

VANCOUVER CITY SAVINGS CREDIT UNION:
A CASE STUDY IN CORPORATE SOCIAL RESPONSIBILITY
IN FINANCIAL INSTITUTIONS

by

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Vancouver City Savings Credit Union: A Case Study in Corporate

Social Responsibility in Financial Institutions

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Abstract

This paper presents a study of the implementation of corporate social responsibility (CSR) at Vancouver City Savings Credit Union (VanCity). This case study examines varying perceptions of CSR within the organizational culture of the credit union. The analysis takes the form of a comparison between VanCity's CSR initiatives and those of selected Canadian financial institutions. Interviews with VanCity employees were conducted to ascertain their beliefs and attitudes with respect to their role in engendering corporate social responsibility. Despite differences in level of hierarchy and branch locations, findings indicate a high degree of homogeneity and consistency of employees' conceptions of CSR goals. It is suggested that well intended, ethically motivated corporations like VanCity are succeeding in getting senior management's social corporate concerns adopted by the entire organization.

Dedication

To my family both natural and extended,
I cannot begin to express what your
support and encouragement has meant,
and continues to mean to me.

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Table of Contents

Approval.....	ii
Abstract.....	iii
Dedication.....	iv
Acknowledgments.....	v
Table of Contents.....	vi
List of Tables.....	viii
1. Introduction.....	1
2. Literature Review.....	2
2.1 Definition of CSR.....	2
2.1.1 Theoretical Perspectives of CSR.....	2
2.1.2 Practical Perspectives of CSR.....	5
2.2 Measurement of CSR.....	6
2.3 Relationship Between CSR and Organizational Performance.....	7
2.4 Summary.....	7
3. Research Methods.....	10
3.1 Sample.....	10
3.2 Methodology.....	11
4. Results.....	13
4.1 Phase 1 Results.....	13
4.1.1 Definition of CSR.....	15
4.1.2 Motivation for CSR Involvement.....	16
4.1.3 Organizational CSR Initiatives.....	17
4.1.4 Stakeholder CSR Involvement.....	20
4.1.5 Administration and Control of CSR Activities.....	21
4.1.6 Assessment of CSR Programs.....	22
4.1.7 Future CSR Roles.....	23
4.1.8 Phase 1 Summary.....	25
4.2 Phase 2 Results.....	26
4.2.1 VanCity History.....	26
4.2.2 Interviews with VanCity Employees.....	27
4.2.2.1 How VanCity Defines CSR.....	28
4.2.2.2 VanCity CSR Involvement.....	30
4.2.2.3 Input Into the CSR Decision Process.....	32
4.2.2.4 VanCity Influence on Employee CSR Involvement.....	33
4.2.2.5 VanCity Compared to Other Organizations.....	34
4.2.2.6 Summary Phase 4.2.2.....	35
4.2.3 Ethical Climate Questionnaire.....	36
5. Discussion.....	41
5.1 Interpretation.....	41
5.1.1 Phase 1 Interpretation.....	41

5.1.2 Phase 2 Interpretation.....44
5.1.2.1 VanCity Interviews.....44
5.1.2.2 VanCity Ethical Climate Questionnaire.....47
5.1.2.3 Summary of Phase 2 Interpretation.....49
5.2 Analysis49
6. Conclusion.....62

Appendix A.....64
Appendix B.....67
Appendix C.....68
Appendix D.....70

References.....71

List of Tables

Table 1: Summary of Phase 1: Institutional Interviews.....	14
Table 2: Summary of Phase 2: VanCity Interviews.....	29
Table 3: Ethical Climate Questionnaire: Means and Standard Deviations for the seven computed variables.....	38
Table 4: Ethical Climate Questionnaire: Correlation Coefficients for the seven computed variables and tenure.....	40

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1. Introduction

Corporate social responsibility (CSR) has been studied for over 30 years, yet there continues to be little agreement on its definition (Wood, 1991; Carroll, 1991). Further, attempts to measure CSR have been few and far between. Little has been done to operationalize an abstract construct that has been frequently relegated to the field of business ethics, and the discussion has tended to be based on moral philosophy. This philosophical discussion of the concept, however, has not assisted business practitioners in planning and implementing CSR initiatives.

The purpose of the present study is to connect the theory and practice of CSR via an in-depth case study of one organization's effort to become increasingly socially responsible. The industry chosen for analysis was the financial sector, which is community and service based -- two aspects that are directly applicable to CSR. A sample of six Vancouver area financial institutions was surveyed with VanCity being chosen as an exemplar in the financial sector for commitment to the development of CSR. A history of VanCity will provide a context for understanding VanCity's CSR initiatives. Results are presented in two phases. The first phase describes the initial survey that led to the selection of VanCity. The second phase is a description of the history of VanCity, as well as the CSR programs initiated within that organization. Also described in the second section are the perceptions VanCity employees have about their organization's culture. Differences between employees of different tenure and different hierarchical levels within the organization will also be explored. Limitations of the present study and directions for further research are also discussed.

2. Literature Review

Corporate Social Responsibility (CSR) is a phenomenon that has been studied for numerous years without a commonly held or generally accepted operational definition (Hetzner, 1987; Carroll, 1991). Researchers have defined the concept along differing parameters using varied measures and terminology, occasionally attaching different meanings to the same words. Literature reviews have revealed different issues and aspects of the concept of CSR, which is perhaps best outlined as dynamic, subjective (Diamond & Kivel, 1992) and elusive (Aupperle & Acar, 1993). This is not to say that there is no agreement on the concept, just that different sources cite different issues as the primary determinants of CSR. The literature has focused on two primary facets of CSR, its definition and its measurement.

