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Corporate Social Responsibility and Corporate Financial Performance in the Food and Beverage Industry

Giselle Rieschick
Walden University

Walden University

College of Management and Technology

This is to certify that the doctoral study by

Giselle Rieschick

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Review Committee
Dr. Peter Anthony, Committee Chairperson, Doctor of Business Administration Faculty

Dr. Richard Johnson II, Committee Member, Doctor of Business Administration Faculty

Dr. James Savard, University Reviewer, Doctor of Business Administration Faculty

Chief Academic Officer
Eric Riedel, Ph.D.

Walden University
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Abstract

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Giselle R. Rieschick

MBA, Western International University, 2011

BS, Excelsior College, 2009

Doctoral Study Submitted in Partial Fulfillment

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Abstract

Corporate executives have a responsibility to stakeholders to justify expenses, including those devoted to corporate social responsibility (CSR) initiatives, and strengthen the organization's financial position. Due to a lack of consistent information, some food and beverage industry managers do not understand the relationship between social and environmental CSR initiatives and financial performance. Grounded in stakeholder and ethical theory, this quantitative correlational study examined the relationship between 2 variables: the independent variable of social and environmental CSR activities, for which the 2016 Best Corporate Citizens index of “Corporate Responsibility Magazine” served as a proxy, and the dependent variable of financial performance, as measured by reviewing a 24-month return on assets. The significance test appears twice for a bivariate regression analysis: The F test reported as part of the ANOVA table and the t test associated with the independent variable in the coefficients table. The p value is the same as they are the same test. The yield was: $F(1, 10) = .246$, $p = .633$ and $t(10) = .496$, $p = .633$. The magnitude of the correlation coefficient was .173, which suggested that financial performance had no relationship with social and environmental CSR initiatives. When reviewing the overall financial rank of all 100 companies in the BCC index, a similar trend emerged. The yield was: $F(1, 99) = .202$, $p = .654$ and $t(99) = -.449$, $p = .654$. The extent of the correlation coefficient was -.045, which suggested that financial performance had no relationship with social and environmental CSR initiatives. This study has an implication for positive social change with management’s decisions about social and environmental sustainability initiatives.

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Dedication

To God be the glory and in loving memory of those who have gone before.

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Section 1: Foundation of the Study

Organizations must find new and innovative ways to meet the needs of stakeholders while neutralizing the negative effects of operations and products to maintain stability (Rahman & Post, 2012). However, achieving stakeholder needs is not easy, and sustainability is not simple (Khan & Manwani, 2013). Over 70% of organizational change initiatives that corporate managers implement to increase sustainability and profit margins fail (Williams, T. M., 2014). Each market has driving factors that initiate these changes, but several themes are apparent across markets: (a) the economy, (b) technology, (c) culture, and (d) social ebb and flow. A final driving factor is the societal and financial concerns of stakeholders, which impact initiatives that go beyond financial performance. These are known as corporate social responsibility (CSR) initiatives.

Background of the Problem

Concepts of sustainability and CSR are gaining momentum, thanks to the extreme need to find a niche that can set each organization apart from the next competitor and ensure success (Rahman & Post, 2012). Trade space spanning multiple organizations intra and inter-corporate management processes, limited resources, and social problems pressure organizational managers to integrate sustainable practices successfully (Müller & Pfleger, 2014). Underlying attitudes and business ethics play critical roles in determining which CSR initiatives are incorporated into an organizational culture and strategic plan. While considering CSR policies, corporate social performance (CSP) can be used to provide measurable results of organizational achievements (Hafsi & Turgut, 2013).

Some Fortune Global 250 companies in the United States claim to engage in CSR initiatives intending to benefit the bottom line as well as with stakeholder needs (Harrison & Wicks, 2013; Santoso & Feliana, 2014). Successfully incorporating CSR is viewed as a condition of organizational sustainability (Belu & Manescu, 2013). The impact of CSP on CFP in the United States food and beverage industry is of interest to stakeholders because the economic crisis that started in 2008 increased risk management concerns for managers and other business leaders. The anticipated impact of this study's findings is as follows: managers in the U. S. food and beverage industry now have justification to revisit current CSR strategies and to make informed decisions about future initiatives without compromising the ability of future leaders to meet economic and environmental needs.

Problem Statement

According to representatives of KMPG International (2017), 73% of the 4,500 companies surveyed and 92% of the largest companies on the Fortune Global 500 rankings reported that they conducted CSR activities. Despite increased attention to socially responsible actions, the evidence that CSR activities improve financial performance is inconclusive and quantifying the benefits of CSR is challenging (Aguinis & Glavas, 2013). The difficulty in translating CSR into financial terms means that corporate executives need to justify the expenses of CSR initiatives to stakeholders

(Smith & Alexander, 2013). The general business problem is the lack of consistent information to incorporate strategic social and environmental CSR initiatives into business operations. The specific business problem is that some food and beverage industry managers may not understand the relationship between (a) social and (b) environmental CSR initiatives and financial performance.

Purpose Statement

The purpose of this quantitative, correlational study was to examine if there is a relationship between social and environmental CSR initiatives and financial performance. The independent variables of this study were social and environmental CSR activities as measured by the Corporate Responsibility (CR) magazine’s Best Corporate Citizens (BCC) index in 2016 (CR Magazine, 2017); the dependent variable was financial performance as measured by reviewing a 24-month return on assets (ROA). The targeted population was the largest 1,000 public corporations on the United States stock exchanges as listed by the Russell 1000 and reviewed by the 2016 BCC index. The purpose of this study was to examine how managers of food and beverage industry companies can create a relationship between social and environmental CSR strategies and financial performance.

The findings from the study could increase the knowledge of food and beverage industry managers in the United States about the relationship between social and environmental CSR initiatives and corporate financial performance. The implications for social change include an impact on management decisions about social and environmental sustainability initiatives. Confirmation of a positive CSP-CFP relationship could support continued investment in CSR initiatives. This would allow current stakeholders to develop a blueprint for how to sustain economic prosperity without compromising the ability of future leaders to meet economic and environmental needs.

Nature of the Study

There are three primary methodological approaches in conducting research: qualitative, quantitative, and mixed methods. Qualitative methods provide a natural, flexible setting in which to obtain direct information from participants. The qualitative method may become expensive and time-consuming with the need for specialized observers but is useful when collecting information on human experiences (Bailey, 2014; Yin, 2014). The specialized observers, however, are thought to lead to a deeper understanding of the research phenomena (Üsdiken, 2014).

The quantitative method is designed to examine variables and collected data or the statistical manipulation of data rather than human variables. A quantitative study involves formulating a hypothesis, drawing reasonable conclusions, and developing models from those findings (Nelson & Evans, 2014).

The third approach, mixed methods, is a combination of qualitative and quantitative methods and is appropriate for collecting and analyzing studies containing both data and human experiences (Punch, 2014; Turner, 2013). The mixed method is suitable for researchers who seek to explore or understand human experiences in conjunction with empirical, numerical research (Punch, 2014).

Rather than explore the human variable, the purpose of this study was to determine if there is a relationship between CSR initiatives and financial performance and analyzed statistical information. The lack of the human variable and statistical information indicate the quantitative method rather than the qualitative method (Marshall & Rossman, 2016). Once the method is determined, the choice of design ultimately shapes the data collection strategy (Crede & Borrego, 2013).

A correlational research design was selected as the specific quantitative approach for this study. A correlational research design was appropriate because the objective of the study was to examine a potential relationship between two numeric variables: social and environmental CSR activities, as measured by the BCC 2016 index, and financial performance, as measured by reviewing a 24-month ROA. Also, a correlational design was selected because results may have quantitative with quantifiable measures (Yilmaz, 2013).

I reviewed descriptive, correlational, quasi-experimental, and experimental quantitative approach to determine if one of them was a more practical approach to studying the potential relationship between the two numeric variables. After extensive research, only a correlational design would yield the primary purpose of predicting a relationship between two or more groups that were to be studied as a single group (Rudestam & Newton, 2015). A correlational design can measure the degree and pattern of relationships between variables (Field, 2013). It involves summarizing data to accurately depict a single variable and does not support drawing correlations between study variables (Green & Salkind, 2014). Experimental and quasi-experimental designs require random selection of participants, establishing control groups and experimental groups, and measuring the differences in the variables being tested between these groups (Rovai, Baker, & Ponton, 2013). Thus, the correlational research design was chosen for this study.

Research Question

Examining the relationship between CSR and financial performance involved using the BCC 2016 index composite score ratings on social and environmental strategies as independent variables, and ROA as the dependent variable representing the financial data for CFP. The research question for this study was as follows: What is the relationship between social and environmental CSR initiatives and financial performance in the food and beverage industry?

Hypotheses

Informed research study predictions that align with the central purpose of a research study are known as hypotheses. Testing of a hypothesis involves the calculation of test statistics for sample data in a quantitative study (van Helden, 2013). The hypotheses of the study were:

H_0: There is no statistically significant relationship between social and environmental CSR initiatives and financial performance.

H_1: There is a statistically significant relationship between social and environmental CSR initiatives and financial performance.

Theoretical Framework

Freeman originated stakeholder theory in 1984. This theory provides the management framework for maximizing the firm's financial performance and shareholder's interest simultaneously (Freeman & Hasnaoui, 2011). Proponents of stakeholder theory claim that addressing both sets of needs can create more value than by addressing either set of needs alone (Baird, Geylani, & Roberts, 2012; Dinsmore, 2014). If CSR is the potential solution to the humanism in business, then the relationship needs to be explored and definitively established (Swayze & Calvin, 2014). Corporate executives may engage in CSR initiatives because of stakeholder needs or out of ethical and moral pressures (Fatma, Rahman, & Khan, 2014).

The genealogy of business ethics is rooted in different backgrounds, depending on whether the business ethics is being viewed as (a) ethics in business in general for the public, (b) the study of business ethics, (c) or incorporating business ethics into an organization (Yazdani & Murad, 2015). The ethical theory provides the basics of business ethics and has five classifications: (a) divine command, (b) consequentialism, (c) deontology, (d) virtue, and (e) ethical relativism (Yazdani & Murad, 2015). Consequentialism and deontological normative ethical theories are the most divergent. Each offers guidelines for proper actions in normative judgments or good situations for making evaluative judgments (Van Wee & Roeser, 2013). Consequentialism focuses on consequences of actions, and the deontological approach focuses on moral principles that are adhered to regardless of consequences (Van Wee & Roeser, 2013). According to ethical theory, socially responsible firms must handle financial reporting practices virtuously (Yazdani & Murad, 2015). Based on their impact on communities, an ongoing review of the CSR-CFP relationship is necessary for managers to adjust their strategic initiatives.

Currently, stakeholder theory and ethical theory are the main theories supporting the premise behind CSR. Together, these two theories support the argument that organizations have a responsibility to stakeholders and the community at large (Malik, 2014). The primary intent of this study was to help food and beverage industry managers make informed decisions about CSR initiatives.

Operational Definitions

The following definitions provide definitive descriptions of ten essential terms used throughout the study.

Corporate financial performance (CFP): CFP is the measure of a firm’s financial performance by accounting-based ratios such as net earnings or stock price. In CSR literature, CFP is expressed as the ROA, Tobin’s Q, or return on equity (Dinsmore, 2014).

