aim to add value and benefit these communities through our corporate giving. In terms of the workplace, we currently employ over 24000 people and therefore it is the aim of this organisation to be an employer of choice in all markets in which our organisation operates. Customers are at the heart of our business strategies so with regard the marketplace we try to deliver the best service and best delivery of service we can. Usually, it is thought that banks cannot pay that much of a contribution to improving and considering the environment, but that isn't actually the case because here at this organisation we try to contribute positively and actively to our surrounding environments. We realise that we have a responsibility to protect our environment so what we try to do is ensure that the needs of the present are met but doing this in a way that does not compromise the ability of future generations to meet their own needs.

Question 5

Margaret: What general issues does your organisation incorporate in its CSR agenda?

Interviewee: Our CSR agenda covers a variety of issues from implementing environment management systems to codes of ethics. But to be honest the main general issues would come under the four headings I previously mentioned and would include issues such as ensuring organisational diversity, training and development of all our employees, equality within the workforce and also health and safety for employees while at work, we also have policies covering harassment and anti bullying policies in terms of people. The general issues under the

marketplace without going into too much detail include the operation of a code of ethics, also accessible services to customers such as providing online services, transparency, interaction and management of suppliers and of course promoting ethical investment in the marketplace also. As customers are important stakeholders to be considered in the marketplace we also have an enterprise wide complaints management system to give customers the best service possible. In 2006, we introduced a new policy in terms of the environment, the group environmental policy, to help us meet our objectives. We also have active recycling policies within our organisation; we also have introduced an e- statement service to reduce the amount of paper used by our organisation. We have also introduced in recent years an environment management system across the entire organisation. Lastly, in terms of general themes of policy areas for the community include the obvious issues such as providing sponsorship and donations to local community projects. As well as this, our employees also volunteer their services in community projects which are of great benefit to our local communities.

Question 6

Margaret: In terms of the environment, what CSR activities are in operation within your organisation? For example, does your organisation operate an environmental credit risk assessment, whereby environmental risks are incorporated into credit risk management processes to ensure that an organisation's business activities are not based on earning money from loans to lenders that cause negative environmental impacts?

Interviewee: We have many policies in operation with regard the environment. The subject of climate change has gained considerable momentum and is stimulating considerable debate here in Ireland and internationally. It is generally agreed that this is one of the most serious issues facing the planet this century. There are a number of both commercial risks and opportunities associated with climate change and investing in policies to combat this, from our own organisation's point of view. Obviously we try to take advantage of the opportunities on offer when deciding to implement our environmental policies such as cost savings through reduced energy and waste expenditure by implementing recycling policies in the work environment as this benefits both society and our corporation. We have also introduced a new campaign called the add more green campaign, whereby customers are offered the chance to have a positive impact on the environment themselves, because we offer cash back on green products to customers that are taking out loans or mortgages to purchase renewable energy home heating

systems or maybe are going to purchase a flexi fuel or hybrid car. We have also implemented the e- statement to reduce paper being used and we would donate €5 to the add more green fund for every customer who opted to receive statements electronically. Basically, by doing this the aim is to promote and contribute to reducing harmful emissions in our environment. We are also trying to reduce our C02 emissions by a roll out of server virtualisation which means we will have fewer servers and we will use less electricity. We have also launched a new sustainable energy fund of €350 million for companies operating in the energy sector. We have also produced guidelines for environment management. I think I have mentioned before that in 2006, we introduced a new group environment policy and also have environmental management systems in place that help us to consider environmental criteria before associating ourselves with a certain company or person and before approving investment.

Question 7

Margaret: With reference to the workplace, what CSR policies are currently present in your organisation?

Interviewee: Our people are very important to us and are our strength in delivering our business objectives. We currently employ more than 24,000 people mainly in Ireland, the UK, Poland and the US. Our policies support our commitment to be an employer of choice and to provide a working environment which provides challenging objectives and allows employees to continuously develop and be rewarded fairly. We have a number of policies and practices which support organisational diversity. These include a Code of Business Ethics, harassment policy, equal opportunities policy, and fair and formal selection criteria for recruitment; speak up policy, prevention of bullying policy, paternity leave policy, and formal induction process, appraisal training for managers, flexible working practices and family friendly practices. In 2006 a Diversity statement reflecting all of these policies and practices was developed and is supported by diversity training for all staff which is mandatory. Training is central to the bank's development of its staff. We provide on the job training and e learning is also extensively used. In addition we offer education support to staff for relevant continuing education in accredited colleges and institutions.

The health of our staff is also important. Optional health screening is provided to employees in cycles of between two and four years and this scheme is subject to high take up levels. We also

have a well being programme in place which provides advice to staff on a range of subjects including health screening, parenting and nutrition presentations, etc.

The sole recognised trade union for bank officials is the IBOA (Irish Bank Official's Association). Since 2000, we and the union have conducted our relations in keeping with agreed Partnership principles, which underpin the approach to be taken in employee and industrial relations. The partnership model was used to negotiate and implement a new career, performance management and reward system known as Career Framework in Ireland. This programme is designed to incorporate a modern, clear and transparent career, performance and reward structure. It applies to over 7,000 staff on the traditional incremental pay scales and more than 98% of staff voluntarily opted into the scheme. We survey all our staff at least once every two years. In autumn 2006 every employee was afforded the opportunity to participate in a comprehensive survey covering topics such as organisation culture, customer focus, performance management, reward, local management, leadership, and employee engagement. The response rate to the survey was 82% representing over 18,700 staff. Also during 2007, a new eLearning programme was introduced which delivered a range of courses. A key achievement was the rollout of the Compliance and Ethics Training programme. This is mandatory compliance and ethics training for all staff in the Group and covers training in six aspects of regulatory compliance and business ethics to include topics on ethics, anti-money laundering and miss- selling. We have actually received external acknowledgement of our people policies by external awards.

Question 8

Margaret: In the existing academic literature, there are no prescribed policies that an organisation should incorporate in relation to the marketplace; however, it is suggested that a code of ethics would be desirable. What CSR policies has your organisation developed in terms of the marketplace, and does your organisation currently follow a code of ethics?

Interviewee: Yes, we have a code of ethics in place as well as other policies in terms of the marketplace. Firstly, we have a code of business ethics in place for all staff and this code is based primarily on the bank's values of honesty, integrity and fairness. This code is an obligatory standard for all employees. The code is also supported by appropriate policies which reflect our regulatory obligations and our ethical standards. Our bank also has a Leadership

code which is jointly sponsored by the chairman of the board and the group CEO and applies to all executive management of the bank. This code just basically sets out the appropriate behaviour and principles for those who lead by example. Other areas covered in our marketplace include respecting our supplier relationships both big and small because we are aware that they are important stakeholders of our organisation. Obviously, customers play a crucial role in our marketplace policies therefore we also have policies and systems in place to deal with customer feedback and complaints and we also encourage ethical investments in the marketplace

Question 9

Margaret: Research conducted by Brendan O' Dwyer, an expert in the area of CSR, found that managers in the Irish banking sector perceive corporate involvement in community activities as a 'win-win scenario' for both the organisation and community. What CSR initiatives has your organisation devised in relation to the community?