2.1 Definition of CSR

Definitions of CSR in the management literature differ. Some take a theoretical perspective, while others have a motive of practical application of the concept.

2.1.1 Theoretical Perspective of CSR

Those proposing a theoretical definition tend to approach the assessment of need for CSR from an ethical perspective. Klonoski (1991) discusses the "foundational considerations of the CSR debate." He considers CSR theories to lie on a spectrum, ranging from business having no social responsibility, to business as a social institution with inherent social responsibilities. He names three general "camps": amoral, personal and social, as alternative views of organizations.

The amoral view of the corporation includes the work of Milton Friedman (1983). Friedman's position is that business has only one responsibility, and that is to make a

profit for its shareholders. Any mission beyond this must be considered fraudulent on the part of the organization's managers. Friedman's view has been labelled as fundamentalism (Klonoski, 1991). Levitt (1983) holds a similar fundamentalist position. He feels that society is committed to "radical pluralism," and that economic, political and social pluralism is best guarded when functional groups remain separate from each other in jurisdiction. Under this view corporations function to make a profit, and governments worry about social responsibility. Carson (1993) offers a different adaptation of the work of Friedman. He noted that two separate works of Friedman were contradictory; first from Capitalism and Freedom (1962) Carson cites the often noted Friedman perspective that "the only obligation of business is to maximize profits". In the second Friedman work cited by Carson, "Social Responsibility of Business" (1970), the author states that "business executives are obligated to follow the wishes of shareholders". Carson (1993) determined that Friedman was presenting two separate ideas that were not compatible. By combining interpretations, Carson developed a perspective that reduces the anti-CSR tone often attributed to Friedman. Carson argues that the one and only social or moral responsibility of corporate executives is to act in accordance with the wishes of owners (Carson, 1993). Carson notes that four constraining conditions should be added to owners' wishes. Corporate managers must first obey the law; second, engage in open and free competition; third, refrain from fraud and deception; and fourth, warn the public of all serious hazards or dangers created by the organization (Carson, 1993).

Klonoski's (1991) second "camp" is termed the personal view of the corporation. Theorists have tried to determine the social responsibilities of corporations by ascertaining whether corporations are "moral agents or moral persons" (Klonoski, 1991). Some theorists feel that corporations should be regarded as autonomous moral persons (French, 1990). In holding this position, French (1990) concludes that corporations should have whatever rights, duties and privileges that moral persons are entitled to. Further, Sohn (1982) argues for a legal creator approach which is similar to the corporate

citizenship view. He compares the corporation to an individual citizen with rights similar to a societal legal entity. Velasquez (1990), on the other hand, argues that corporations can only "act" in a very limited sense, and therefore only organizational participants and not corporations can be given moral responsibility. In line with French, Goodpaster (1983) suggests that organizations should be considered as "moral units" comparable to individuals in society.

The third "camp", the social perspective, is a view of the corporation that encompasses theories based on several frameworks: (a) the stakeholder model, and (b) the Utilitarian theory of CSR (Klonoski, 1991). Freeman (1984) argued that the role of management in the corporation is to protect and promote the rights of organizational stakeholders. These groups were identified as those who are needed for the existence of the organization (Bowie, 1991). Freeman identified stakeholders as: stockholders, employees, customers, suppliers, the local community and the managers of the corporation. The stakeholder theory of CSR and the constituency theory are sometimes given the same name, as the premise is the same (Klonoski, 1991). A constituency is a group that has a relationship to the organization based on shared concerns. Animals and nature are given by Klonoski as an example of a constituency. While it may not seem appropriate to call animals stakeholders, per se, they in fact may be constituents in an organizational decision that will affect the environment in which they live.

Klonoski (1991) describes the importance of a utilitarian approach to CSR whereby business should be concerned with doing the "greatest good for the greatest number of people". It is in the best interest of business and organizations to be socially responsible due to the heightened awareness of the social impact of business on society (Klonoski, 1991).

The amoral perspective holds that business organizations are developed for profit motive, and that they should be largely responsible to work towards that motive. Carson (1993) is willing to support a notion of the stockholders having a voice in how profit is

sought; however, he rejects the notion that business holds a responsibility to its stakeholders. The personal view argues that different individuals will have varied perceptions of the organization's required level of morality. Theorists in this group differ in the degree of social responsibility assigned to businesses, which depends on whether the organization is deemed a moral unit or a moral person. The third perspective presented by Klonoski, the social view, considers where business organizations have responsibility and what groups business should be held accountable to.

These three perspectives on business responsibilities and the obligations of organizations are all theoretical in nature; however, they lead to the operationalization of their agendas and therefore move to a more practical perspective of CSR.

2.1.2 Practical Perspective of CSR

The second type of definition provided in the CSR literature is from a more practical perspective. This type of definition attempts to provide applications of CSR within its definition. Researchers in this tradition tend to be pragmatic and prescriptive in providing a perspective of the CSR concept.

Organizations are often ranked in practice for CSR, based on whether or not they put forth time and energy, and perhaps most importantly money, in certain areas of concern. Some of the factors most frequently included in defining an organization as Corporately Socially Responsible citizens are: environmental pollution and conservation; product safety; the hiring and the promotion of minorities and women; labour and union relations; charitable donations; plant closures, layoffs and relocations; and animal testing (Diamond & Kivel, 1992; Davids, 1990). In this view, organizations that work to meet concerns in these areas of their business activities are deemed socially responsible. To this definition of CSR, Anita Roddick, founder of the Body Shop, adds that business "has to put in as much as it takes out" of the community and the global environment (Utne Reader, 1993).