Corporate social performance (CSP): CSP is a measure of a corporation’s CSR initiatives. No single measure of CSR exists, but initiatives are compared with competitors and measured by indirect means (Baird et al., 2012).

Corporate social responsibility (CSR): CSR is the accepted term for activities corporate executives initiate that go above and beyond legal requirements. These initiatives attempt to enhance the company’s effect on environmental and social aspects of the society they serve (Epstein & Buhovac, 2014).

Ethical theory: Is a field study involving concepts of right and wrong behavior (Yazdani & Murad, 2015).

Ethics: Actions of right or wrong, using moral principles and individual values to guide decision-making and actions (Brunk, 2012).

Legitimacy: A generalized perception that the actions of an organization are desirable and appropriate within the socially accepted system of norms, values, and beliefs (Bhattacharyya, 2015).

Return on assets (ROA): ROA is the ratio of the net income of a company to its asset value. The ratio allows researchers to evaluate and compare the profit values of different firms within the same industry (Garcia, 2013).

Stakeholder: Any person that can affect or is affected by the achievement of the firm’s goals (Sen & Cowley, 2013).

Stakeholder theory: Originated by Freeman (1984), the theory provides a conceptual framework for organizational management in which the interests of stakeholders can be satisfied simultaneously with the interests of shareholders (Freeman & Hasnaoui, 2011).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are underlying, fundamental suppositions of a study that are out of the researcher's control but are needed to conduct the study (Marshall & Rossman, 2016; Semenova & Hassel, 2014). This study was subject to three assumptions: (a) the methodology used to collect data by the BCC 2016 index Committee was transparent, objective, and fact-based; (b) the data compiled by the committee were gathered and weighted appropriately; (c) the average ROA represents the CFP adequately.

Limitations

When conducting research, weaknesses in a study may impact the outcome if not addressed; these are known as limitations (Paechter, 2013). Limitations, like assumptions, must be addressed by the researcher (Dinsmore, 2014; Fu & Jia, 2012). The sole limitation of this study was the lack of a universal way to measure CSP (Fu & Jia, 2012). Scholars measure CSP by proxy using CSR indexes such as the Dow Jones Sustainability Index, Kinder, Lydenberg, and Domini Index (KLD), or the Fortune Reputation Index (Dinsmore, 2014). This study measured CSP by proxy using the 2016 BCC index. The 2016 BCC index scores evaluated companies against peers on bottom-line performance and are one of the most influential corporate rankings as voted by CEOs (Erwin, 2011; Dinsmore, 2014). The KLD 400 Social Index is the standard for quantitative measurement of companies' CSR initiatives by empirical researchers (Mattingly, 2015; Michelon, Boesso, & Kumar, 2013). The BCC was chosen over the KLD Index because the cost of the KLD Index was prohibitive. The BCC index rates corporations in several categories: (a) environment, (b) climate change, (c) human rights, (d) employee relations, (e) corporate governance, (f) philanthropy, and (g) financial rank. The methodology weights the different categories to account for different values as determined by the Methodology Committee. The result is a weighted average score (CR Magazine, 2017).

Delimitations

Delimitations are within the researcher’s control who sets the borders or boundaries before commencing the study (Ndu & Agbonifoh, 2014). The choice of topic, theoretical perspectives, and participant population are examples of delimitations (Yin, 2014). This study included food and beverage firms on the 2016 BCC index. All were large, U. S. companies in the U. S. equity market. The data set did not include small or mid-sized organizations or organizations outside of the United States. Smaller companies that did not meet certain financial standards were ineligible for the 2016 BCC index (CR Magazine, 2017).

Significance of the Study

Corporate executives have a responsibility to stakeholders to justify expenses, including CSR initiatives, in the process of strengthening the organization's financial position (Jo & Harjoto, 2012). Managers aim for organizational sustainability and implement CSR to maintain the corporate advantage and public trust (Brooks, 2014).

Contribution to Business Practice

Saeidi, Sofian, Saeidi, Saeidi, and Saaeidi (2015) found that reputation and competitive advantage were mediators between CSR and financial performance. Saeidi et al. also found a role for CSR in promoting financial performance indirectly, which yielded higher customer satisfaction. Therefore, the development of the relationship between CSR and financial performance resulting from this study could help with corporate advantage and public trust.

According to Freeman and Hasnaoui (2011), stakeholders expect corporate executives to incorporate CSR initiatives and strengthen the firm's financial position as explained by stakeholder theory. The data from this study may be significant in providing evidence of a positive relationship between CSR and financial performance. This would support stakeholder theory and ethical theory. Findings could include new information for management when developing and improving business practices.

Implications for Social Change

The results of this study could provide insight into a relationship between CSR initiatives and financial performance in the food and beverage industry. Such results could encourage other corporate managers to mirror the policies and procedures that support CSR activities if the funding of these initiatives strengthened the financial performance (Griffin, Bryant, & Koerber, 2015). The inclusion of activities that corporate executives initiate, activities that go above and beyond legal requirements, could benefit the organization as well as the stakeholders in the industry they operate (Epstein & Buhovac, 2014).

Difficulties in establishing a relationship between CSR and financial performance in the food and beverage industry could impact management decisions about social and environmental initiatives. The findings from this study could help organizational managers justify funding for CSR initiatives, which support the society in which the organization operates (Brooks, 2014). Findings of this study add to the efforts to confirm the impact of CSR on stakeholders. External stakeholders provide resources for organizational growth and, as proposed by stakeholder theory, the organization needs cooperation from stakeholders to be successful (Jia & Zhang, 2014). In addition, the results of this study could generate the need for future studies, which would include different variables to increase validity and applicability for management teams.

This study has implications for social change. The findings may impact management's decisions about social and environmental initiatives. Confirmation of a positive CSP-CFP relationship could support continued investment in CSR initiatives that allow current stakeholders to develop a blueprint for how to sustain economic prosperity without compromising the ability of future leaders to meet economic and environmental needs.

A Review of the Professional and Academic Literature

The literature review provides a synopsis of concepts and recent studies that relate to CSR, CFP, and the possibility of a relationship between the two. A review of the greater body of scholarly research is conducted to assess previous inquiry completed on the topic. The literature review also helps to identify a theoretical framework and define the scope of the current research within the broad picture (Fink, 2014). I examined the history of CSR and applicable theories that pertain to CSR using indexes as proxies. Since there are no specific guidelines on what quality CSR initiatives are, researchers need to find alternate, unbiased methods to compare and study CSR. Indexes are one tool that can be used as proxies. For this doctoral study, the research question was as follows: What is the relationship between social and environmental CSR initiatives and financial performance in the food and beverage industry?

The purpose of this quantitative, correlational study was to examine the nature of the relationship between CSR activities and financial performance to assist food and beverage industry managers in making informed CSR initiative decisions. The findings from this study represent an exploration of the correlation between social and environmental CSR strategies (independent variables) and financial profitability (dependent variable) in the food and beverage organization. I examined the potential relationship between two variables: social and environmental CSR activities, the 2016 BCC index served as a proxy, and financial performance as measured by reviewing a 24-month ROA. After the data collection and statistical manipulation, a critical analysis and synthesis were conducted to determine which of the following hypotheses is accurate: (a) there is or (b) there is no statistically significant relationship between CSR initiatives and financial performance in the food and beverage industry.

Strategy for Searching Literature

This thematic review presents a detailed literature review the fundamental theories linking CSR initiatives with financial performance (Fink, 2014). It is divided into six parts: (a) infancy and legitimacy, (b) paradigm shift, (c) stakeholder theory, (d) ethical theory, (e) indexes as proxies for CSR activities, and (f) modern definition and nature of CSR.

The following databases were used in the keyword searches: Business Source Complete, Goggle Scholar, SAGE Premier, EBSCO host, and Emerald Management. The following search terms yielded articles for the review: *corporate social responsibility, corporate social performance, fair trade, legitimacy, food industry, beverage industry, stakeholder theory, ethical theory, World Business Council for Sustainable Development*, and *ethics*. E-mail alerts were established for the phrases *corporate social responsibility* and *corporate social performance*. The study included 157 references including textbooks. Through the Ulrich verification process, 140 (89%) were peer-reviewed, and 135 (85%) were published within 5 years of the expected CAO approval of the study.

Literature Review

Increasingly, local communities, stakeholders, and society, in general, require that business leaders conduct business in a socially responsible manner to survive and prosper. A 2011 poll of 1,000 people revealed that 91% of participants were influenced when making a purchase based on how the company interacted with the community and 60% of participants were influenced by the company's ethics (Orlitzky & Swanson, 2012). The definition and study of ethics are continually evolving and is as diverse as the communities that contribute to these definitions (Rasche, Gilbert, & Schedel, 2013). The definition of ethics for this study is the actions of right or wrong, using moral principles and individual values to guide decision-making and actions (Brunk, 2012). Since ethics are approached from a variety of lenses, and since ethics can be either philosophical or theoretical, not everyone views ethical situations the same (Jones, 2015). Variations in ethical views can translate into unethical behavior in organizations of all sizes, in startling quantities. Ethical theories do not easily translate into an organizational culture as evidenced by the mirage of ethical scandals that have come to light since 2000 (Hogg, van Knippenberg, & Rast, 2012). As business scandals became more prevalent, the natural reaction was to direct attention and efforts toward correcting illicit corporate behavior rather than community relations. However, to correct inappropriate behaviors, corporate leaders should develop a corporate culture of ethical behavior that is not a reaction to a problem, but rather an appropriate method of operating daily. Applying ethics to organizations is one of the biggest challenges faced by organizational leaders (McPherson, 2013). Strategies to improve ethical leadership in business must enable leaders to bridge the gap between ethical theory and ethical practice (Jackson, Wood, & Zboja, 2013). CSR is one such tool and should be a priority for managers and business leaders (Abugre, 2014).

In the last several decades, CSR has evolved from an irrelevant notion to a global, hot topic of investigation for academic and business operation policy makers (Carroll, 2015; Jo & Harjoto, 2012; Sen & Cowley, 2013; Bazillier & Vauday, 2014). Despite the growth in CSR education, the shared vision for CSR is not conclusively established and thus CSR has no clear universal definition (Torugsa, O'Donohue, & Hecker, 2012). CSR is the accepted term for activities corporate executives initiate to assess and take responsibility for the company's effect on the society in which the company operates. These initiatives attempt to enhance companies' effects on those they serve (Epstein & Buhovac, 2014). CSR practices are integrated into daily business operations, formalized into standard operating procedures, and are unique to each company. These initiatives involve costs to the company that do not always enhance the corporation's bottom line but are undertaken to be ethically responsible (Dinsmore, 2014). Environmentally and socially responsible practices fall under the umbrella of CSR strategy (Dogl & Behnam, 2014). CSR is seen as an oxymoron to some managers. These managers state a corporation's main responsibility is to enhance the organization financially and that less emphasis should be placed on distracting CSR initiatives. Laws and regulations must be followed, but a corporation's citizenship is not within management's scope of responsibility; financial gain is the sole duty (Dinsmore, 2014). Underlying attitudes and business ethics play critical roles in determining which CSR initiatives are integrated into an organizational culture and strategic plan.