Interviewee: Our organisation supports a range of social, cultural, sports, artistic and charitable initiatives through sponsorship, corporate giving and grassroots activity by staff. We have many initiatives to support our local community. One initiative has been developed to help vulnerable children in Ireland since 2001. This particular initiative receives huge support and funding from this organisation which should allow the initiative to improve its services. We also support a vast range of charities both here and the UK by direct contributions, sponsorship or charity auctions. We also provide donations to organisations that are rooted in the community and serve the community such as hospice services. We also have community initiatives in place which encourage young people in Ireland to participate in artistic activities and aid their development in this area. We also encourage our staff to participate in community projects voluntarily and this shows that we are committed to being good corporate citizens.

Question 10

Margaret: When CSR policies are being developed within your organisation, are there any stakeholders of the organisation considered in this process?

Interviewee: Yes, without question a number of our stakeholders are considered when we are developing CSR policies because it's very important that we engage them during this process. For example we do continuous external research with stakeholder groups because this provides future direction to us when developing new CSR policies or changing existing ones, and we will do this through surveys, focus groups and also meetings with stakeholders.

Question 11

Margaret: Are stakeholders involved in the development of your organisation's CSR policies, or is this function solely at the discretion of the CSR policy makers?

Interviewee: Yes, again as well as considering stakeholders we also feel that it is important to involve them during the CSR development stages. We conduct biannual surveys with our staff and customer research on a continuous basis to ensure that our stakeholders are involved in the process. We have also done external research through meetings with non profit organisations and government bodies as well as studying various social reports. All policies that we intend to implement regarding CSR are also tested before implementation with for example focus groups incorporating stakeholders.

Question 12

Margaret: Which stakeholders, if any, are involved and how are these stakeholders accommodated during this process?

Interviewee: As I already mentioned, we involve various stakeholders including our staff, our customers, our shareholders, our suppliers as well as external stakeholders such as non profit organisations and government bodies.

In relation to these stakeholders, how they are accommodated varies, for example we would normally ask our staff to complete surveys in order to get their feelings across but obviously if they feel they need to express themselves on any of our CSR policies they are encouraged to do so at any time as this will help us better our CSR agenda. We also do customer research on CSR to allow our customers to get involved in the CSR policies. In the past we have also had

meetings with non profit organisations and government bodies to identify issues in our climate that need particular attention with regards CSR. We also test all our CSR policies before implementation and we do this through the use of focus groups that incorporate a variety of our stakeholders, to ensure that CSR policies are adequate and are fulfilling the needs of our stakeholders.

Question 13

Margaret: CSR has grown in importance over the last decade, how important do you believe CSR to be in the functional areas of your organisation, such as investor relations, customer satisfaction, reputation management and employee attraction?

Interviewee: A good CSR reputation is a reflection of good management and sound business practices and provides us with our licence to operate. CSR is more important now than ever before, because customers, investors, existing and potential employees, are more conscious of those companies that are not being socially responsible and at the end of the day, CSR may be voluntary compliance but in reality every company needs to incorporate CSR into their mainstream business functions if they want to remain or be successful in today's world. Customers are at the heart of our business strategies, therefore trying to ensure that they are happy at all times can be difficult, but with that being said, a good CSR agenda goes a long way to aiding this. As I said good a CSR reputation is good management, and therefore this is very important when protecting our brand reputation. This is something that we take pride in and CSR is a great contributor to keeping our brand reputation intact. For employee attraction, our CSR policy and our human resource policies are very important, we try to give our employees the best standards in the work environment in terms of monetary and non monetary benefits because our staff are very important to us, therefore CSR policies for our people are vital. The thing about CSR is, that it isn't just important in certain functional areas of a business it's actually important in all functional areas because all our functional areas cross paths, so it's important that the CSR agenda reflects this.

Question 14

Margaret: It has been suggested in academic literature that where the CSR function is located

within the organisational structure is important. The argument made by Frankental in particular, is that the location of the CSR function is a key determinant of the value placed on it as a mainstream business function. Where is the CSR function placed within your organisation's structure, and do you agree with the above view?

Interviewee: Firstly, I do agree with this statement. Let me try to explain why I do agree with that author's argument. I do think that the location of CSR can reflect the value placed on it, because if CSR is located in the external functions of a company surely that means that it would not have the same importance as say one of the internal functions like human resource management. As well as that, if CSR is not placed within the organisational structure and does not have the main board's influences and monitory aspects to it, this begs the question of whether that organisation is integrating CSR in their business operations. I'm not sure if I am explaining this well, just let me take our organisation as an example. Throughout this interview I have stated that we take our CSR agenda seriously and that it is an important function in our business operations and this is reflected in our organisational structure. We have a main board of directors at the top of our organisational structure and from this there are four sub committees, one of which is the CSR committee. I think that this is important because it shows from our organisational structure that our CSR is more than a lip service function and that it is a practice which is as important as any other. Also, we have a head of CSR who reports directly to our CSR committee, as we do with many of our functions.

Question 15

Margaret: Who has responsibility, if anyone, for the development and monitoring of CSR activities within your organisation?

Interviewee: We have a CSR board committee, which I mentioned in the answer before, and there are six members in the committee. The main responsibilities of this committee is to approve the group's CSR policies and activities. It is also their duty to review the annual CSR report which is presented in the annual report for the year end. This committee monitors CSR best practices in the marketplace and then compares how this organisation is doing to that of best practice and then they develop new initiatives to ensure that this bank can compete with the best practices, as it is their responsibility to monitor the CSR activities of the group. The CSR committee review the corporate giving budgets as well to ensure that this area is regularly

updated and reviewed. On top of that over the last five years we have also appointed a Head of CSR and they report directly to this committee.

Question 16

Margaret: Finally, in your opinion, has your organisation become more socially responsible over the last five years, or has there been no change in the level of commitment to CSR by your organisation? What factors have influenced this change or (lack of change) in your organisation's commitment to CSR?

Interviewee: Yes, we have become more socially responsible because it has been best practice to do so, but we have always been committed to it. Within the previous five years we have opted to appoint a head of CSR as well. CSR is an issue which has gained huge status in most organisations in today's environment, and like with most business functions as time goes on, we improve and review our performance therefore this has led to us increasing our commitment to CSR. We have endeavoured to source best practice in these areas and review our own activities because it is important to meet the needs of our stakeholders. The list is endless really of what factors have influenced this change, from internal factors to external factors. Obviously, CSR awareness has grown immensely over the past five years, and it is also now recognised on the exchanges so this has added to its growth. But, from this organisation's perspective we have increased our level of commitment because strategically it was obvious path to follow

Margaret: I would just like to thank you for your time and agreeing to participate in this interview, it is greatly appreciated. Thanks.

Interviewee: Not at all, you are very welcome.

Appendix III

Cover Email accompanying Questionnaire

Dear Xxxx,

My name is Margaret Mc Connell and I am currently completing my Masters in Accounting at Letterkenny Institute of Technology, Co. Donegal. The reason I am emailing you is in relation to my thesis which I am required to submit as part of the Masters programme.