Several key CSR issues are captured by Buchholz (1991) in his identification of five key elements in CSR definitions. First, corporations have responsibilities that go beyond producing goods and services at a profit. Second, these responsibilities involve helping to solve important social problems, especially problems that corporations helped to create. Third, the constituency of the corporation is a group that is larger than stockholders alone. Fourth, the impact of corporations goes beyond market transactions. Finally, corporations serve a greater range of human needs and values than are met by focusing solely on economic values (Buchholz, 1991).

Carroll (1991), while recognizing that there is no single accepted definition, chooses to describe the total CSR of business as the "simultaneous fulfillment of the firm's economic, legal, ethical and philanthropic responsibilities" (1991:43). It is a commonly held perspective that while there is no accepted definition in the literature or in practice, there is an understanding that CSR describes the extent to which organizational outcomes are consistent with society's norms, values and expectations (Lerner & Fryxell, 1988; Sethi, 1975). This helps explain why views of CSR often change as society expects substantially more from both individuals and organizations.

2.2 Measurement of CSR

A second major theme in the literature is the issue of the measurement of CSR (Barry, 1991). Measurement is secondary to the concept's definition because a measurement cannot be determined until the concept is firmly understood. This can account for the relative scarcity of research measuring CSR. Despite this, attempts at measuring CSR have been made. Lerner and Fryxell (1988) measured CSR using the percentage of pretax earnings given to charities, as well as the quality of social information disclosed. Aupperle & Acar (1993) note that quantitative measurement is less likely to capture the intangible, noneconomic characteristics of organizations. They

argue, therefore, that qualitative research may be more appropriate for CSR. Additional techniques for measuring CSR include: expert evaluations; content analysis of annual reports; Council on Economic Priorities data; and government pollution indices (Abbott & Monsen, 1979; Ruf, Muralidhar, & Paul, 1993).

2.3 Relationship Between CSR and Organizational Performance

The relationship between CSR and organizational performance is one of the most studied issues (Cottrill, 1990). There have been mixed findings about the relationship between CSR and profitability. Using a forced choice instrument and administering their study to CEOs, Aupperle et al (1985) did not find a significant relationship between CSR and profitability. Abott and Monsen (1979) concur with Aupperle et al (1985) in their finding that CSR has no effect on a firm's total return to its investors. Parket and Eilbirt (1975) found that on four separate measures of firm profitability (absolute net income, profit margin, return on equity, and earnings per share), the CSR-denoted firms proved to be more profitable. Some of the variation in findings can be attributed to different methodologies selected for measuring CSR, as well as different indices for gauging profitability (Ullmann, 1985). In addition, complications may arise from ideological biases of the researcher (Aupperle et al, 1985).

2.4 Summary

In summary, the CSR literature has focused on three fundamental issues: defining CSR; measuring CSR; and examining the relationship between CSR and economic profitability. Definitions range from a theoretical perspective to a more pragmatic approach, with supporters of both perspectives being divided about appropriate CSR constructs. No universal definition of CSR yet exists, nor does it seem likely that this

issue will be resolved in the near future, as it is based on differences in fundamental belief systems. It is appropriate to speculate that this indecisive operationalization has contributed to the difficulty in measuring CSR. Measurement issues are complicated by the lack of standard procedure. Further, the relationship between CSR and profitability is an extremely important justification for organizational CSR work, yet numerous studies show no clear evidence of this relationship. Barry (1991) summarizes these shortcomings in the CSR field, noting: (a) the ambiguity of the social responsibility construct, (b) variations in the scope and the level of analysis, and (c) a lack of empirical referents. Finally, studies have varied widely in level of analysis. In short, this is a very young academic field with much room for systematization and expansion.

The literature has debated the definition of CSR, the measurement of CSR outcomes, and the correct role for corporations within society. These issues are important because corporations can either harm or help the communities within which they exist. It is the interrelation of business and society (Diamond & Kivel, 1992) that is the essence of the CSR debate. Corporations are argued by some to be evil. Mander (1992), for example, describes corporations as "structurally amoral," arguing that they dehumanize, are disloyal and tend to dominate cultures. A different perspective was noted by Friedman, who asserted that business need only be concerned with profit, and that social good is the mandate of the state.

A third perspective is that of motivated self interest. In a discussion of business and altruism, Kanungo and Conger (1993) note that the two are rarely associated. This is not to suggest that there should be altruistic intent on the part of business, or that in some instances this is the intent of business. What is being suggested is a motivated self interest, which could involve working on initiatives that benefit both the organization and the community -- keeping in mind that the employees of the organization are also members of the community. In a general form, altruism can be defined as a form of overt behaviour that benefits others (Kanungo & Congo, 1993). This definition includes

charity, empowerment, helping and cooperation -- issues not far removed from the ideology of CSR or responsible business.

The reciprocity norm, an explanation for the development of altruistic behaviour, is consistent with a motivated self interest view of CSR. The reciprocity norm refers to the obligation to help those who have either helped you, or are likely to help you in the future (Kanungo & Conger, 1993). Based on this argument, socially responsible acts are beneficial to two parties, even if not altruistically motivated. In fact, a mixed CSR motivation may be the only form to be expected from businesses operating with an inherent need for profit and long-term economic sustainability.

Within the literature, organizations have been argued by some to be evil and by others to be amoral. It is argued that business is not altruistic, but that motivated self-interest exists. From a practical perspective, motivated self interest makes logical sense and is all that can be expected. Socially responsible business gestures, whether selfishly motivated or altruistic, are the focus of this study.