Ethics are defined as actions of right or wrong, using moral principles and individual values to guide decision-making and actions (Brunk, 2012). Since ethics are variable depending on the individual, CSR is also variable. Efforts by corporations and governments alike are emerging to establish policies that guide organizational ethical standards. Corporate governance is the legitimate corporate policy which involves systems and procedures that instill discipline and accountability throughout an organization (Ungureanu, 2012). Due to ineffective government regulations, CSR is viewed as a viable option in response to societal pressure to influence destructive corporate behavior (Donaldson, 2012). There is a distinction between governance and government. The government is a management of a country's resources through legitimate means (Donaldson, 2012).

Definitions of ethics and CSR fluctuate, so corporations must define acceptable behaviors individually and ensure those affiliated with that organization understand and incorporate these definitions as a matter of culture in that organization. Despite differing labels, CSR represents actions corporate managers take to satisfy stakeholders' financial needs with stakeholders' social performance and environmental needs. The greater body of literature has expanded radically in the past 25 years with varying results. One frame of thought is that integrating CSR initiatives into the culture and strategic plan of the organization must be accomplished to reap the full benefits of CSR (Campbell, Fisher, & Stuart, 2012). However, to accurately assess the value of CSR, more uniformly measured databases are required for researchers to evaluate previously explored data more efficiently and investigate immerging questions (Taneja, Taneja, & Gupta, 2011). A common definition of CSR and how to measure the impact of these initiatives, thus justifying CSR against the bottom line, has eluded researchers. Several gaps in the greater body of literature are apparent.

The link between CSR initiatives and financial performance is one such gap. Audits, CSR performance, economic depressions, and the quality of strategic organizational reporting are required to close the inconsistent findings creating the chasm (Tschopp & Huefner, 2015). Comparative industry analysis could also be accomplished to determine if CSR is more beneficial in certain firm types over others. As noted above, regulatory bodies have noticed inconsistencies and lack of uniformity among organizations and measurement and reporting of CSR initiatives for comparison. These aspects directly affect business practices and influence management decisions to maintain the performance of an organization through industry climate changes (Tschopp & Huefner, 2015).

Stakeholder management is complicated because stakeholders themselves are a diverse yet interrelated group. Stakeholders are identified and prioritized based on how much their views will sway decisions made by those responsible for corporate governance. Management must decide which CSR activities to support based on which stakeholder group is supported, in what order, and to what extent (Michelon et al., 2013). Channeling resources based on stakeholder preference leads to performance advantage. Strategic CSR initiatives also build a positive reputation with organizations whose stakeholder groups demand socially responsible behavior (Brower & Mahajan, 2013).

The International Organization for Standardization (ISO) has been recruited by many different stakeholders across the world to build standard CSR practices to close the gap between CSR consensuses (ISO 26000, 2010). Representatives from government, industry, labor organizations and other consumer groups were involved with the development to provide an international consensus. The relationship a business has with the society in which it operates, and the impacts it has on the environment have become a critical part of measuring overall performance and their ability to continue to function effectively (ISO 26000, 2010). According to representatives of the ISO, the objective of social responsibility is to contribute to sustainable development. The International Standard ISO 26000 provides guidance on how to conduct business in an ethical and transparent manner. ISO 26000 is intended to be useful to all types and sizes of organizations, on all aspects of social responsibility within organizations: understanding, implementation, and continuous improvement. In the ISO 26000, a comprehensive social responsibility framework is laid out incorporating the history with room for growth in the future. The ISO 26000 is comprised of 36 significant CSR concerns based on seven principles that anchor the ISO model: (a) accountability, (b) transparency, (c) ethical behavior, (d) respect for stakeholder interest, (e) respect for rule of law, (f) international norms of behavior, and (g) human rights (ISO 26000, 2010).

ISO 26000 defines social responsibility as being accountable for repercussions of organizational decisions on the welfare of the society and environment in which they operate. Sustainable development is achieved through ethical behavior in accordance with laws and stakeholder expectations. This vision of social responsibility is integrated throughout the organization and practiced in its relationships (ISO 26000, 2010). As the standard, ISO 26000 is expected to set the future rules of engagement in reference to CSR but contends that there is no single definition of CSR (ISO 26000, 2010).

Representatives of the World Business Council for Sustainable Development stated that a continual effort to improve quality of life for all persons impacted by a business is the definition of CSR (Abugre, 2014). Arman, Lee, and Devi (2014) labeled CSR as the voluntary integration of legal, environmental, and social initiatives in business strategies. Representatives of the European Commission described CSR as a concept by which company leaders voluntarily assimilate environmental concerns with business operations and stakeholder interests (Boulouta & Pitelis, 2014; Kilian & Hennigs, 2014). In this study, CSR is defined as the activities corporate executives initiate that go above and beyond legal requirements. These initiatives attempt to enhance a company's effect on environmental and social aspects of the society it serves (Epstein & Buhovac, 2014). Ubiquity threatens any distinct impact CSR initiatives have on the societal and environmental concerns these initiatives are implemented to address (Sheehy, 2014). Providing a clear definition and recounting the scholarly evolution of CSR is required to understand CSR's impact on an organization fully (Sheehy, 2014).

The scholarly research on CSR in the greater body of literature has grown significantly with half of all literature on CSR published from approximately 1990 until 2016 (Taneja et al., 2011). This plethora of information still has not established a definitive definition of CSR or provided conclusive data in support of CSR initiatives (Malik, 2014; Pérez, & Rodriquez del Bosque, 2013). As recent as 2006, there was research analyzing 37 definitions of CSR (Frolova & Lapina, 2014). Research on CSR is primarily conducted in western economies with little emphasis on developing economies (Abugre, 2014). Research reveals a link between CSR and financial performance through a theoretical and an empirical lens that is inconclusive and misleading (Saeidi et al., 2015). Research based in neoclassical economics finds that CSR raises costs, which put the firm at a competitive disadvantage (Saeidi et al., 2015). Edereka-Great (2015) found CSR unnecessary and an avoidable expense; thus, supporting the construct that profitability is the primary driver of organizational operations. Davis (1973) further discouraged CSR, suggesting that an organization is not structured to support initiatives that are not required. However, an increasing number of firms worldwide are engaging in a serious effort to incorporate CSR aspects into the business strategy (Cai, Hoje, & Pan, 2012). CSR strategies have a positive financial impact by providing access to additional resources, retaining higher quality employees, and better access to financing (Boztosun & Aksoylu, 2014). Furthermore, CSR may function similarly to advertising by increasing demand for products and services (Cheng, Ioannou, & Serafeim, 2014). The dominant theme that emerged presented a positive association between CSR and financial performance (Aldag, 2013).

Results from a 2015 survey of 388 fund managers confirmed that 50% of the managers valued information regarding social and environmental performance when determining stock market premiums (Luo, Wang, Raithel, & Zheng, 2015). Also, 56% of those surveyed noted that investors requested information on nonfinancial goals, such as CSR metrics, on companies being considered for investment potential (Luo et al., 2015). Miller's (2016) research provided statistics on CSR and noted that the management team of 90% of Fortune 500 companies participated in initiatives involving CSR concerns. These successful business managers believe that meeting the needs of stakeholders increases the organization's performance (Filatotchev & Stahl, 2015). Miller's (2016) statistics confirmed the magnitude of social concerns and the desire of organizations to focus on meeting the needs of all stakeholders. The statistics also supported the increased interest of business leaders to act responsibly as well as diversification CSR (Balabanova, Balabanova, & Dudin, 2015; Chin, Hambrick, & Treviño, 2013).

The momentum of emphasizing CSR initiatives can be attributed different intrinsic and extrinsic factors. Corporate executives have a responsibility to stakeholders to justify CSR initiative expenses (Smith & Alexander, 2013). The concept of CSR espouses the notion of the triple bottom line (Tsai, Tsang, & Cheng, 2012). Elkington (1994) outlined economic, environmental, and social activities of CSR and, according to Elkington; the three main aspects have bottom lines to simultaneously achieve economic prosperity, environmental success, and social justice. Representatives of the World Council for Sustainable Development has lauded Elkington's research and added that CSR initiatives benefit the society not only economically, but by improving the quality of life of the community and society at large (Tsai et al., 2012).

Additional factors include recent business scandals that have breached the contract between stakeholders and members of the management team. Companies such as Enron, Tyco, and World Com have become household names thanks to the negative impact felt by the community. In addition, consumers and governments are demanding and placing pressure on businesses to act responsibly (Miller, 2016). The stakeholder’s maximum return, the triple bottom line, is no longer sufficient reason to have a negative impact and the effective management of both financial and social performance is critical for organizational sustainability (Kahreh, Mirmehdi, & Eram, 2013).

Infancy and Legitimacy

The numerous academics and business practitioners that define business versus society relationship concepts have defined a business’s role in society using similar frameworks. The frameworks include CSR, business ethics, stakeholder management, corporate citizenship, and sustainability (Carroll, 2015; Fairbass & Zueva-Owens, 2012). These concepts have gained prominence, but each framework incorporates one or more of the other frameworks, and the terms are used interchangeably, which causes confusion (Carroll, 2015). CSR is a fluid concept with interchangeable and overlapping characteristics. The lack of a definitive structure creates narrow views of what societal issues are of concern, but also what solutions are available to solve those issues (Eabrasu, 2012). The principles underpinning CSR change with each generation and the way society evaluates its dynamic nature (Rahim & Alam, 2014). The concept of CSR has been viewed through many different lenses over time. The concept has spanned a vast array of societal movements: (a) from sincere acts of generosity to generous acts conducted to garner publicity, and (b) from environmental issues to societal issues (Yazdani & Murad, 2015). There are several dimensions to the CSR concept, and understanding the history of CSR yields an appreciation for how far the concept has evolved.

In infancy, CSR was focused on refrain. As a reflection of the human rights at the time, the concern associated with CSR was with organizations refraining from misdeeds. This included deeds such as bribery. Business could be conducted unhampered as long as organizations refrained from illegal or unacceptable behaviors (Skouloudis & Evangelinos, 2014). The focus of CSR was embedded in the organization itself. As human rights evolved to incorporate rights secured through state intervention, so too did CSR evolve. Accordingly, CSR evolved to incorporate initiatives that involved protective legislation (Skouloudis & Evangelinos, 2014). Examples of protective legislation include fair wages, health benefits, and safe working conditions. Leaders may be motivated to incorporate protective legislation initiatives voluntarily or by legal requirements, but all decisions center around the needs of the organization's stakeholders (Skouloudis & Evangelinos, 2014). Finally, CSR evolved to extend beyond local communities, and the scope is much broader. CSR incorporates global or universal rights for all mankind (Skouloudis & Evangelinos, 2014).

The evolution of the CSR concept has a long history with profound changes in global political and economic activities. The origin of the CSR concept as accepted in modern business has at least three main sources: (a) in 1932 Dodd argued for an organization's responsibility toward stakeholders, (b) in 1953 Bowen who would later be widely considered the founder of corporate social responsibility, and (c) a 1956 Boulding researched CSR measurements (Sun-Young & Levy, 2014). However, references to a business' responsibility in respect to those they serve is a debate that reaches as far back as the first half of the twentieth century (Moura-Leite & Padgett, 2011).