I have decided to research "The nature and extent of CSR in the top four banks in Ireland" for my dissertation and this is where I ask for your help. As an interview was not the desired data collection method for all organisations concerned in this research, I would like to ask you to complete a questionnaire as the alternative. I have decided to use an online survey as I am aware that your time is limited, so this is to make this process as hassle free for you as possible.

All information gathered from this survey will be used solely for the purposes of my dissertation and the final results will be presented with anonymity, with each bank represented as bank a, b and c, etc., so as to respect the confidentiality of the respondents.

I cannot express how much your participation would be appreciated and I am aware that completing a student's questionnaire is not on your list of priorities, but I'm sure you remember what it is like to be a student in need, therefore in the spirit of CSR you could consider this to be your good deed for today.

If you agree to respond or decide not to, it would be great if you could respond to this email either to confirm or reject.

Thank you very much for taking the time to read this
Margaret

Appendix IV

A copy of Questionnaire

Introduction

1. Does your organisation currently have a CSR policy in place?

Yes

No

If, No please state reason

2. How is CSR defined within your organisation?

3. What has motivated your organisation to adopt a CSR programme?

4. Is the CSR programme externally verified by an auditor?

Yes

No

Unsure

5. To what extent do you agree or disagree that.....?

	Strongly agree	Agree	Indifferent	Disagree	Strongly Disagree

CSR is largely a public relations issue

CSR is vital to the profitability of any company

In the current economic climate, corporate social responsibility is becoming more important

When implementing a CSR programme in your organisation, you would consider sacrificing short term profitability, if necessary, in exchange for long term shareholder value

6. What do you believe to be the main drivers of CSR within your organisation? (Tick as many as apply) Rating scale   1   2   3   4   5   6

Responsibility towards customer expectations

Responsibility towards local community

Responsibility towards employees

Responsibility towards environment

Responsibility towards shareholders

7. How much pressure do you perceive your organisation to experience from stakeholders to adopt and continually improve your CSR programme?

No pressure   Low pressure   Moderate pressure   High pressure

Customers

Employees

Shareholders

Business partners

Government

Non government

organisations or activist groups

Acting responsibly/ ethically

Being profitable/ successful

Other, please specify

8. How important has each of the following categories been in encouraging positive change in the social responsibility of your organisation? Rating scale question

Customers

Business Partners

Company Executives

Employees

Government

Lawsuits

Media

Activist Groups or non government organisations

Nature of CSR

9. The FORGE Group was set up by a consortium of financial institutions to address environmental impacts and risks. The Business Impact Task Force produces material and resources to show businesses how to measure and report their impact on society. These organisations have classified four areas of concern for CSR policies which are of particular interest to this research. These classifications are referred to as the environment, workplace, marketplace and community. Does your organisation use any of these classifications, or variations of these, for devising CSR policies?

Yes

No

If yes, please state which classifications your organisation uses

10. Does your organisation's CSR policy incorporate any of the following CSR issues? (Tick as many as apply)

Health and Safety

Corruption prevention

Transparency of business practice

Gender equality and salary equality

Labour Rights

Socially Responsible Investment practices

Environmental criteria for credit risk assessment

Work life balance for employees

Education, training and development

Organisational Diversity

Codes of ethics and conduct

Community Sponsorship/ Donations

Community volunteering

Workplace policies

11. Does your organization encourage employees to develop skills and long term careers, for example by training and development and performance appraisal processes?

Yes   Yes, partially   No   Unsure   Not applicable

12. Is there a process to ensure adequate steps are taken against all forms of discrimination, both in the workplace and at the time of recruitment (e.g. against women, ethnic groups, disabled people, etc.)?

Yes   Yes, partially   No   Unsure   Not applicable

13. Does your organisation have suitable arrangements for health, safety and welfare that provide sufficient protection for your employees?

Yes   Yes, partially   No   Unsure   Not applicable

14. Does your organisation actively offer a good work-life balance for its employees, for example, by considering flexible working hours or allowing employees to work from home?

Yes   Yes, partially   No   Unsure   Not applicable

Environment Policies

15. Does your organisation assess environmental criteria for lenders during the credit risk assessment process?

Yes   Yes, partially   No   Unsure   Not applicable

16. Does your organisation invest in initiatives to promote and protect the surrounding environment?

Yes   Yes, partially   No   Unsure   Not applicable

Marketplace Policies

17. Does your organisation currently have a code of ethics in place?

Yes   Yes, partially   No   Unsure   Not apllicable

18. Does your organisation have a policy in place to ensure honesty and transparency in all transactions?

Yes   Yes, partially   No   Unsure   Not applicable

19. As a financial services provider, does your organisation's CSR programme actively promote corruption prevention internally?

Yes   Yes, partially   No   Unsure   Not applicable

Community Policies

20. Does your organisation give regular financial support to local community activities and projects (e.g. charitable donations or sponsorship)?

Yes   Yes, partially   No   Unsure   Not applicable

21. Are your employees encouraged to participate in local community activities (e.g. providing employee time and expertise, or other practical help)?

Yes   Yes, partially   No   Unsure   Not applicable

Commitment to CSR

22. CSR has increased in importance over the last decade, in your opinion how important has CSR become in the following functional areas of your organisation? Rating question 1-5 very important to not important

Reputation Management
Employee Attraction and Retention

Customer Satisfaction

Investor relations

Public relation

23. In your opinion, which of the following areas of business would face the most severe cutbacks in a cost saving exercise within your organisation?

	Very unlikey	Somewhat unlikely	Not sure	Somewhat likely	Most likely
CSR					
Marketing					
Payroll					
Research and Development					
Capital Expenditure					

24. Has your organisation become more socially responsible over the last 10 years, or has there been no change in the level of commitment to CSR within your organisation

Much more socially responsible   Somewhat more socially responsible   No change
Somewhat less socially responsible   Much less socially responsible

Over the last year

Over the last 5 years

Over the last 10 years

25. What factors have influenced this change or (lack of change) in your organisation's commitment to CSR?

Integration of CSR

26. Who is responsible for the development of the CSR agenda within your organisation?

Chief Executive Officer (CEO)

Chief Financial Officer (CFO)

CSR department or committee

Human Resources department

Corporate Communications department

No one person or department

Other, please specify

27. What is the role of CSR in your organisation's corporate business strategies?

28. What do you consider to be the main obstacles of implementing a successful CSR policy in your organisation? (Tick as many as apply)

Lack of leadership and vision

Too much focus on short-term goals

Inability to recognise opportunities

Lack of creative pressure from the government and society.

Lack of support from the consumers

Lack of peer support through business associations - reluctance of other companies to follow

Lack of economic/market incentives

Costs associated with developing CSR policies

Other please specify

.

29. It has been suggested in academic literature that where the CSR function is located within the organisational structure is important. The argument made by Frankental in particular, is that the location of the CSR function is a key determinant of the value placed on it as a mainstream business function. Do you agree with the above view?