The purpose of this study is to examine CSR in operation in an organizational setting. Issues from the literature such as CSR definition, operationalization and assessment were chosen for application to a practical case. The financial industry was selected because of its community and service base. Findings from six organizations within this industry will be presented. Following these six summaries, a case study of one organization from the original sample will be presented. This case study includes a history of Vancouver City Savings Credit Union, a summary of twelve interviews conducted with employees and an analysis of the organization's ethical climate, as revealed by questionnaires.

3. Research Methods

The results section of the paper is divided into two sections. The first section describes three separate groups of respondents that were used. The second section outlines the methodology used with each of the sample groups.

3.1 Sample

The initial sample consisted of six financial institutions: Banco, the Bank of Montreal, North Shore Credit Union, Richmond Savings, Surrey Metro Savings, and Vancouver City Savings Credit Union. All of these credit unions and banks are located in the Lower Mainland area of British Columbia. All organizations were chosen on the basis of their willingness to participate, a criterion which in itself demonstrates a socially responsible predisposition. From the initial interviews with the six organizations previously mentioned, VanCity was deemed an appropriate organization for a descriptive case study of CSR. This selection was based on VanCity's demonstrated commitment to CSR, in combination with their well developed CSR initiatives.

The second phase of the study was conducted at VanCity. This phase is divided into three parts: (a) a history of VanCity; (b) interviews with VanCity employees; and (c) an Ethical Climate Questionnaire (Cullen, Victor & Bronson, 1993). Based on these findings, differing views of CSR at VanCity were analyzed.

Twelve VanCity staff members were interviewed at different branches as well at head office. Twelve respondents was deemed an appropriate sample for this section of the study based on interviewee availability, as well as the exploratory nature of this research. The twelve employees selected for the interviews were a convenience sample selected because of their willingness to participate. These respondents were guaranteed anonymity. The views expressed during interviews were compared across groups; interviews were conducted with three head office employees, four middle managers at the

branch level, and five staff members at the branch level. Respondents held a range of different positions in the organization, and had varying tenures with VanCity.

For the second sample, 40 additional VanCity employees were chosen by their department heads -- two from each functional area. Respondents were asked to complete a confidential Ethical Climate Questionnaire (Cullen et al, 1993). The questionnaire uses a Likert type scale ranging from 0 (completely false) to 5 (completely true). This use of the Likert type scale, instead of the traditional seven point Likert scale, may be problematic as it forces respondents to chose between a true or a false response and does not permit a neutral reaction to questions. Further, there is the possibility of a social desirability concern, whereby employees of the organization would be biased to respond that their organization is responsible. Victor and Cullen (1988) note that on "at least on average, respondents can act as objective organizational observers" (1988: 110). The questionnaire attempts to minimize potential problems by designing questions that emphasize description of the organization rather than the feelings of the respondents. There are 36 questions which have been previously tested by the questionnaire creators. Through factor analysis the creators of the questionnaire detected seven variables. Over the course of several iterations of the questionnaire these computed variables have been measured to produce Cronbach's alphas between .70 and .85, showing internal reliability. The surveys were distributed by supervisors to VanCity employees to be completed on a voluntary basis. Each questionnaire was distributed with an envelope addressed to the researcher. See Appendix A for a copy of the Ethical Climate Questionnaire.

3.2 Methodology

In phase 1 of the study, interviews with senior personnel from six Canadian financial institutions were conducted. Questions were asked pertaining to the organizational definition of CSR, the types of CSR initiatives the organization was involved in, and the organizational members or departments who administered and

evaluated CSR programs. See Appendix C for the questions asked in these interviews. These questions were based on issues noted in the literature and suggestions provided by outside experts (e.g., Keven Fletcher, Director of Ethics, Workplace Ministry). These interviews demonstrated the nature of CSR work in the financial community. Interviews ranged from 45 to 90 minutes in length, and were conducted at the offices of interviewees. Based on responses to phase 1 interviews at six financial institutions, it was determined that CSR is most strongly entrenched and further developed in the corporate culture of VanCity. Although each institution had at least one program in common with VanCity, VanCity had the most elaborate and well developed CSR program. As a result of this judgment, VanCity was chosen for further in-depth analysis in phase 2.

The in-depth case study in phase 2 involved the use of an Ethical Climate Questionnaire (Cullen et al, 1993). This questionnaire was distributed to 40 members of VanCity staff from varying organizational levels and differing work locations. Open-ended interviews were also conducted at VanCity with a different group of staff members. See Appendix D for the questions used in this set of interviews. These questions were designed to capture information about employees' understanding of VanCity's CSR perspective and their individual CSR involvement through VanCity. A pre-interview allowed the researcher to test readability of the questions. The purpose of these interviews and questionnaires was to determine the consistency of employees' views of VanCity's corporate social role.

It is also relevant to note that the arrangement of interviews with six organizations involved an initial contact with ten organizations. Those ten included five chartered banks and a combination of five credit unions and trust companies. Of these, only six agreed to participate in interviews. Of those not interviewed, many of the problems in securing interviews can be attributed to difficulty in ascertaining who would be responsible for a CSR/Business Ethics information interview. In such organizations there is no mechanism for answering questions pertaining to CSR and Business Ethics. Often

initial contacts were made through a receptionist who directed the caller to any one of five departments (public affairs, human resources, marketing, accounting and customer relations), hoping to achieve a match. In four instances people in these departments, selected by the receptionist, were also not aware of who the researcher should speak to. These problems were most common in the largest banking institutions. This is not to suggest that these institutions do not engage in CSR work or that they are not coping with the same issues that smaller organizations are; rather, a more plausible explanation is that multiple functional areas may be charged with maintaining CSR, which is the responsibility of one unit in smaller organizations. It should be added that initial contacts were made with head offices across the country in an attempt to lessen these identification problems. The fruitless results of these attempts to arrange interviews were indications that either the CSR function is not well defined in these less responsive organizations, or that perhaps the organizations were not interested in being involved in an information interview concerning their CSR commitments.