The concept of CSR premiered in the *Harvard Law Review* in 1932. Dodd (1932) argued that managers had a responsibility to society as well as the companies in which they worked. The role between business and society was a concern, but there was no term available at that time to define this relationship until the 1960s when CSR was introduced (Heald, 2005). During the 1950s financial performance was relevant to stakeholders, but it was not the only aspect of value to stakeholders (Harrison & Wicks, 2013). The primary focus was on doing good deeds for society while watching finances within the scope of current organizational processes. CSR initiatives are intended to benefit the financial bottom line in conjunction with stakeholder needs, but no term had been identified to define the initiatives (Santoso & Feliana, 2014). During its infancy, the CSR concept was framed in moral and macro social terms that proved difficult for stockholders to accept since the main concern was still financial in nature.

Bowen (1953/2013) presented the concept that a firm's actions impact the lives of those they serve on a broader spectrum, stimulating the modern era of CSR. Management had a responsibility to look further than the financial concerns of the firm. Bowen posited that CSR is not a remedy for all of society's policies, but decisions that leaders of firms make must follow the values of our society. The concept provided justification for corporate managers to be concerned about CSR, and changes in the first half of the twentieth-century support this conclusion (Moura-Leite & Padgett, 2011). Boulding's research in 1956 augmented Bowen's research. Boulding (1956) introduced and developed the general systems movement, which contended that decision leaders of firms must not rely on image alone as individual accounts of a situation may not be what it seems. The general systems movement attempts to facilitate cross-disciplinary dialog to relay a more accurate picture of an organization's position (Chun-Chen, Szu-Wei, Cheng-Yi, & Pei-Chen, 2014). The 1950s focused on a firm's responsibility to the society in which it operated, which furthered the CSR movement, but did not emphasize why CSR was beneficial to the firm (Carroll, 2015).

During the 1960s and 1970s, society at large began to have a significant impact on the concept of CSR (Moura-Leite & Padgett, 2011). Everything from the civil rights movement to environmentalism changed the way that consumers expected business leaders to behave. These changes again reflected the rights of people at the time. CSR has evolved with the various types of international human rights available (Skouloudis & Evangelinos, 2014). The Organization for Economic Cooperation and Development (OECD) conventions were created in 1960. The aim of the OECD was to promote policies that achieved financial stability for the parent organization while contributing to economic growth and high living standards to those it served (Lloyd-Jones & Rakodi, 2002). This was only the beginning of the OECD. Guidelines were developed by representatives of the OECD in 1976 to promote the Foreign Investment Review Act which remains a pillar in upholding CSR practices (Lloyd-Jones & Rakodi, 2002). The connection between CSR initiatives and the impact those initiatives have on a firm's leaders' decision making began to emerge, but a connection was not made between CSR activity and firm financial performance (Moura-Leite & Padgett, 2011). Once again, society's impact on CSR caused a shift in the how CSR was perceived. It was during this period that Friedman (1962) argued that the goal of business is to generate profit and nothing else.

Lloyd-Jones and Rakodi (2002) state that environmentalism and an emphasis on ending poverty were on the rise in the 1980s and 1990s. During this period, an influx of corporate managers attempted to combine CSR initiatives only if it was profitable. Performing CSR initiatives only when profitable was not always in alignment with societal concerns. Business managers chose to adopt self-regulated CSR, picked initiatives that were self-serving, and did the minimum amount of CSR initiatives required to placate stakeholders (Hack, Kenyon, & Wood, 2014). It was not until 2003 that the term stakeholder was introduced and defined in the literature. This significant contribution to the CSR definition was provided by Hopkins (2003) concerning the stakeholders' treatment in an ethically responsible manner. The concept of CSR has become universally sanctioned and promoted since the 1990s (Carroll, 2015). Juscius, Šneideriene, and Griauslyte (2013) recognize that firms that incorporate CSR initiatives into decision-making processes strengthen their position in the market, reduce risk, increase productivity and profitability, and increase consumer loyalty.

Pergelova and Angulo-Ruiz (2013) found an increased interest by business leaders to engage in socially responsible behaviors while meeting financial responsibilities. A joint survey of 388 fund managers conducted by CSR Europe, Deloitte, and Euronext found 50% of managers that participated were in support of socially responsible business practices (Luo et al., 2015). Additionally, 92% of the largest companies on the Fortune Global 500 introduced initiatives involving CSR (KPMG, 2015). The notion of a successful company is no longer based strictly on financial numbers. Traditionally, financial performance was the primary indicator of success, but the concept has changed for stakeholders (Carroll, 2015). Alternate considerations include the welfare of all stakeholders; environmental concerns, risk management, moral behavior, and transparency each contribute to the success or failure of a company (Carroll, 2015). The incorporation of CSR into the broad corporate decision-making landscape can be seen in conjunction with main stream societal concerns.

Acceptance of CSR does not equal legitimacy. Legitimacy focuses on perceiving an organization as genuine since the actions of that organization conform to socially acceptable standards of conduct (Bhattacharyya, 2015). Three forms of legitimacy are articulated in the greater body of literature: (a) pragmatic legitimacy, (b) cognitive legitimacy, and (c) moral legitimacy (Bhattacharyya, 2015). Pragmatic legitimacy is derived by serving the needs of self-interested parties. Decision makers should be aware not to prioritize vocal stakeholders but identify the needs of all stakeholders to secure the company's legitimacy. Cognitive legitimacy emerges when our mind assumes that a company or organization is legitimate based on public assumptions and not historical record (Bhattacharyya, 2015). Lastly, moral legitimacy results when a company is judged based on accomplishments and legitimacy is not implied. Organizational legitimacy is not a universally accepted concept as the organization is attempting to align the social values associated with or inferred by their activities (Bhattacharyya, 2015). Legitimacy includes not only CSR activities but the communication of those activities. There is a fundamental change in approach or underlying assumptions about CSR when communication has permeated an organization and become part of the culture (Bhattacharyya, 2015).

Paradigm Shift

Pirson and Lawrence (2010) refer to the paradigm shift of including social and environmental responsibilities with the financial bottom line as humanism in business. International organizations, such as the United Nations and the World Bank, support the movement (Tsai et al., 2012). Established guidelines employed by these and other governments and corporations are evidence of such support (Tsai et al., 2012).

Wood's (1991) research on the evolution of the corporate social performance built upon Carroll's (1979) CSR model of economic, legal, ethical, and discretionary domains. Wood suggested that the basic principles of CSR interrelate between business and society as evidenced in various related theoretical frameworks. Therefore, stakeholders have expectations about business behavior and outcomes. Wood described three levels of analysis: (a) institutional, (b) organizational, and (c) individual in the CSR debate. The institutional level connected CSR principles to a business's role as an economic institution: the principle of legitimacy. The second level of analysis, the organizational level, is expectations of a business to the society in which they operate: the principle of public responsibility. Finally, the third level is the individual level connected to social legitimacy. This level is directed at the individual to act responsibly and is known as the principle of managerial discretion (Wood, 1991).

Dutta, Lawson, and Marcinko (2012) opined that the inclusion of social and environmental responsibilities with the financial bottom line is the new business paradigm. Some studies acknowledge an increased awareness of implementing sustainable CSR initiatives (Eccles, Ioannou, & Serafeim, 2014; Lourenco, Callen, Branco, & Curto, 2014; Schneider, 2015; Williams, O. F., 2014). However, some leadership remained skeptical to the benefits, and do not go beyond what is legally required (Kechiche & Soparnot, 2012). The financial liability is of great concern, and each industry handles pressures from stakeholders differently (Kim & Statman, 2012). Adhering to a set of unwritten rules to increase a corporation's institutional legitimacy is a direct reflection of stakeholder pressures (Du & Vieira, 2012). If stakeholders expected the inclusion of CSR initiatives to solve societal concerns, beyond the legal requirements, then researchers should examine the relationship between CSR and financial performance (Kim & Statman, 2012). There are two theoretical models underpinning the concept of CSR: stakeholder theory and ethical theory (Fontaine, 2013).

In 2012, McKinsey & Co. conducted a study of the business climate in the United States. The study found that 84% of corporate executives and small business owners believe society expects organizations to take an active role in social, political, and environmental concerns. Stakeholders also expect business leaders to obey the law and increase the bottom line while addressing the social, political, and environmental concerns. The stakeholder theory holds that company leaders are morally obligated to all stakeholders for results of organizational actions (Cavaco & Crifo, 2014).

Stakeholder Theory

Stakeholder theory provides an appropriate lens for considering the value that stakeholders seek and new ways to measure it. Stakeholder theory originated with Freeman’s (1984) research to explain the interaction between stakeholders and an organization about legal and economic aspects. Freeman (1984) defined a stakeholder as any group or individual who can affect or is affected by a corporation. However, according to Sen and Cowley (2013), the term stakeholder did not gain acceptance until many years later. In 1963, stakeholders were defined as those groups the organization required for long-term survival and stakeholders’ needs were identified as the needs of the organization (Sen & Cowley, 2013). Freeman (1984) revised this concept based on the concept that organizations must address stakeholder expectations. These expectations would then influence decisions made by management and predict organizational behavior (Brower & Mahajan, 2013; Sen & Cowley, 2013). A stakeholder is any person who can affect or is affected by the achievement of a firm’s goals (Carroll & Buchholtz, 2015; Sen

& Cowley, 2013). The stakeholder approach in management is an accepted framework and advances in stakeholder theory illustrated the development of the stakeholder concept (Carroll & Buchholtz, 2015).

Little attention has been devoted to what creates value for stakeholders and how to measure that value. This could be due to researchers assuming that the concept of value is understood (Harrison & Wicks, 2013). There is a debate in the academic community about the issue of who exactly the stakeholders are and the responsibilities that managers have to the different groups of stakeholders. What is not being debated is that organizational leaders need cooperation from stakeholders to be successful (Jia & Zhang, 2014). Management needs to consider the different stakeholders and how much influence each possesses when making management decisions (Ng & Rezaee, 2015). Due to the different interpretations of fundamental stakeholder ideas, stakeholder theory is evolving. Proponents of the stakeholder theory claim that addressing both sets of needs can create more value than by addressing either set of needs independently (Baird et al., 2012; Dinsmore, 2014).

In contrast to the underlying philosophy of stakeholder theory, meeting the interests and needs of stakeholders is the inherent assumption of value being economic in nature (Harrison & Wicks, 2013). Stakeholder theory optimizes the total value created for the group, and not just a single stakeholder group or a single value item (Harrison & Bosser, 2013). Different CSR actions are implemented concerning various stakeholders with distinct areas of interest (Schneider, 2015). Traditional parties of stakeholders include customers, employees, and suppliers. However, stakeholder theory makes allowance for all possible additional stakeholders: governmental agencies, communities, prospective employees, customers, and other external stakeholders (Tsai et al., 2012).