Yes

No

Undecided

If No, please state reason

30. Where is the CSR function located within your organisational structure?

31. In your opinion, does the CSR agenda make a tangible contribution to the profitability of your organisation?

Yes

No

Unsure

32. Has your organisation's CSR actions over the past five years contributed to increased profitability?

Yes

No

Unsure

Stakeholder Engagement

33. When CSR policies are being developed, are there any stakeholders considered in this process? (Tick as many as apply)

Employees

Local Communities

Customers

Business Partners

Shareholders and Investors

34. Are stakeholders involved in the development of the CSR policies, or is this function solely at the discretion of the policy makers?

Appendix V

Questionnaire Results

Introduction

1. Does your organisation currently have a CSR policy in place?

		Response Percent	Response Count
Yes	�	100.0%	4
No		0.0%	0

2. How is CSR defined within your organisation?

Respondent 1:   Our organisation defines CSR as a concept whereby we integrate social and environmental concerns in our business operations and also in our interactions with stakeholders

Respondent 2:   Looking after the interests of all of our stakeholders to create a sustainable business in the long-term

Respondent 3:   Long term sustainable relationships with groups of people who have a key stakeholding interest in our business: customers, employees, investors, regulators and business partners as well as the communities in which we do business, and the environment in which we operate.

Respondent 4:   No formal definition simply put we seek to act responsibly as we pursue our business objectives

3. What has motivated your organisation to adopt a CSR programme?

Respondent 1:   Responsibility to stakeholders, increased awareness, long term sustainability

Respondent 2:   CSR is very important in today's climate to achieve Sustainability

Respondent 3:   While we always had practices in this space, we formalised our approach to CR in 2004

Respondent 4:   Part of our business philosophy

4. Is the CSR programme externally verified by an auditor?

		Response Percent	Response Count
Yes	▬	50.0%	2

No   50.0%   2

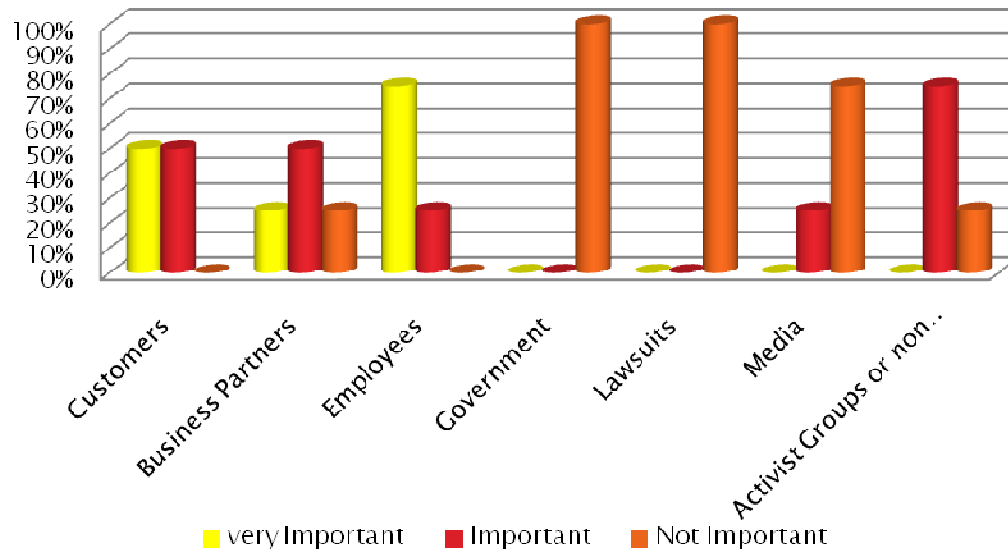**5. To what extent do you agree or disagree that…?**
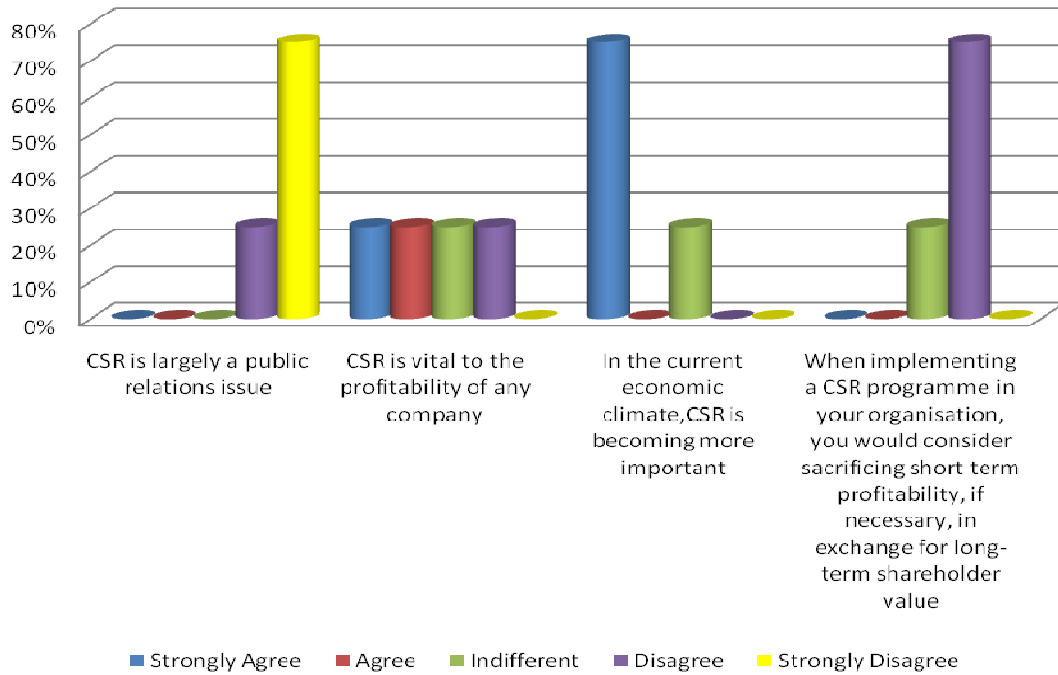
6. What do you believe to be the main drivers of CSR within your organisation?
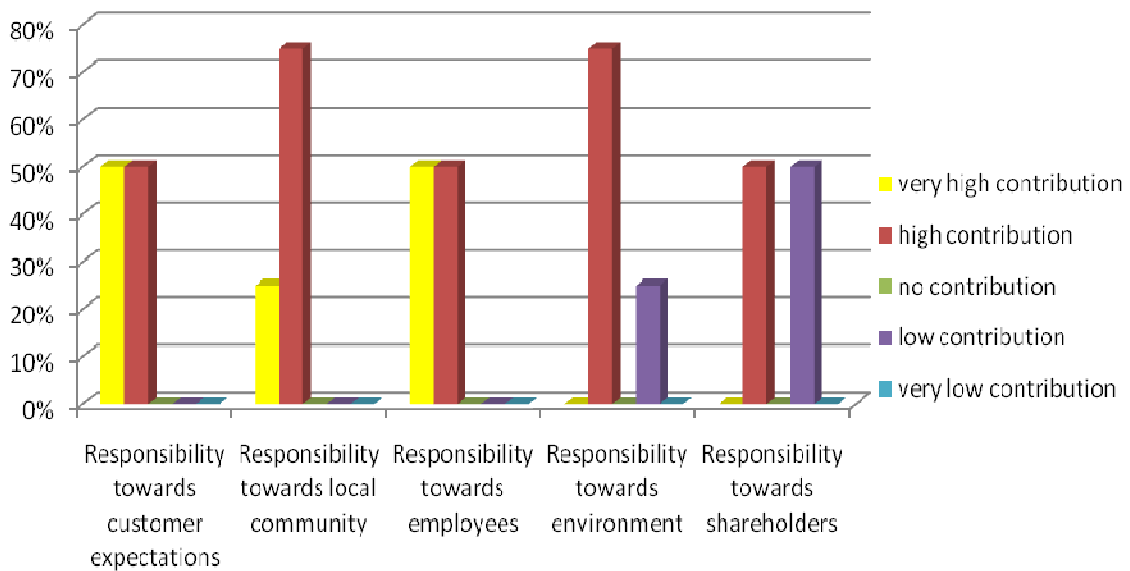
7. How much pressure do you perceive your organisation to experience from stakeholders to adopt and continually improve your CSR programme?
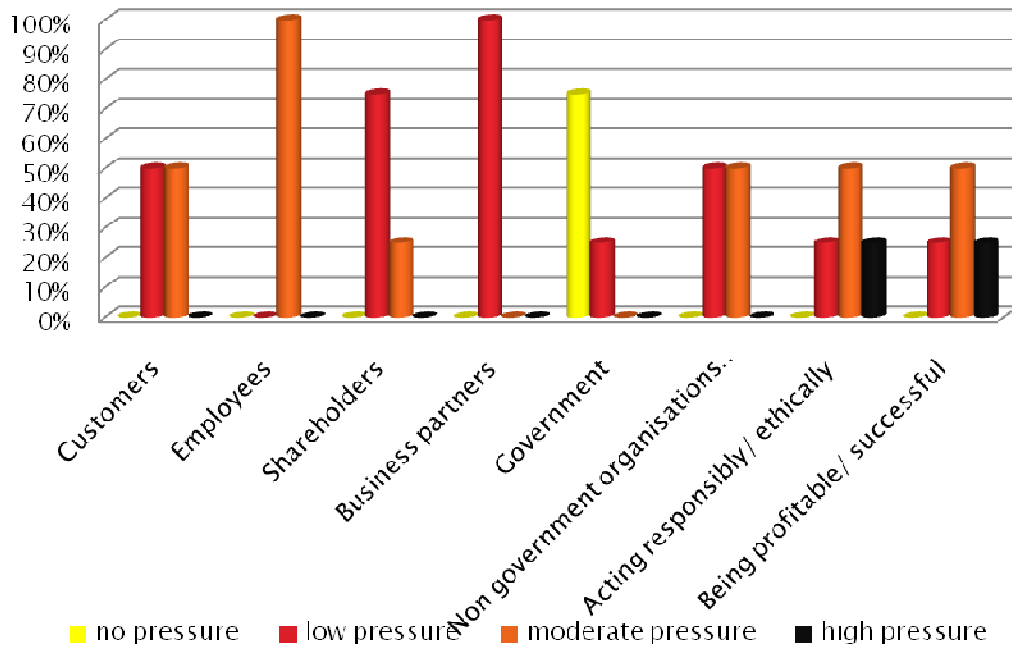
8. How important has each of the following categories been in encouraging positive change in the social responsibility of your organisation?