For those who granted interviews, the range of departments and the different levels of management responsible for CSR work varied widely. Interviewees ranged from Presidents and Chief Executive Officers to Managers of Public Affairs and Chief Economists, as well as Community Development Officers. From this broad spectrum it may be argued that different organizations assign their social agenda to different departments, and ascribe different CSR roles throughout their organizations.

4. Results

4.1 Phase 1 Results

The original interviews with six financial institutions gathered information about organizations' CSR definitions, CSR initiatives they are involved in and their view of their future CSR role. The purpose of these interviews was to assess current CSR initiatives and to discover the practices of CSR leaders in the financial industry. Table 1

Table 1: Summary of Phase 1: Institutional Interviews

ISSUE	BANK OF MONTREAL	RICHMOND SAVINGS	BANCO	SURREY METRO	NORCU	VANCITY
1. CSR Defined	- through strategic planning	- importance of human dignity	- through donations, sponsorships, and programs	- through direct contributions and business practices	- through policy and mission statements	- values held by cooperative movement
2. Motivation to do CSR	- prove integrity	- recognize and live by principles	- image in community	- organization sees itself as responsible for community development	- founded on cooperative principles	- board of directors - cooperative movement roots
3. CSR Initiatives	- donations - sponsorships - volunteer time	- caring business practices - sponsorships - donations	- charity donations and sponsorships	- Community Involvement Fund - employee expertise loans - sponsorships	- donations - sponsorships	- separate organizational arms - Foundation & Enterprise - branch and organization wide approach - donations and sponsorships
4. Administration and Control of CSR	- top down - no specific ethics function	- decisions through marketing	- VP prioritizes, then CEO decides	- Community and Investor Relations - committee input	- marketing department - review requests	- Human Resources & Environment Department
5. CSR Evaluation	- try to assess bank's benefits	- if it is credible - no objective or definitive criteria	- media coverage	- reports from recipients - committee reviews	- form (underutilized)	- no specific criteria to do this
6. Stakeholders - CSR Input		- yes, ask employees and members what will make a difference in the community	- want to be supportive of customer base	- trading areas, shareholders, members, employees	- accept requests for funding	- programs are based on stakeholders' input - to remain relevant to community
7. Future of CSR	- adapt to changing times - community banking approach	- organizations and corporations need to be responsible and help	- "a good banker contributes to the community"	- as government funding is reduced, business will attend to needs of community	- corporate sector will be called on to pick up short falls - more requests - choices will be more difficult	- external and internal factors - internal=culture - external=caution

provides a summary of interview responses. Banco is a pseudonym that was used to provide anonymity to one financial institution. Findings will be presented relative to six issues: (a) definitions of CSR; (b) motivation for CSR involvement; (c) organizational CSR initiatives; (d) stakeholder CSR involvement; (e) administration and control of CSR activities; (f) assessment of CSR programs; and (g) future CSR roles. See Appendix B for the names of those interviewed, and the organizations that they represent.

4.1.1 Definitions of CSR

Of the organizations surveyed, none had specific operational definitions of CSR. For example, Kirk Lawrie, President and CEO of Richmond Savings, noted that they do not enunciate CSR in that way. Instead: "We have a 10 year plan, a values statement; we are customers, staff, members and communities, and our main philosophy is that human dignity is nonnegotiable." A large bank, Banco, defines CSR through the programs they engage in -- namely sponsorships, donations and community accounts. The North Shore Credit Union uses a similar approach. Their mission and policy statements along with core values determine their application of CSR. The identified core values at North Shore include: cooperation, respect, excellence and integrity. Sheila Kilpatrick, Manager of Product Review at North Shore, comments that: "Integrity refers to the strictest ethical standards and social responsibility." At VanCity, the CSR program is specifically defined and set apart from other functions to allow staff members the responsibility of exploring continued involvement in the community. The CSR program at VanCity is known as the "Corporate Social Role" and is based on the credit union's belief that CSR involvement is part of their role in the community.

In summary, all six financial institutions displayed an understanding of social responsibility. VanCity, however, exhibited the most clearly defined position, with the most refined planning mechanism and the most developed program work in CSR.

4.1.2 Motivation for CSR Involvement

When asked why the Bank of Montreal is involved in community assistance work, Don Peacock, Manager of Public Affairs, stated that: "To stay in business long-term, proven integrity is a must." Members of the Bank of Montreal feel that their community involvement (CSR work) is an extension of good business.

For Banco, there are four major goals that lead them to act in the interest of their community. A Banco executive discussed these goals as follows. "First, they want the organization to be regarded as a positive influence on the community. Second, they want to be seen as caring about those communities. Third, they feel it is necessary to invest in their communities. And finally, they want to be supportive of their customer base." As noted in Table 1, this reasoning centres on image, and how Banco is represented to the community. In this way CSR motivation is similar to that of the Bank of Montreal. Both banks want to be seen by their communities in a positive light.