From an academic perspective, there are a variety of tools and techniques used to measure CSR (Fatma et al., 2014). If the organizational action is the independent variable and the stakeholder-based perspective of value instead becomes the dependent variable, then how that independent variable creates overall value can be better understood (Harrison & Wicks, 2013). The notion of a triple bottom line provides a quantifiable gauge for CSR initiatives. Since CSR is not just about philanthropy; different forces such as revenue, competitive advantage, or marking can be attributed to the momentum of escalating concerns for CSR initiatives (Tsai et al., 2012). Stakeholder theory can be considered an extrinsic motivator toward CSR initiatives. Extrinsic motivations are incentives that drive individuals to perform actions due to the external rewards garnered from those activities (Tsai et al., 2012). Intrinsic motivations are performed not regarding reward but rather for the enjoyment of the person or organization performing the actions (Tsai et al., 2012). In addition to stakeholder theory, the ethical theory also provides support for the concept of CSR.

Ethical Theory

Leaders can create ethical norms, which determine the moral (or immoral) behaviors accepted by the group (Dinh et al., 2014). The challenge of integrating the ethical perspective of CSR with the managerial perspective of stakeholder theory is due to motivation (Kim, Park, & Wier, 2012; Tsai et al., 2012). Intrinsic motivators arise from feelings as well as duty-bound obligations. For example, intrinsic motivators can drive managers to produce high-quality financial reports (Kim et al., 2012). Boztosun and Aksoylu (2014) found a significant relationship between CSR and earnings quality. Positive corporate earnings forecasts bolster stakeholder trust in CSR firms and relate directly to management behavior and priorities (Kim et al., 2012).

In contrast, and perhaps as a direct consequence of unethical activity, social responsibility is gaining a reputation by stakeholders as a requisite for organizations due to its positive impact, and it is equally as important as profit maximization (Schneider, 2015; Williams, T. M., 2014). This may generate some debate as to extrinsic motivations being stronger than intrinsic motivations (Tsai et al., 2012). Regarding potential negative impact, unethical organizational activity is one of the most significant issues faced by managers (Schneider, 2015). CSR promotes an environment to achieve transparency in management activities; ethical or unethical. CSR initiatives are critical in enhancing an organizational image and legitimizing leaders' actions (Rodríguez-Bolívar, Garde-Sánchez, & López-Hernández, 2015). Additionally, the second challenge in implementing ethical theory is a consensus of what is good and what is not good does not exist. The central idea of doing good generates controversy from rival moral justifications (Eabrasu, 2012). Recent high-impact ethics scandals in several industries have aroused public concern, which led to research into defining ethical behaviors and ethical leadership (Eisenbeiss, 2012).

To avoid large-scale unethical actions within an organization, the use of ethical standards and communication must be demonstrated at all levels of an organization through ethical leadership (Jackson et al., 2013). Organizational corruption can devastate a community, but under the guise of profitability, an organization can fall to unethical behavior (VanMeter, Grisaffe, Chonko, & Roberts, 2013). Leaders face international and external challenges to find sustainable solutions and profitability while maintaining an ethical corporate culture (Jackson et al., 2013; Elkington, 1994).

A Scottish philosopher and economist named Smith (2016/1776), wrote several works including *An Inquiry into the Nature and Causes of the Wealth of Nations*. In these writings, multiple facets of justice are defined with a call for action toward violations of moral rights presented (Smith, 2016/1776). Brown and Forster (2013) suggested that Smith's definition of distributive justice was based on the premise that economic and moral constituents should be coordinated and integrated into the relationships between business and stakeholders. Smith's (2016/1776) doctrines regarding justice and rights shed light on his work with ethics and not just economics. It is these lesser-known works that provide practical guidance for leaders addressing economic and moral aspects of the business and society relationship (Brown & Forster, 2013). Organizational leaders in more controversial industries, such as the industrial sector, are more active in CSR activities and voluntarily disclose these activities than leaders in non-controversial industries (Kilian & Hennigs, 2014). CSR is no longer seen as a moral responsibility but as a strategic resource (Battaglia, Testa, Bianchi, Iraldo, & Frey, 2014). For CSR to be leveraged as a resource, leaders need to be able to demonstrate ethical leadership.

Indexes as Proxies for CSR Activities

In academic and business communities, CSR concepts have become the focus of increasing attention and concern (Knowles, 2015). A universally agreed upon definition of CSR is lacking and is necessary to eliminate confusion as to common measures of social performance (Epstein & Buhovac, 2014). The greater body of literature displays no consensus among academics concerning the premise that CSR is beneficial to both the society business leaders serve and financial performance (Malik, 2014; Pérez & Rodriquez del Bosque, 2013; Dinsmore, 2014). The literature also provides positive, negative, and inconsistent results for the relationship between CSR and CSP (Skudiene, McClatchey, & Kancleryte, 2013). Additionally, few researchers address the CSP-CFP relationship within a particular industry group (Miller, 2016). Even with conflicting definitions and conflicting indications, business organizations are increasingly being viewed as accountable for the impact on the environment and society in which they operate (Verbeeten, Gamerschlag, & Moller, 2016). Some Fortune Global 500 companies in the United States claim to engage in CSR initiatives (Santoso & Feliana, 2014). An increasing number of firms worldwide are engaging in a serious effort to incorporate CSR aspects into the business strategy even with CSR value ambiguity (Cai et al., 2012). The leadership among these companies encourages implementation of practices compatible with the values of the business and the stakeholders (Kechiche & Soparnot, 2012; Dutta, Lawson, & Marcinko, 2012). In response to the growing awareness of social and environmental issues, leaders of companies are publishing initiatives that reflect CSR principles without governmental pressure to do so (Kilian & Hennigs, 2014). More than half of the Fortune Global 500 Firms provide public statements discussing CSR, and nearly 11% of U.S. professionally managed investments were deemed socially responsible (Kitzmueller & Shimshack, 2012). These public reports, often corporate annual reports, provide a means for determining quality and commitment to CSR (de Bakker & Hellsten, 2013; Kilian & Hennigs, 2014). The reports provide a venue to gauge the depth of organizational commitment to CSR and allow organizational leaders to compare their body of work against other's efforts (Kilian & Hennigs, 2014). It has been demonstrated that CSR does not mean the same thing across industries or to all groups of stakeholders (Pérez, Martinez, & Rodriquez del Bosque, 2013). This translates into problems for academics and business leaders on exactly how to measure CSR. There are a variety of tools and techniques available to measure CSR (Fatma et al., 2014; Carroll, 1979). Indexes are one tool that can be used as proxies for CSR measurement (Fatma et al., 2014).

Various methods, such as content analysis and reputational measures, are used to examine the relationship between CSR and financial performance (Miller, 2016). However, each tool presented in the academic literature to measure CSR has limitations. First, CSR can be defined by narrowing the scope to solely philanthropic or ethical corporate responsibilities (Pérez et al., 2013). Consequently, one-dimensional scales to measure CSR initiatives could be used. Multidimensional tools to highlight numerous theoretical and societal approaches are also in use throughout literature. Subjective indicators such as the BCC rating system are also evident in the literature as indicators (Dam & Scholtens, 2013; Jayachandran, Kalaignanam, & Eilert, 2013). It has been demonstrated that CSR does not mean the same thing across industries or to all groups of stakeholders (Pérez et al., 2013). This translates into problems for academics and business leaders on exactly how to measure CSR (Fatma et al., 2014; Carroll, 1979). Measuring nonfinancial performance provides leaders within an organization valuable insight into the strength of the non-tangible assets and determines if there is a correlation between the health of these assets and the financial bottom line (Kahreh et al., 2013).

Jansen, Curşeu, Vermeulen, Geurts, and Gibcus (2013) conducted a study that contained reviews of (a) decision evaluative judgments, (b) social capital risk recognition, and (c) social capital on organizational effectiveness. Jansen et al. (2013) identified how these characteristics and social ties affected decision efficiency and suggested that human capital and social capital affect decision outcomes. The evidence of CSR initiatives in this study was shared with stakeholders even if those activities were superficial (Jansen et al., 2013). Building organizational trust, discipline, and ambidexterity can enhance organizational performance (Patel, Messersmith, & Lepak, 2013). Since there are no specific guidelines on what defines quality initiatives, non-biased methods to compare and study CSR must be developed. In this study, I used CSR indexes as proxies of CSR measurement.

Modern Definition and Nature of Corporate Social Responsibility

CSR is an accepted term for activities corporate executives initiate to enhance the company's effect on environmental and social aspects of the society they serve (Epstein & Buhovac, 2014). These initiatives go above and beyond legal requirements. However, there is no consensus among academics concerning the premise that CSR is beneficial to both the society business leaders serve and financial performance (Malik, 2014; Pérez & Rodriquez del Bosque, 2013; Dinsmore, 2014). Moreover, there is no consensus as to a universal definition of CSR (Smith, 2011). Dahlsrud (2006) produced compelling research regarding the lack of a standard CSR definition. A comprehensive analysis of the 37 most commonly used CSR definitions led Dahlsrud to conclude that while the definitions had many similarities, there was a lack of decision making guidance able to be gained from those definitions (Dahlsrud, 2006). Peloza and Shang (2011) conducted a study on 4,000 peer-reviewed journals to narrow the variations of CSR. The researchers' found 177 activities that could be CSR initiatives but did not find a consistent definition. Other researchers also ran into obstacles when defining CSR.

Frederick (2006), who wrote extensively on CSR strategy for decades, contents that there is no universally accepted definition of CSR due to the vague moral underpinnings. If the foundation is not agreed upon, then the definition is not agreed upon. Carroll (2015) has also developed a substantial body of CSR research, and considered CSR a four-dimensioned umbrella under which a corporation's responsibilities reside. The first two dimensions, economic and legal, are required. As obligations, these dimensions are not voluntary. The second two dimensions, ethical and discretionary, are voluntary (Carroll & Buchholtz, 2015). Managers fulfill those obligations that are legally required, but the modern definition of CSR addresses those initiatives that go above and beyond legal requirements (Epstein & Buhovac, 2014). Fairbass and Zueva-Owens (2012) stipulated that CSR has three dimensions: (a) economic, (b) social, and (c) environmental. The inability to generate a standard definition allows for variation in the application of CSR initiatives. The exact manifestation of CSR is dependent on strategic intent (Dinsmore, 2014).

Any definition that applies to CSR must be able to cross international boundaries and allow all organizations to behave in a socially responsible manner (Smith, 2011). Any definition must also be flexible enough to remain relevant and adapt over time. By evaluating all components of the CSR definition, the purposefulness of CSR as a guide to organizational leaders becomes apparent (Smith, 2011). The actual choice of CSR definition is not as relevant as the intent of an organization to be ethically responsible to the society in which they operate. The strategic intent of CSR is dependent on the organization in which it is implemented and impacts the nature of CSR.

Summary and Transition

A remarkable discussion over what constitutes CSR and why firms might engage in CSR initiatives has been taking place for the last two decades (Taneja et al., 2011). Section 1 of this study provided a comprehensive foundation for the new research presented. The foundation provides background information and a literature review of the topic. The problem and purpose statements for the present study proposal are also in Section 1.

In Section 1, CSR was introduced as an important topic in business. The specific definition and expectations of CSR are evolving but are never far from current topics of discussion. Much research has been conducted on CSR in the last 25 years due to current stakeholder expectations. The expectation is that corporate executives have a responsibility to justify expenses, including CSR initiatives, to strengthen the organization's financial position. For leaders of public companies, this is in conjunction with lawful and ethical expectations.