The Nature of CSR

9. The FORGE Group was set up by a consortium of financial institutions to address environmental impacts and risks. The Business Impact Task Force produces material and resources to show businesses how to measure and report their impact on society. These organisations have classified four areas of concern for CSR policies which are of particular interest to this research. These classifications are referred to as the environment, workplace, marketplace and community. Does your organisation use any of these classifications, or variations of these, for devising CSR policies?

		Response Percent	Response Count
Yes		75.0%	3
No		25.0%	1

10. Does your organisation's CSR policy incorporate any of the following CSR issues?

Workplace policies

11. Does your organization encourage employees to develop skills and long term careers, for example by training and development and performance appraisal processes?

	Response Percent	Response Count
Yes	.0%	4
Yes, partially	0.0%	0
No	0.0%	0
Unsure	0.0%	0

12. Is there a process to ensure adequate steps are taken against all forms of discrimination, both in the workplace and at the time of recruitment (e.g. against women, ethnic groups, disabled people, etc.)?

	Response Percent	Response Count
Yes	.0%	4
Yes, partially	0.0%	0
No	0.0%	0
Unsure	0.0%	0

13. Does your organisation have suitable arrangements for health, safety and welfare that provide sufficient protection for your employees?

	Response Percent	Response Count
Yes	.0%	4
Yes, partially	0.0%	0
No	0.0%	0
Unsure	0.0%	0

14. Does your organisation actively offer a good work-life balance for its employees, for example, by considering flexible working hours or allowing employees to work from

home?

		Response Percent	Response Count
Yes		75.0%	3
Yes, partially		25.0%	1
No		0.0%	0
Unsure		0.0%	0

Summary of Questions 11, 12, 13 and 14 Workplace policies

■ Does your organization encourage employees to develop skills and long term careers, for example by training and development and performance appraisal processes?

■ Is there a process to ensure adequate steps are taken against all forms of discrimination, both in the workplace and at the time of recruitment (e.g. against women, ethnic groups, disabled people, etc.)?
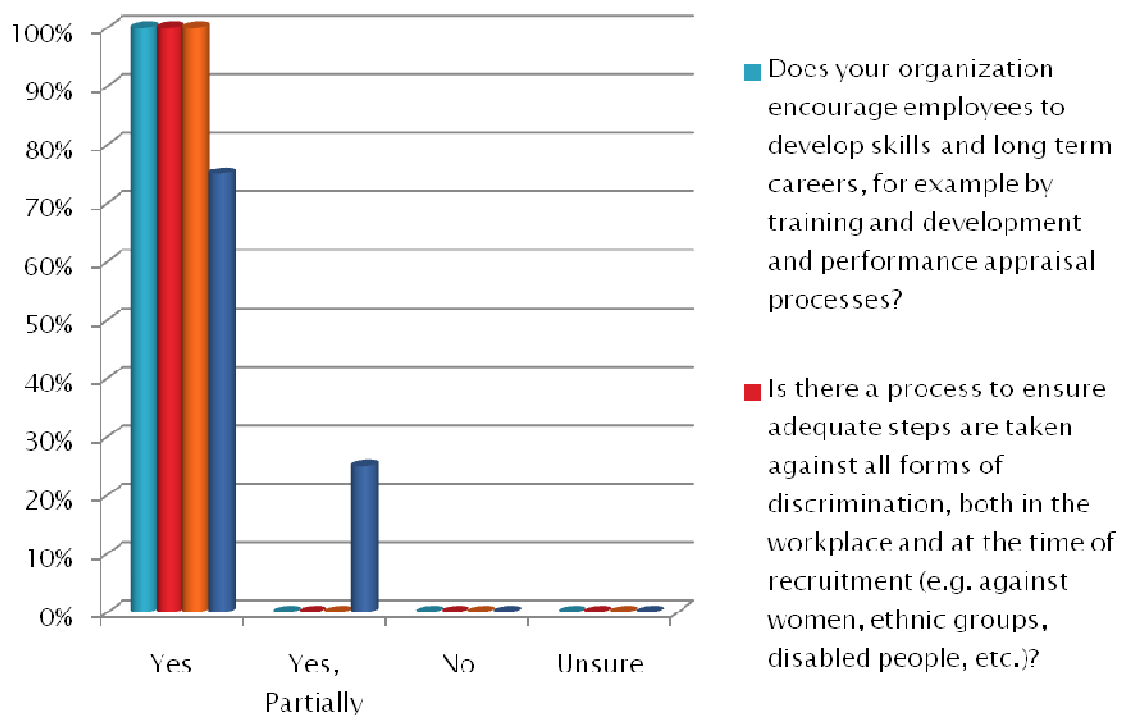
Environmental Policies