For Richmond Savings, on the other hand, there was internal strife. Managers realized that to resolve this issue, they needed a stronger commitment to values. "These values incorporated commitment to human dignity and business conducted in a manner that respects that dignity" (Lawrie). Richmond Savings is striving to live up to their organization's principles, as opposed to working for the enhancement of their public image, or for the improvement of public acceptance. Social responsibility has been a positive outcome of the belief system of Richmond Savings.

For Surrey Metro Savings Credit Union, involvement in the community is important primarily because: "As a major organization in the community they see themselves as responsible for community development" (Kyles). This is similar to the motivation of Richmond Savings, where there is a feeling of responsibility to the community that supports their business.

For VanCity, involvement in CSR is primarily based on their roots in the cooperative movement, as well as the influence of members of the *Action Slate Board*,

which will be discussed in a later section of the paper. This has influenced their stand on community issues and their commitment to involvement in the communities in which they operate. North Shore Credit Union and VanCity share similar motivation behind their involvement in CSR work. Both organizations attribute their sense of community responsibility to their founding principles as cooperatives.

According to Pieter van Gils, Membership Development Officer, members of VanCity staff believe that their cooperative format brings with it inherent responsibilities. Van Gils noted that the values of the cooperative movement are the driving CSR guideline. He described this more thoroughly by stating: "We are local, we are democratic, we like people to participate in what we do, we are out to give people a say in decisions that affect them and we are here to build the self-reliance and economic strength of our communities." For VanCity then, motivation for CSR comes from their cooperative roots.

In summary, the organizations interviewed all recognize the need to engage in some form of CSR work. Their disclosed reasons for supporting the community range from self interest to a sense of community responsibility. An interesting division occurred between the banks and the credit unions surveyed. The banks were more interested in how the community perceived their contribution, whereas the credit unions expressed more concern about how they helped their communities.

4.1.3. Organizational CSR Initiatives

CSR initiatives undertaken by the six financial organizations surveyed are wide and varied. The most common are donations and sponsorships such as: hospital sponsorships, United Way support, and chairs endowed at universities. Richmond Savings, although involved in donations and sponsorships, differs because they perceive their interaction with customers to also be part of what they do for the community. For Surrey Metro Savings, CSR initiatives include having a commitment to lend within their

trading area, thereby keeping funds within the community. A similar sentiment was expressed at VanCity.

Lawrie stated that Richmond Savings considers it more beneficial to make several large contributions rather than a greater number of small ones. It is hoped that such contributions will encourage other organizations to follow suit. Lawrie feels that this is especially effective when larger organizations observe a small business like Richmond Savings making a generous contribution. The hope is that as a result, large organizations will follow suit.

Surrey Metro, on the other hand, makes numerous small donations from their community fund to directly support as many community programs and projects as possible. Surrey Metro supported 50 community organizations and provided scholarships in each of the 22 high schools in their trading area in 1993.

Banco practises CSR by opening community accounts for organizations that are nonprofit, and that hold no religious or political affiliations. Under this program such organizations receive no-charge banking services from Banco. The bank uses this initiative to meet their goal of community support.

North Shore Credit Union focuses their involvement on two major areas, the family and the environment. They feel that these areas are closest to their community agenda, and that they meet the immediate and long-term needs of their members. Their community involvement is primarily focused on the North Shore region, which they consider as their primary trading area, with some extension to Whistler where they operate one branch location.

The CSR work at VanCity is characterized by two approaches: one specialized and the other organization-wide. The first approach is a specialized one, in which selected employees are provided time and funding to spearhead initiatives that will add value to the community. The VanCity Foundation as well as VanCity Enterprises are involved in this strategy. These units are separate organizational arms which were

created in order to protect the interests of members, and to allow their involvement in initiatives which are more specialized and segregated from the operations of the credit union.

The second approach at VanCity, the organization-wide approach, is divided into three aspects. The first is "diffusion through the organization." This aspect concerns partnerships with schools and community organizations. This typically involves branch projects that vary according to the interests of employees and the needs of the community. Activities have included: school visits to discuss basic banking elements; fundraising for community organizations through staff donations; selling articles for community organizations; and donating to community groups.

The second organizational approach at VanCity involves donations from head office. One example is the donation VanCity made to the Vancouver Fire Department for a program to equip fire halls with automatic external defibrillators, which are used for reviving heart attack victims. Similarly, a donation was made to Doorways, a program that encourages high risk teens to stay in school and out of trouble. Through donations, VanCity, like many other organizations, can show support for existing causes while still remaining at arm's length from direct project work. This is useful when the organization receiving the funding has all the expertise needed to carry out their plan, but lacks the funding to do so.

The third aspect of the organization wide CSR program at VanCity is described by van Gils as "the way we do business." This refers to VanCity's commitment to the environment and their annual environmental audit. Included in the way they do business is a policy of access to credit for all, regardless of age or gender. The same equity standards are applied to internal operations at VanCity. Promotion policies ensure that opportunities are afforded to groups that are often considered disadvantaged. Allowances are also made for women in management tracks who express a desire to leave temporarily for childbearing responsibilities.

The spirit of VanCity initiatives stems from its background as a cooperative. The founding principles of the cooperative movement, combined with encouragement from the board of directors, has nurtured the social agenda of VanCity and has made the community based initiatives discussed above possible.

In summary, all of the financial institutions interviewed make funds available to organizations in their communities. These donations or sponsorships may be accompanied by volunteer assistance or the loan of technical expertise. Some organizations focus their energies on a few large projects, while others are the benefactors of a greater number of smaller initiatives. VanCity is the only organization interviewed that has created separate arms of the organization to further their social agenda. This supports the conclusion that relative to the rest of the financial industry, VanCity has a more deeply entrenched and further developed commitment to CSR.