The next two sections are the unique portions of this study that build a solid foundation. In Section 2, I present this study’s project. Details of the project, method and design, and data collection are also presented. Section 3 includes an overview of the study, findings, recommendations for both action and further study.

Section 2: The Project

The purpose of this quantitative, correlational research study was to examine whether there is a relationship between social and environmental CSR initiatives and financial performance. The targeted population was the largest 1,000 public corporations on the United States stock exchanges as listed by the Russell 1000 and reviewed by the 2016 BCC index. Through this correlational study, I examined the potential relationship between two variables: social and environmental CSR activities, as measured by the BCC 2017 index, and financial performance as measured by reviewing a 24-month ROA.

This study was intended to increase business managers' knowledge about the relationship between CSR and financial performance, a relationship that impacts management decisions about social and environmental initiatives. The findings from this study could help organizational managers justify funding for CSR initiatives, which would include social and environmental projects that support the society.

Section 2 begins with a restatement of the study. This section elaborates on the role of the researcher in the data collection process and describes the demographic characteristics of participants. The remainder of Section 2 describes the research method and design, data collection and techniques, and study's validity.

Role of the Researcher

My role was to gather and present data without bias (Punch, 2014). I gathered quantitative data from publicly available internet sources and compiled these data for statistical analysis. Bias in this process was limited as I have no personal connection to the internet sources. The variable CFP was ROA for the trailing 24 months as available through Compustat on a public investment website.

Additionally, time and financial resources were constraints that partially dictated the population choice for this study. The constraints precluded me from undertaking a larger study which could have increased the generalization ability of the results. There are potential benefits of increasing sample size. These constraints are not likely to have had a significant impact on the study.

Participants

The intent of this study was to explore the relationship between CSR strategies and financial profitability in food and beverage companies. The CSR data were from firms on the BCC index which includes only large U. S. organizations and were not obtained from human participants. The financial performance data were from Compustat as provided by a public investment website for the trailing 24 months.

Research Method and Design

The intent of this study is to serve business managers by examining the extent of the relationship between CSR activities and financial performance as an analysis of stakeholder theory. The method of this study is the quantitative method. The design is correlational analysis.

Research Method

There are three primary research methods to consider when approaching this study: quantitative, qualitative, and mixed method (Venkatesh, Brown, & Bala, 2013).

The quantitative methodology and nonexperimental design are appropriate for this study. Researchers should use the quantitative method when evaluating the relationship among numeric variables against established theories (Dinsmore, 2014). This study is designed to determine if there is a relationship between CSR initiatives and financial performance in the food and beverage industry. The intent of this study is to examine statistical information rather than explore a human variable, which is indicative of the quantitative method rather than a qualitative method (Marshall & Rossman, 2016). I also intend to examine a potential relationship between two numeric variables: social and environmental CSR activities as measured by the BCC 2016 index and financial performance as measured by reviewing a 24-month ROA. Thus, this method is quantitative (Rudestam & Newton, 2015). If the resulting relationship were positive, the relationship would support stakeholder theory. If the resulting relationship were negative, the relationship would not support stakeholder theory.

Qualities that apply to quantitative research would not apply to the personnel, human interactions of a qualitative study (Aykol & Leonidou, 2014). A qualitative study provides an understanding of participants' personal experiences of a phenomenon and not numbers, statistical data formation, and figures (Nelson & Evans, 2014). Additionally, mixed method researchers utilize a combination of qualitative and quantitative features in one study (Punch, 2014; Turner, 2013). The essence of this study includes examining statistical analysis to obtain an in-depth understanding of a business problem using a quantitative method (Üsdiken, 2014).

Research Design

There are two main pathways once the quantitative method is chosen: experimental and nonexperimental (Dinsmore, 2014). Conducting a true experiment would not serve the purposes of this study since descriptive statistics were not collected. Descriptive statistics include, but are not limited to, minimum, maximum, and mean values; population and sample variances; and statistical analysis such as ANOVA (Dinsmore, 2014). Nonexperimental methods include correlation studies (Tang & Zhang, 2013). While the correlational design lacks attributes of a traditional experimental design; researchers can find a relationship where statistical data manipulation is possible (Dinsmore, 2014). The correlational design fits the purpose of this study since a potential relationship between two numeric variables is possible: social and environmental CSR activities as measured by the BCC 2016 index and financial performance as measured by reviewing a 24-month ROA. Thus, as described by Rudestam and Newton (2015), the correlational research design was chosen for this study.

Ethical Research

Researchers are obligated to demonstrate the trustworthiness and credibility of their research (Marshall & Rossman, 2016). Walden University Institutional Review Board (IRB) approval number is 05-30-17-0468033. It is the responsibility of the IRB is to verify that research proposals do not infringe on rights of human participants. This study does not involve human participants, consent forms, and confidentiality agreements are unnecessary. The information provided by the BCC 2016 index and the trailing 24-

month ROA is public information, no special permissions are necessary. The data is stored in an electronic password protected folder, which only I have access to, and will be deleted 5 years after completion of the study. Researchers are also required to ensure participants are not harmed, and their human rights must be protected throughout the research process (Marshall & Rossman, 2016)

The Department of Health's Belmont Report contained an outline of the objective principles necessary to assure that the ethical principles are being met when conducting research. The objectives outlined to ensure the respect for persons, beneficence, and justice in the selection of research participants. The Belmont Report principles set the pace and guidelines for the protection of human rights throughout the research process (U.S. Department of Health, 1979). I have no ethical considerations per the Belmont Report protocols as there were no human participants (U.S. Department of Health and Human Services, 1979).

Data Collection Instruments

During the data collection process, BCC was the source of the data for CSR, and an investment website was the source for the financial performance data. Various categories have been used to measure CSR in the extant literature. Due to the lack of standardization, the categories being measured on the BCC index as of 2016 represented the data source for this study. The following sections of the study overview the instruments used for data analysis.

Two types of instruments were used in this study. The first pertains to social performance with a nonfinancial perspective and the second to economic performance related to profitability. I used the 2016 BCC database to evaluate social performance. KLD 400 Social Index is the standard for quantitative measurement of companies' CSR initiatives by empirical researchers (Mattingly, 2015; Michelon et al., 2013). However, BCC was chosen over the KLD Index due to prohibitive costs. The Corporate Responsibility Magazine's Best Corporate Citizens index was launched in 1999 and provide investors insight into organizational social and environmental records. The intent of the index, which is updated annually, is to rank companies on how transparent, responsible, and accountable the organization appears by documenting 260 points of disclosure and performance measurements. The database is comprised of the 1,000 highest-ranking United States stocks on the Russell 1000 Index. The BCC index rates corporations in several categories: (a) environment, (b) climate change, (c) human rights, (d) employee relations, (e) corporate governance, (f) philanthropy, and (g) financial rank (CR Magazine, 2017). Dinsmore (2014) tested the BCC rating scheme for construct validity and causality. Companies are rated on a weighted average score where the lower the number, the better the score. The computation of the final rankings for this study is the average of the scores. The average result corresponds to the level of responsibility to the community in which they serve (Barchiesi & La Bella, 2014).

While the instruments do not have the same scope, both are necessary to address the hypothesis of the study. All data obtained for this study are publicly available and are available upon request. After completing the data analysis for the study, data will be saved for five years on an external drive that only I have access.

Data Collection Technique

All data for this study was collected by sampling existing data from the ten largest U.S. based food and beverage companies ranked by assets in 2016. Public databases such as the BCC index and an investment website were used to collect CSR and financial data to determine ROA for 2 years ranging from January 2014 through January 2016. The data were recorded in Excel spreadsheets with columns and rows for analysis. Data was collected according to Walden University's Institutional Review Board approval number 05-30-17-0468033, and I will destroy all data and documents 5 years after completion of the study.

Data Analysis

The research question for the study is: What is the relationship between social and environmental CSR initiatives and financial performance in the food and beverage industry? The following were the null and alternate hypotheses for this study with a .05 level of significance:

H_0: There is no statistically significant relationship between social and environmental CSR initiatives and financial performance.

H_1: There is a statistically significant relationship between social and environmental CSR initiatives and financial performance.

The results of the data analysis will either support or not support stakeholder theory through the correlation of CSP, the measure of CSR activities, to CFP with a .05 level of significance. The goal of the study is to accept or reject the null hypothesis. A significant and positive correlation would provide support for the relationship between CSR initiatives and financial performance in the food and beverage industry. A negative or nonsignificant correlation would not provide support for the relationship between CSR initiatives and financial performance in the food and beverage industry. There should be no missing data or non-interpreted data. Based on the correlational study design, results might encourage other corporate managers to mirror the policies and procedures that support CSR activities. The decision to fund CSR initiatives could be validated if direct evidence of benefit to the organization or positive financial performance was demonstrated. A negative or nonsignificant correlation contradicts the ethical and stakeholders' theories. Results from this study may provide business managers additional decision-making data regarding CSR initiatives.

The examination of the correlational relationship between CSR and CFP included data analysis using SPSS software, which addressed the central research question and hypotheses of the study. An Excel spreadsheet was populated with ROA values derived from an investment website and imported into SPSS Version 21 for statistical correlation analysis. CSR data used for this study are from BCC 2016 index. Correlation analysis is consistent with a quantitative study with parametrically distributed variables. The CSR and financial data are all public information. Firm size is a useful control variable (Lee, Singal, & Kang, 2013). This correlational study included linear regression as the statistical technique to explore multiple predictors simultaneously, but the assumption that the variables are parametrically distributed across the small sample size was a critical assumption of the validity of results (Sainani, 2013).

The data from the Excel spreadsheet was transcribed into a Pearson's product-moment correlation coefficient for each dependent variable of ROA. These correlational indices were presented in the output for linear regression in SPSS. A correlational design provides the primary purpose of predicting a relationship between two or more groups to be studied as a single group, as suggested by Rudestam and Newton (2015). Correlational design measures the strength of the relationships between variables (Field, 2013). Linear regression is appropriate since the variable is continuous and normally distributed (Sainani, 2013). The Pearson Correlation Model coefficient (*r*) is used to determine the linearity and strength connecting quantitative variables, where the value *r* = 1 means a perfect positive correlation and the value *r* = -1 means a perfect negative correlation (Green & Salkind, 2014; Yang, Liu, Tsoka, & Papageorgiou, 2016).

$$r = \frac{\sum XY - \frac{(\sum X)(\sum Y)}{n}}{\sqrt{\left(\sum X^2 - \frac{(\sum X)^2}{n}\right)\left(\sum Y^2 - \frac{(\sum Y)^2}{n}\right)}}$$

r = Pearson *r* correlation coefficient

n = Number value in each data set

ΣXY = Sum of products of paired scores

ΣX =Sum of X scores

ΣY = Sum of Y scores

ΣX^2 = Sum of squared X scores

ΣY^2 = Sum of squared Y scores

Study Validity

Two key indicators of quality of measuring instruments in research studies are the reliability and validity (Pérez, & Rodriquez del Bosque, 2013). The reliability of quantitative data is derived from constant, independent observations (Dinsmore, 2014). This section of the study provides evidence to confirm the validity of the BCC index and an investment website, the reasoning behind the selection of the instruments, and arguments for and against the instruments. In addition, the section includes processes and tools that enhanced the validity and reliability of the study. These instruments are regularly updated with reliable information on the companies within the food and beverage industry. The instruments for this study, BCC index, and a public investment website maintain reliability and validity through regular updates.