**15. Does your organisation assess environmental criteria for lenders during the credit risk assessment process?**

		Response Percent	Response Count
Yes		50.0%	2
Yes, partially		25.0%	1

		Response Percent	Response Count
No		25.0%	1
Unsure		0.0%	0

16. Does your organisation invest in initiatives to promote and protect the surrounding environment?

		Response Percent	Response Count
Yes		75.0%	3
Yes, partially		25.0%	1
No		0.0%	0
Unsure		0.0%	0

Summary Chart for Questions 15 and 16 Environment Policies
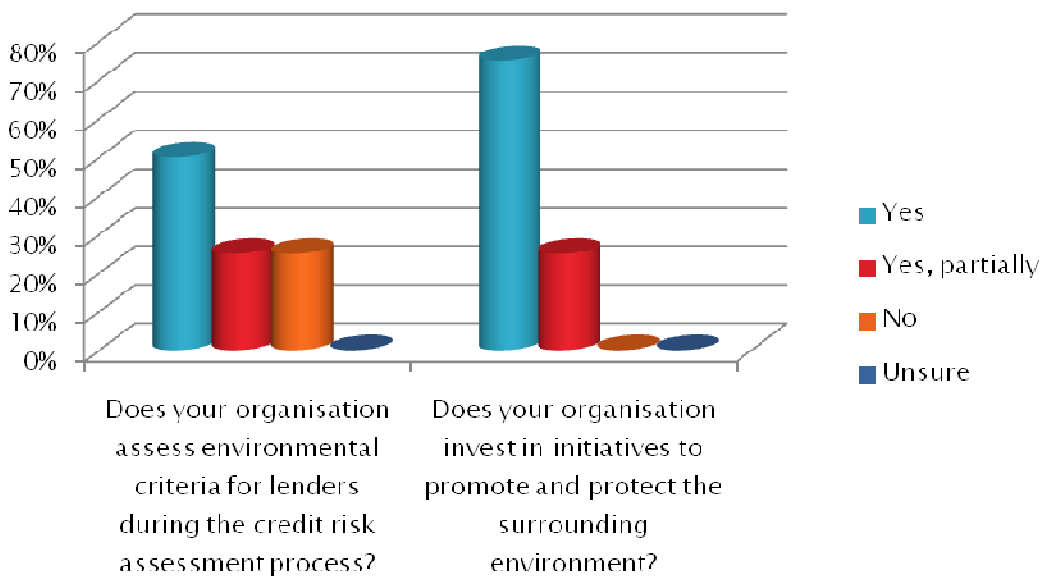
Marketplace Policies

17. Does your organisation currently have a code of ethics in place?

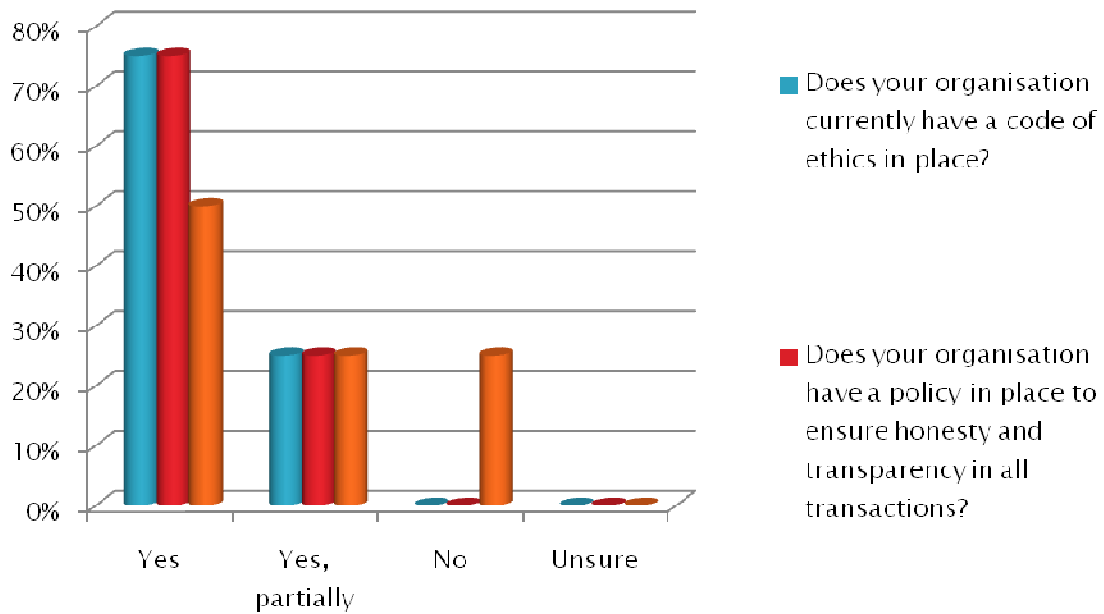|		Response Percent	Response Count
Yes	▮▮▮▮▮▮▮	75.0%	3
Yes, partially	▮▮	25.0%	1
No		0.0%	0
Unsure		0.0%	0

18. Does your organisation have a policy in place to ensure honesty and transparency in all transactions?

		Response Percent	Response Count
Yes	▮▮▮▮▮▮▮	75.0%	3
Yes, partially	▮▮	25.0%	1
No		0.0%	0
Unsure		0.0%	0

19. As a financial services provider, does your organisation's CSR programme actively promote corruption prevention internally?

		Response Percent	Response Count
Yes	▮▮▮▮▮	50.00%	2
Yes, partially	▮▮	25.0%	1
No	▮▮	25.0%	1
Unsure		0.0%	0

**Sunnary Chart for Questions 17, 18 and 19 Marketplace Policies**

Community Policies

20. Does your organisation give regular financial support to local community activities and projects (e.g. charitable donations or sponsorship)?