4.1.4 Stakeholder CSR Involvement

In many cases, the financial organizations surveyed actively involve community stakeholders. Richmond Savings specifically asks both employees and members which type of CSR initiatives would be of most benefit to them. For Banco, it is their intention to be supportive of their customer base so that groups can approach Banco for funding. It is unclear, however, whether this input is actively sought by Banco, or merely accepted when it occurs. Surrey Metro's core values reflect a commitment to customers, employees and shareholders, but action to include stakeholders is unclear. North Shore Credit Union is often approached by community groups and organizations looking for funding or donations. In excess of 300 applications are reviewed each year.

VanCity is open to stakeholder input in order to remain "relevant to the community." Van Gils commented that if they did not consider stakeholder views, and instead tried to decide for themselves what the community needed, "these actions would be contrary to the corporate role." Instead, VanCity holds annual workshops to ascertain

the initiatives of interest to the community. VanCity then discovers how it can help with programs and support, both financial and otherwise, to aid other organizations in the community. Two of these workshops were held in May 1994. One workshop involved members of alternative business organizations, primarily cooperatives and environmentally-minded businesses. These organizations traditionally have had difficulty gaining access to the capital backing they need for continued operation or for expansion. Many of the organizations that were represented in the workshop were community members rather than VanCity members. These stakeholders provided information to VanCity representatives about how to better serve their needs.

In summary, VanCity has shown leadership in the realm of CSR in relation to stakeholders. All of the organizations interviewed stated that stakeholders were important to their CSR decision making process. However, only VanCity demonstrated a formal commitment to soliciting stakeholder opinion. Furthermore, VanCity's interest goes beyond groups that are credit union members, as input is collected from organizations external to the VanCity membership.

4.1.5 Administration and Control of CSR Activities

Interview results also revealed information about the administration and control of CSR initiatives. The Bank of Montreal has no official ethics or community involvement function. Their programs are subject to a top-down decision process that determines which initiatives are undertaken. However, they do have a member of head office staff working to establish a list of guidelines for clear cut decision making about which sponsorships and donation programs to support. At Richmond Savings, the marketing department oversees decisions about which initiatives to undertake, and then subsequently controls such projects. This department monitors the credit union's community work.

At Banco, a vice president prioritizes requests and proposals. Ranking is based on a score sheet of eight categories, ranging from exclusivity (other organizations that are involved) to geographic location. These categories have been selected by the vice president as representing the bank's intended CSR function. After ranking these proposals, the Chief Executive Officer makes the final decision as to the courses of action to follow. At Surrey Metro, the Communications and Investor Relations department administers the Community Involvement Fund. The manager of this functional area, together with five others, comprise a committee that makes decisions about proposed projects and applications from local organizations. The committee presents proposals to the Board of Directors, then receives direction from the board.

At North Shore Credit Union, the marketing department administers community funding. This financial institution receives between 300 and 400 requests for funding each year. An annual budget allots funding to projects. Once this fund is depleted, special requests can be made to the board of directors for additional funding. At VanCity, most initiatives are administered through the Human Resources and Environment Department.

In general, then, CSR programs are often administered and controlled by the marketing department, although sometimes by other functional areas such as Human Resources. Final budgetary decisions, however, are often made in the upper echelon of the organization.

4.1.6 Assessment of CSR Programs

None of the organizations studied have specific quantitative criteria for measuring the success or impact of CSR programs. This finding is in line with the literature, which has also failed to develop quantitative measures for CSR assessment.

The Bank of Montreal tries to assess the end results of an initiative. They do not, however, appear to have a hard and fast rule for achieving this objective. Banco is

interested in what their organization has gained, as a means of assessing the worth of a program. For Banco this is usually gauged by the amount and quality of media coverage they receive surrounding the initiative. Richmond Savings makes their assessment before an initiative is undertaken. This is done by assessing the credibility of the group or program requesting support. It is assumed that their support is going to worthwhile causes if, in the initial stages, they ensure that a credible source is requesting their assistance, or if a program has a proven track record.

The Community Involvement Fund committee at Surrey Metro reviews initiatives through reports completed by sponsorship recipients. These reports allow the committee to assess whether their participation has had the desired impact on the community. Although the North Shore Credit Union has a standard form designated for the evaluation of CSR projects, Sheila Kilpatrick of the Credit Union feels that the necessary information is rarely collected and seldom used. Representatives of VanCity also realize that they are lacking evaluation mechanisms for their CSR initiatives. Van Gils noted that, "It is hard to get people to do that, on top of everything else that they do." He also commented that part of the problem in the reporting and evaluation of CSR work is that "there is no common body of knowledge or tradition for doing this."

In summary, evaluation and assessment of CSR initiatives has been found to be somewhat haphazard and lacking in quantitative measurement. It appears that such information is less important, as some organizations act on faith that they are "doing good." This shortcoming is similar to that of the CSR literature in general.

4.1.7 Future CSR Roles

In terms of future CSR roles, the Bank of Montreal is aware that it will need to continuously adapt to the changing times. This is a large part of their new approach called *Community Banking*. Through this approach the Bank of Montreal will adopt a small business structure in regional units with decentralized decision making. This will bring

decision making authority back to the branch's community. In this way, their new strategy is intended to facilitate their goal of getting closer to the community. This will in turn enable the Bank of Montreal to achieve the integrity that they feel is necessary in business.

Banco feels that "a good banker contributes to the community." As such, they will continue to engage in work that is consistent with the needs of their customer base.