Validity

The goal of quality research is to provide unbiased, valuable, and reliable data. Reliability and validity are used congruently to accomplish this goal. To ensure the data reliability presented by the 2016 BCC index, different subject matter experts from various business sectors perform quality checks and rating reviews annually (CR Magazine, 2017). To maintain reliable, accurate, and timely information, the BCC index and a public investment website provide (a) regular daily updates from several sources, (b) financial statements from diversified sources, and (c) information obtained from a variety of electronic sources such as the company website or social responsibility publications (CR Magazine, 2017).

In quantitative research, validity is defined as the extent to which a concept is accurately measured (Heale & Twycross, 2015). Researchers must use an instrument that measures what it is intended to measure to validate findings (Johnston et al., 2014; Yilmaz, 2013; Uronu Lameck, 2013). There are three major types of validity in quantitative research: (a) content or predictive validity, (b) construct validity, and (c) criterion validity (Heale & Twycross, 2015). Content validity determines whether an instrument accurately covers the content associated with the variable. The construct validity denotes if the measurement tool accurately measures the concept (Yilmaz, 2013). The final measure of validity is criterion validity. Criterion validity refers to any other instrument that measures the same variable. This validity can be measured as (a) convergent, (b) divergent, or (c) predictive when comparing the two instruments measuring similar variables (Yilmaz, 2013). Additionally, internal and external validity are two types of validation in research studies (Yilmaz, 2013).

This study was based on the largest U.S.-based food and beverage companies ranked by assets, in 2016. Results from this study can be generalized to other similar sized food and beverage companies for external validation (Yilmaz, 2013). To ensure the external validity, the participant pool and the sample are from the same industry in this study. Additionally, these constructs are governed by the same legal guidelines and share stakeholder groups. Internal validity is relevant when a study is attempting to establish a causal relationship between variables (Miller, 2016). This was not the case in this study, and there was no manipulation of data; therefore, internal validity is not a factor for this study.

This study's construct variable was the 2016 BCC index. The 2016 BCC index scores evaluate companies against peers on bottom line performance and is one of the most influential corporate rankings as voted by CEOs (Erwin, 2011; Dinsmore, 2014). The BCC index rates corporations in several categories: (a) environment, (b) climate change, (c) human rights, (d) employee relations, (e) corporate governance, (f) philanthropy, and (g) financial rank. The criterion validity could be accomplished by other databases that measure similar variables, but these databases are not peer reviewed or have extensive cost and have not been included in this study.

Sample size could have a negative impact on the statistical validity of this study as a potential sampling error includes having a larger sample size (Uronu Lameck, 2013). The size of the census population of the study of food and beverage industry corporations could be an issue. This study included the 2016 BCC as a purposeful same from the Russell 1000 population. The analysis of the top 100 companies on the BCC index provided only 12% in the food and beverage companies to comprise the purposeful sampling related to this research and assist in mitigating a low-surveyed population. Data for the entire Russell 1000 were available for purchase but were cost prohibitive.

Summary and Transition

Section 2 included descriptions of the data collection and analysis, the role of the researcher, and demographic characteristics of the participants. The study results may support a relationship between corporate social responsibility and CSR. The results of this study may also assist organizational managers to justify funding for CSR initiatives, including social and environmental projects, which support the society in which the organization operates.

In Section 3, I describe the analysis process and process results through statistical analysis. Section 3 starts with an overview that includes a partial restatement of the purpose statement, research question, hypotheses, and theoretical framework. In-depth presentations of the statistical findings were presented. The remainder of Section 3 provides an (a) application to professional practice, (b) implications for social change, (c) recommendations for action, and (d) recommendations for further study.

Section 3: Application to Professional Practice and Implications for Social Change

Introduction

The purpose of this quantitative, correlational study was to examine whether there was a relationship between social and environmental CSR initiatives and financial performance. If this relationship exists, then there is potential to impact future management decisions about social and environmental initiatives. According to the null hypothesis, there is no statistically significant relationship between social and environmental CSR initiatives and financial performance. Through this correlational study, I examined the potential relationship between two variables: social and environmental CSR activities, using the 2016 BCC index as a proxy, and financial performance, as measured by reviewing a 24-month ROA. The BCC index database provided 260 data elements in seven categories (CR Magazine, 2017). Corporations included in the BCC index were publicly traded United States corporations as listed in the Russell 1000; the top 100 constituted a purposeful sample.

Freeman’s (1984) stakeholder provided one component of the theoretical framework of this study. Stakeholder theory provided the framework for management, which suggested that both the firm’s maximum financial performance and shareholder’s interest could be satisfied simultaneously (Freeman & Hasnaoui, 2011). Proponents of stakeholder theory claimed that addressing both sets of needs could create more value than by addressing either set of needs alone (Baird et al., 2012; Dinsmore, 2014). Malik’s ethical theory (2014) constituted the basics of business ethics and stipulated that socially responsible firms must handle financial reporting practices virtuously (Yazdani & Murad, 2015). A positive relationship between CSR and financial performance could support the two theories.

Presentation of the Findings

To determine whether there is a relationship between CSR and financial performance, the data were analyzed using SPSS, Version 21. The 2016 BCC index was the proxy construct for CSR, and the first variable for this study was CSP. The descriptive statistics for this data set: mean value of 439.6, a minimum value of 126, and a maximum value of 1,490 for the top scoring 100 companies, 600 data points. The financial rank scores were not included in calculations because they do not demonstrate social or environmental initiatives. The organizations of the food and beverage industry had a mean value of 809, a minimum value of 469, and a maximum value of 1,960.

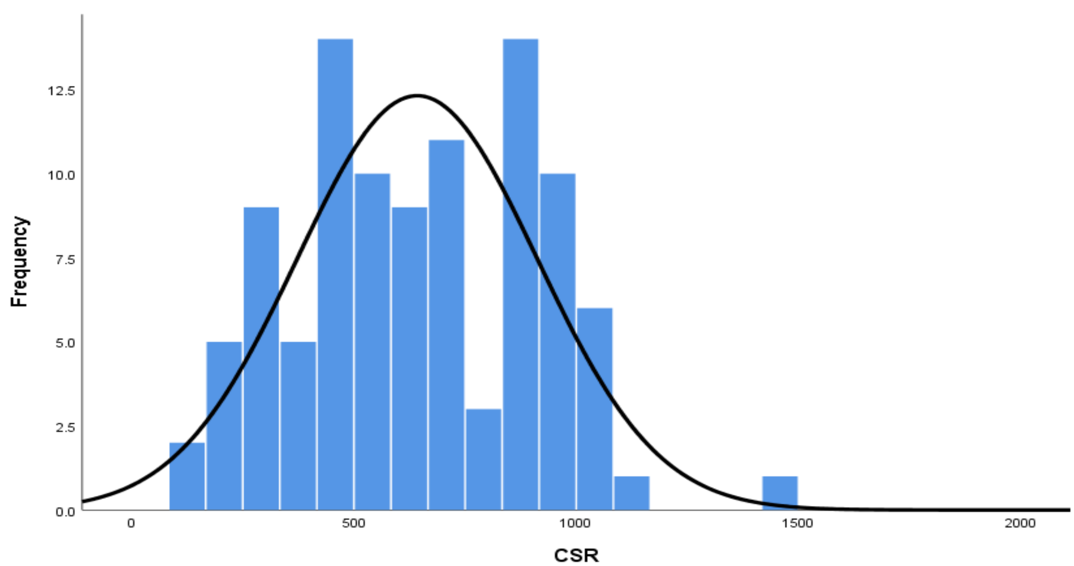

Figure 1. Histogram of descriptive statistics of the top 100 companies on the BCC Index.

The independent variable was the total score of 6 social and environmental CSR activities as measured by the CR Magazine's BCC index in 2016 (CR Magazine, 2017), and the dependent variable was financial performance as measured by reviewing a 24-month ROA on the10 food and beverage organizations listed.

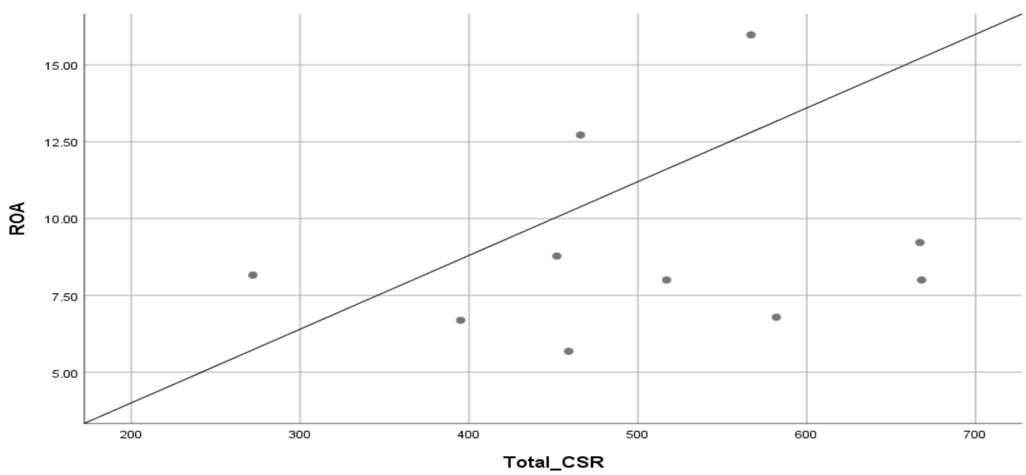

Figure 2. Scatterplot depicting the relationship between ROA and CSR.

The Pearson Correlation Model coefficient (*r*) was used to determine the linearity and strength connecting quantitative variables, where the value $r = 1$ means a perfect positive correlation and $r = -1$ means a perfect negative correlation (Green & Salkind, 2014; Yang et al., 2016). The hypothesis test evaluates whether the independent variable predicts the dependent variable in the food and beverage industry. Based on the magnitude of the correlation coefficient of .173 being greater than the .05 level of significance chosen for this study, the conclusion was made that ROA has no statistically relevant relationship with CSR in the food and beverage industry. The correlation result was, therefore, not significant. The variance of ROA is associated with 3% of the overall CSR score. The significance test appears twice for a bivariate regression analysis: The *F* test reported as part of the ANOVA table and the *t* test associated with the independent variable in the coefficients table. The yield was the same *p* value: $F(1, 10) = .246$, $p = .633$ and $t(10) = .496$, $p = .633$. In addition, the 95% confidence interval does not contain the value of zero, indicating the hypothesis should be rejected at the .05 level (Green & Salkind, 2014).

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	*F*	Sig.
1	Regression	2.588	1	2.588	.246	.633[b]
	Residual	84.015	8	10.502		
	Total	86.604	9			

a. Dependent Variable: ROA

b. Predictors: (Constant), Total_CSR

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
	B	Std. Error	Beta	*t*	Sig.	Lower Bound	Upper Bound
(Constant)	6.798	4.557		1.492	.174	-3.711	17.306
Total_CSR	.004	.009	.173	.496	.633	-.016	.025

a. Dependent Variable: ROA

Figure 3. Bivariate linear regression analysis results for ranked food and beverage organizations.