		Response Percent	Response Count
Yes		100%	4
Yes, partially		0.0%	0
No		0.0%	0
Unsure		0.0%	0

21. Are your employees encouraged to participate in local community activities (e.g. providing employee time and expertise, or other practical help)?
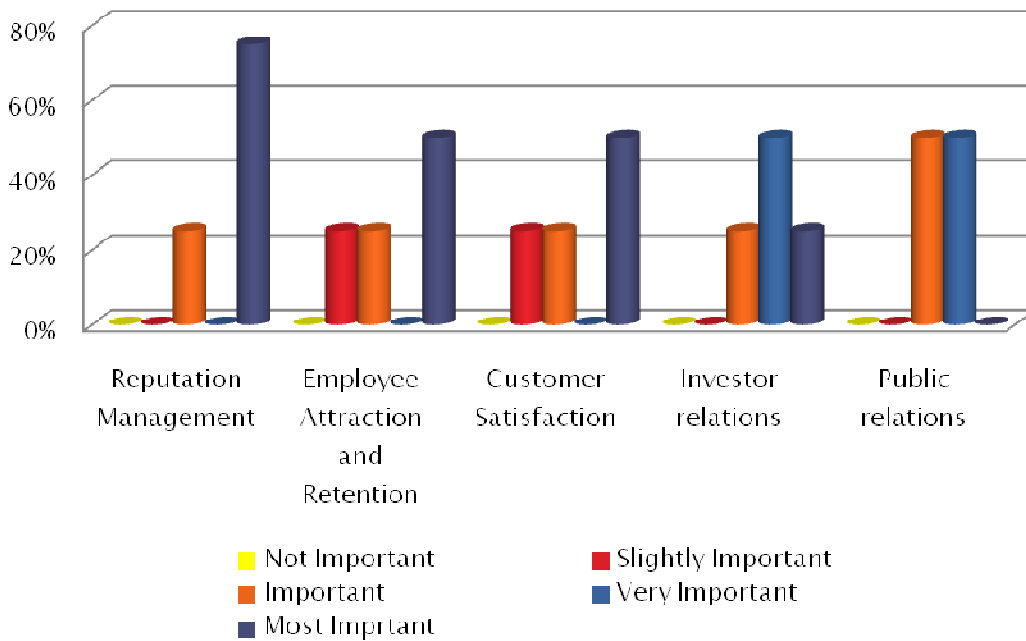
		Response Percent	Response Count
Yes		100..00%	4
Yes, partially		0.0%	0
Unsure		0.0%	0

Summary Chart for Questions 20 and 21 Community Policies
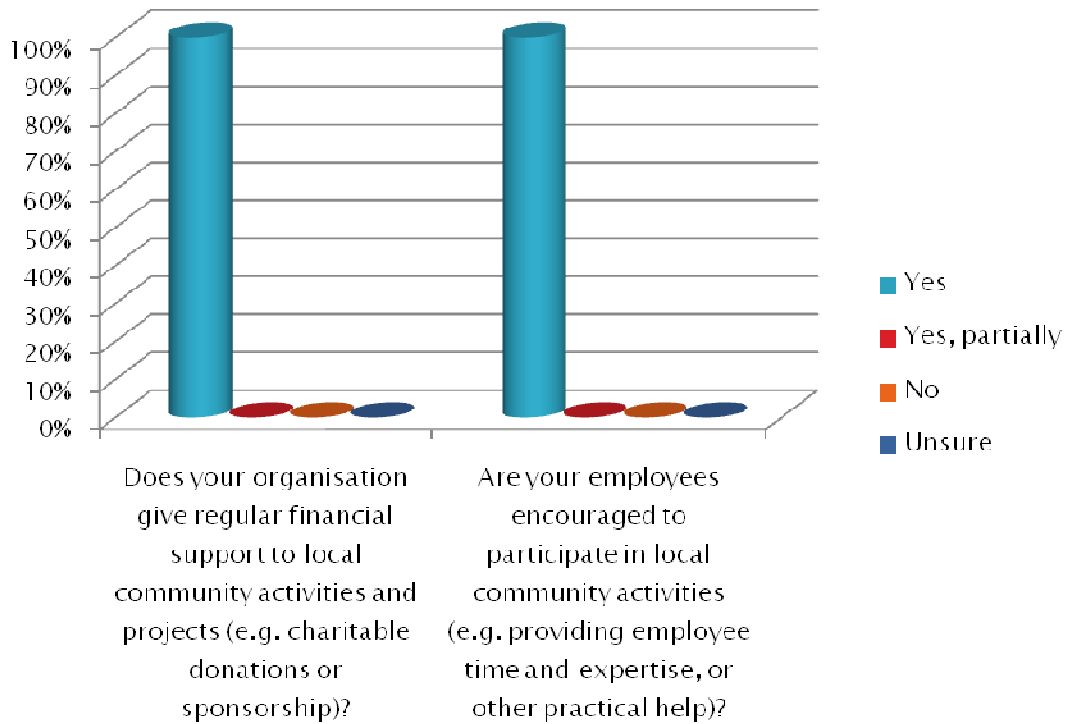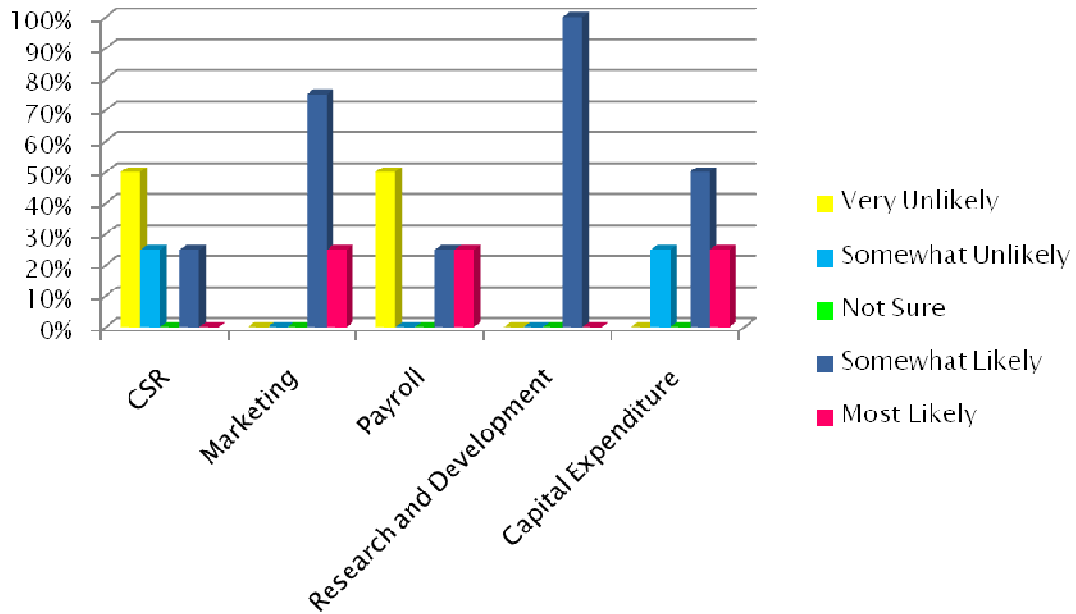
Commitment to CSR

22. CSR has increased in importance over the last decade, in your opinion how important is an organisation's CSR activities in the following functional areas?
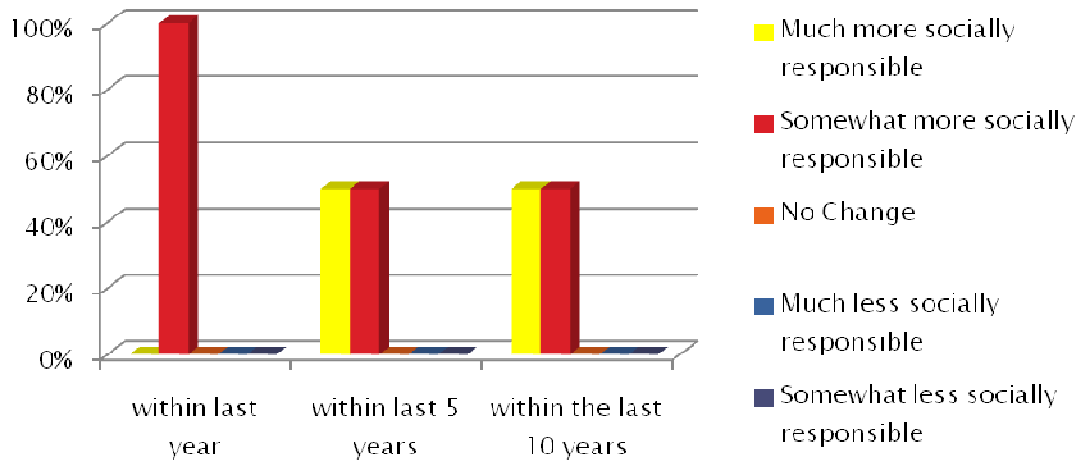
23. In your opinion, which of the following areas of business would face the most severe

cutbacks in a cost saving exercise within your organisation?

24. Has your organisation become more socially responsible over the last 10 years, or has there been no change in the level of commitment to CSR within your organisation?

25. What factors have influenced this change or (lack of change) in your organisation's

commitment to CSR?

Respondent 1:   the main factors contributing to this change include stakeholders' awareness, achieving long term objectives and improving reputation management
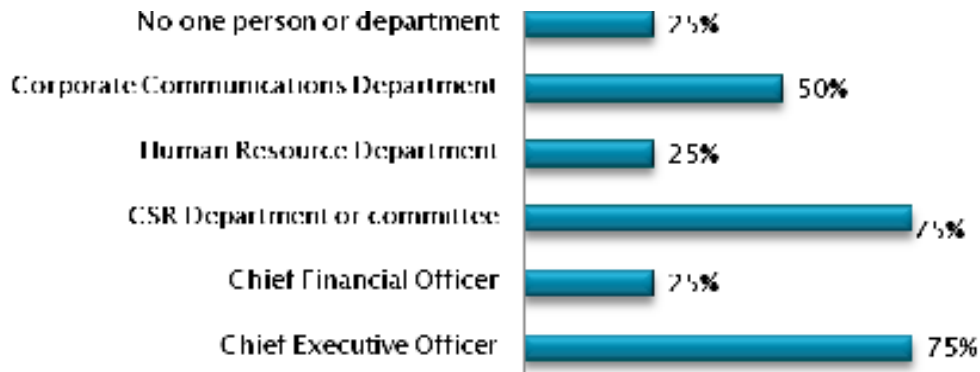
Respondent 2:   Factors include our organisation's desire to achieve sustainability and also more interest from investment community in CSR practices

Respondent 3:   There has been a lot more public, customer and employee feedback/enquiry on the area of our CSR therefore allowing us to improve our social responsibility.

Respondent 4:   Main factors include growth in financial commitments aligned with growth of the organisation which have meant a growth in social responsibility

Integration of CSR

26. Who is responsible for the development of the CSR agenda within your organisation?

No one person or department	25%
Corporate Communications Department	50%
Human Resource Department	25%
CSR Department or committee	75%
Chief Financial Officer	25%
Chief Executive Officer	75%

Additional Comments

Respondent 1:   Head of CSR also reports directly to CEO

Respondent 2:   Head of CSR in conjuction with CEO

Respondent 3:   Director - Group Marketing and Communications in conjunction with CEO

Respondent 4:   Head of CSR appointed, reports directly to CEO

27. What is the role of CSR in your organisation's corporate business strategies?

Respondent 1:	CSR underpins all strategic decisions as it is integrated in all business operations
Respondent 2:	CSR is embedded throughout the organisation
Respondent 3:	Not explicitly mentioned but underpins all strategic decisions.
Respondent 4:	Integrated into all core business functions

28. It has been suggested in academic literature that where the CSR function is located within the organisational structure is important. The argument made by Frankental in particular, is that the location of the CSR function is a key determinant of the value placed on it as a mainstream business function. Do you agree with the above view?

		Response Percent	Response Count
Yes	▬▬▬▬▬▬▬	100.00%	4
No		0.0%	0
Undecided		0.0%	0

29. Where is the CSR function located within your organisational structure?

Respondent 1:	CSR committee is embedded in organisational structure, under the CEO an internal function
Respondent 2:	Reporting to the General Manager- Investor Relations
Respondent 3:	Within Group Corporate Communications.
Respondent 4:	Within Group Marketing and Communications with a line report to the CEO

30. In your opinion, does the CSR agenda make a tangible contribution to the profitability

of your organisation?
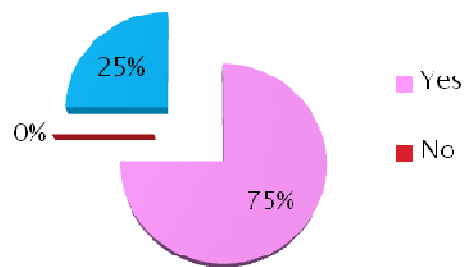
Stakeholder Engagement

31. When CSR policies are being developed, are there any stakeholders considered in this process?

32. Are stakeholders involved in the development of the CSR policies, or is this function solely at the discretion of the policy makers?

Respondent 1:   Yes stakeholders are involved, all policies are tested by a group of stakeholders before implementation

Respondent 2:   Yes they are involved

Respondent 3:   Yes, employees, local communities and business partners are all involved in the CSR process.

Respondent 4:   Yes, stakeholders are involved in developing our CSR policies

Appendix VI

Abbreviations

AIB   Allied Irish Bank

BITC   Business in the Community

BITF   Business Impact Task Force

BOI   Bank of Ireland

CSR   Corporate Social Responsibility

ECRA   Environmental Credit Risk Assessment

EIRIS   Ethical Investment Research Services

FORGE Group   Financial Organisations' Reporting Guidelines Group

HR   Human Resources

IBF   Irish Banking Federation

NGO   Non Government Organisation

NIB   National Irish Bank

PR   Public Relations

SRI   Socially Responsible Investment

UNEP   United Nations Environment Programme

WBCSD   World Business Council for Sustainable Development