When reviewing the overall financial rank of all 100 companies on the BCC index, a similar trend emerges. The yield was: $F(1, 99) = .202$, $p = .654$ and $t(99) = -.449$, $p = .654$. In addition, the 95% confidence interval does not contain the value of zero. The extent of the correlation coefficient was -.045, and the conclusion was made that ROA has no relationship with CSR significant enough to provide evidence for the hypothesis.

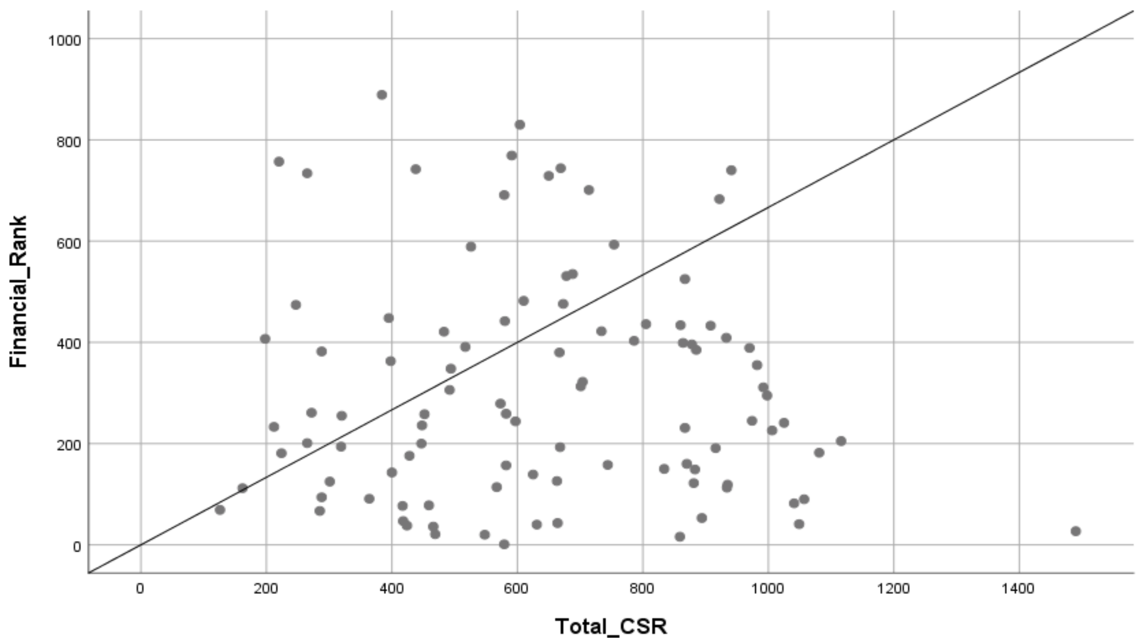

Figure 4. Scatterplot depicting the relationship between Financial Rank and CSR.

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	*F*	Sig.
1	Regression	10060.962	1	10060.962	.202	.654[b]
	Residual	4890470.348	98	49902.759		
	Total	4900531.310	99			

a. Dependent Variable: Financial_Rank

b. Predictors: (Constant), Total_CSR

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	*t*	Sig.	95.0% Confidence Interval for B Lower Bound	95.0% Confidence Interval for B Upper Bound
(Constant)	328.122	57.915		5.666	.000	213.191	443.053
Total_CSR	-.037	.083	-.045	-.449	.654	-.202	.128

a. Dependent Variable: Financial_Rank

Figure 5. Bivariate linear regression analysis results for top 100 companies on BCC Index.

The research question for this study was: What is the relationship between social and environmental CSR initiatives and financial performance in the food and beverage industry? The following conclusions address the single hypothesis, the research question, and theoretical framework in relationship to these results. Data revealed that social and environmental CSR initiatives, using the 2016 BCC index as a proxy, do not have a significant relationship to financial performance in the food and beverage industry. The results of the data analysis did not support stakeholder or ethical theory through the correlation of CSP, the measure of CSR activities, to CFP with less than a .05 level of significance.

While stakeholder theory has been beneficial to helping scholars understand competing ideologies in respect to CSR, determining value creation is outside of the scope of stakeholder theory. Ethical theory and stakeholder theory provide some insight into different views on how to most appropriately enhance the organization's bottom line. The two theories were not supported statistically in the results of this study with enough significance to support either theory conclusively. However, in contrast, neither theory was statistically negated. Ample data was collected and analyzed annually about CSR initiatives which supports CSR as a topic of interest and concern for stakeholders. Organizational sustainability is a guiding principle for long-term industry survival. Sustainable leadership strategies that increase brand reputation and stakeholder satisfaction have an impact on the financial outcome. The strategies, which could include CSR initiatives, support stakeholder theory and ethical theory. The applications to professional practice presented in the next sub-section provide detailed applicability of findings for current business practices.

Applications to Professional Practice

While the results of this study did not provide collective support for the implementation of CSR initiatives concerning positive financial performance, it does put management on notice that stakeholders are watching. People and organizations around the world are evaluating what an organization does and does not value and how profit is generated. Not only stakeholders but scholars and government policy makers as well. The challenge for business leaders, considering the results of my study, will be to balance which social and environmental initiatives will be financially worth pursuing. CSR initiatives may not be pursued solely for financial gain, but rather the value the initiatives possess to those whom the organization serves. Freeman (1984) suggested that business leaders should engage the needs of all stakeholders, not just the shareholders.

Based on stakeholder's theory, challengers might view the insignificant correlation results of this study as an indication that funding CSR initiatives would be a misappropriation of funds (Bazillier & Vauday, 2014). However, stakeholder's theory also suggests managers should focus on more than the financial bottom line (Barchiesi & La Bella, 2014). To maintain sustainability, organizations must find new and innovative ways to meet the needs of stakeholders while neutralizing the negative effects of operations and products (Rahman & Post, 2012). CSR relates to the broader social good in the community in which managers operate, and can provide opportunities to meet the needs of stakeholders.

Implications for Social Change

The business world is an ever-changing environment that parallels concerns of the society (Bazillier & Vauday, 2014). Historical advocates of CSR, such as Bowen (2013) and Freeman (1984), also stressed concern over the moral responsibility of business leaders. In the last several decades, CSR has evolved into a hot topic of investigation for business operation policy makers as an agent for social change (Carroll, 2015; Jo & Harjoto, 2012; Sen & Cowley, 2013; Bazillier & Vauday, 2014).

The implications for social change from the results of this study included the potential to impact management decisions about social and environmental sustainability initiatives. Confirmation of a positive CSP-CFP relationship could support continued investment in CSR initiatives. The results of my study were consistent with many previous researchers' results on the topic, as my results did not provide evidence of a significant and positive relationship between CSP and financial performance. Leaders in the food and beverage industry are provided statistical analysis of highest grossing industry peers that demonstrate that CSR is important enough to be celebrated and tracked. Peers are more likely to engage in these types of initiatives if a positive connection with financial performance is proven.

Recommendations for Action

The results of this study were consistent with several recent studies, showing a positive but not significant relationship between CSR and financial performance. Therefore, companies must decide if CSR is beneficial for their stakeholders at each stage of the formulation and implementation of the planning process.

Scholars and business leaders alike would benefit from understanding the results of this study. Findings could be disseminated by business leaders of the corporations on the Best Corporate Citizens index of 2016. The index was launched in 1999 and provide investors insight into organizational social and environmental records. The intent of the index, which is updated annually, is to rank companies on how transparent, responsible, and accountable the organization appears by documenting 260 points of disclosure and performance measurements. The study will be published in the ProQuest/UMI dissertation database. The CSR topic is of much debate in current business academic circles, so the data could also be presented at conferences and published in scholarly journals.

Recommendations for Further Research

This study adds to the greater body of literature on CSR and financial performance in the food and beverage industry of the United States. However, the results did not support a strong correlation between the independent (CSR strategies) and dependent variables (ROA). The purposeful sample for this study included the 100 top United States corporations listed on the BCC index. Since the sample size was relatively small, future researchers could examine the entire data pool of the Russell 1000 companies to determine if positive relationships exist among the six non-financial categories evaluated by the BCC. Additionally, a larger data set could provide results that are applicable across different industries. Future researchers could limit data by company size or limit to those organizations that operate internationally. International business practices may limit or skew data.

The scope of CSR has implications for law makers as well as stakeholders. Research revealed a concern about the lack of regulations and standardization in both reporting CSR statistics and clearing defining CSR regulations. It should be noted that consensus on the definition of CSR would need to be incorporated into any legislation. Future research could be conducted on a universal definition of CSR.

Reflections

I started on this doctoral journey with the thought that this study would be a quick process since I had always been lauded for my writing acumen. I knew with great certainty that CSR had to be good business practice from an *ethical* perspective and that the financial numbers would validate these practices. I had never owned a business but was unwavering in the notion that implementing CSR initiatives was the only way to do business. My thoughts were that the highest grossing businesses must be reporting CSR to get acknowledged for the effort put forth. I was wrong. It turns out, I was incorrect in all the above. The journey was long and hard. While my writing was not poor, it was not scholarly. I was biased with a preconceived definition of *ethical* and a narrow-minded perspective on how business was conducted. How this bias was developed, I cannot be sure. Culture influences should not be discounted as they influence all aspects of our person. Additionally, bias can be attributed to current news on negative outcomes of unethical business practices. I do not think bias altered my results, but I found that the numbers did not support my grand ideas with a clear, indisputable correlation.

After I completed this study, my belief that CSR initiatives are important to an organizations' success has not changed. However, these initiatives do not make a company more *ethical* than another and do not ensure financial success. Reflecting on the different indexes also raises questions as no systematic, standard basis exists to identify what CSR components need to be measured, how to measure them, and what scale is used. The power of average effort and non-disclosure can hide a variety of unethical behaviors.

Summary and Study Conclusions

The purpose of this quantitative correlational study was to examine if there is a relationship between social and environmental CSR initiatives, using the 2016 BCC index as a proxy, and financial performance with the potential to impact future management decisions about social and environmental initiatives. Data analysis supported the null hypothesis, and no statistically significant relationship between social and environmental CSR initiatives and financial performance was found. A nonsignificant relationship between CSR and financial performance did not provide collective support for the two theories underpinning the theoretical framework: stakeholder and ethical theory. I did not find an overall significant, positive relationship between CSR and CFP. My findings do not alleviate the responsibility of business leaders to engage in CSR activities.

There are no standard reporting procedures or definition for CSR currently in the United States. If more consistent reporting processes were required, then a more robust study could be conducted without the use of proxies. However, making managers aware that CSR should be considered in organizational strategies is a step in the right direction toward meeting the needs of all stakeholders. Through the scrutiny of academia, CSR is evolving into more than just suggestions of fair business practices.

Successfully incorporating CSR is viewed as a condition of organizational sustainability, and if CSR is the potential solution to the humanism in business, then the relationship needs to be explored and definitively established. To maintain sustainability, organizations must find new and innovative ways to meet the needs of stakeholders while neutralizing the negative effects of operations and products. This can be done by effectively incorporating responsibility initiatives. The possibilities of making positive impacts on the community in which an organization operates by strategically and purposefully being responsible for each aspect of *business as usual* is something business leaders can ill afford to ignore.

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