It is the belief of Richmond Savings, according to Lawrie, that "organizations and corporations need to be responsible and help." As such, this financial institution intends to continue looking for opportunities to be a good role model of CSR. Further, they will continue seeking initiatives with sustainable value, as opposed to "quick fix one-shot deals." The intent at Richmond Savings is to remain "large enough to be meaningful, and small enough to be flexible."

Gray Kyles, the Manager of Communications and Investor Relations at Surrey Metro Savings, feels that a trend will continue whereby the government will further reduce funding to non-profits and to community organizations. If this is the case, it is felt that business should attend to some of the needs that will be left unmet. However, he is concerned with the continued duplication of services, and feels that business will resist organizations that seem to offer services to the community that are similar to the current offerings of other organizations. The North Shore Credit Union sees its future CSR role expanding with their own expansion, through both monetary contribution and employee involvement.

VanCity notes that their future CSR role will be determined by two factors: internal and external issues. Van Gils feels that internally VanCity is still building the culture that will be able to continue to spark employee interest and to encourage staff to be active in CSR. Externally, van Gils feel the 90's will be a "sobering decade". He feels that care will have to be taken in the types of CSR initiatives enacted. Targeting specific

groups leaves out other groups, and this can be an issue of concern to the membership, who see their funds supporting outside groups and not themselves.

In summary, the organizations interviewed are all concerned with the future of CSR and they are working to meet the needs and opportunities that they see emerging in their communities. Some of the respondents appear to be more proactive than others; however, all are mentally prepared for changing expectations of their business.

4.1.8 Phase 1 Summary

Based on interviews with six financial institutions in the Vancouver area, it was found that corporate social responsibility is of concern to all, but to varying degrees and with differing interpretations. All six organizations displayed an understanding of CSR. VanCity, however, displayed the clearest application of the concept. Motivation for involvement varies from "doing good in the community" to the "appearance of doing good in the community." CSR initiatives range from no-charge banking services for non-profit organizations, to donations and sponsorships of both money and time to community organizations. Here again VanCity has a more clearly defined set of initiatives than the other institutions studied. Most of the organizations surveyed purport to involve stakeholders, but only VanCity goes as far as holding regular seminars to facilitate a two-way flow of communication between VanCity and its stakeholders. As for the administration and control of CSR initiatives, different organizations house the function in different departments, but most relegate final budgetary decision making to top organizational levels. One important finding was the relative absence of assessment methodologies, and the apparent attitude that CSR outcomes are not measurable. A final finding was that the future role of CSR in these organizations is widely acknowledged as growing in magnitude and importance.

Research in Phase 1 showed much to be commended in the social responsibility of all six financial institutions. VanCity, however, stood out as an exemplar. Its policies

and mandate in this area appeared to be more clearly defined, and more strongly entrenched. Based on this finding, VanCity was chosen for further study. An in-depth case analysis was therefore undertaken of VanCity in phase 2.

4.2 Phase 2 Results

The following is a presentation of the results of an in-depth case study of VanCity. Three issues will be discussed: (a) VanCity history; (b) interview results; and (c) Ethical Climate Questionnaire results.

4.2.1. VanCity History

The Vancouver City Savings Credit Union was founded in 1946 to provide health care insurance at a time when medicare was not existent. It began as an open bond credit union, meaning that there were no restrictions on membership, so that everyone in the community was eligible to join.

VanCity was founded on the principles of the cooperative movement, which is roughly 100 years old. The cooperative movement is based on the principles of voluntary association, self-help and mutuality (Davis and Worthington, 1993). VanCity adds participation, democracy and community building to their interpretation and practice as a cooperative. The three fundamental common aims of cooperative business ventures are "empowerment of people through democratic control of capital, development of people through education and provision of employment or services through mutual association" (Davis & Worthington, 1993: p.858).

VanCity has grown over the years, and their social agenda has grown with them. From its early beginnings, VanCity now has \$3 billion in assets and 200,000 members. It is noted by Making Waves (May 1993) as one of the largest organizations in Canada that aims to integrate both social and economic goals.

To operationalize this mission, VanCity developed two spinoff organizations. The *VanCity Community Foundation*, established in 1989, has the mandate to "act as a catalyst for the growth and empowerment of disadvantaged groups and communities served by VanCity through the provision of loans, technical assistance or funds for community economic development and housing alternatives" (Annual Report, 1991). This mission is achieved through a variety of mechanisms: the provision of both technical and financial resources; no-interest or low-interest loans; skills transfer equity enhancements; joint ventures with public and private sector organizations; and endowments and/or grants. The key objective of the foundation is to assist recipients of funding to become self sufficient.

The second spinoff organization is *VanCity Enterprises*, a real estate arm of the organization that deals with the provision of affordable housing for Vancouver area communities. One of the main accomplishments of this organization was the construction of a 34 apartment complex above a new VanCity branch. The building offers affordable housing for seniors, single parents and people with disabilities. These two endeavors further the social agenda of the overall organization without unnecessary risk to VanCity members.

The social activist agenda became more pronounced with a turnover in the board of directors in the early 1980's. A group of individuals with an agenda for social change and social support worked together over several years to join the board and to move the organization to its present mandate of increasingly responsible business practice. Pieter van Gils, VanCity's Community Development Consultant, attributes credit to the board of directors for providing VanCity with the opportunity to foster its cooperative roots.

4.2.2. Interviews with VanCity Employees

Twelve interviews were conducted with employees from VanCity head office and three branch locations. Respondents were of varying positions and tenures with VanCity.

Interview questions focused on respondents' perceptions and experiences with CSR work as VanCity staff members.

Three separate VanCity perspectives were sought: (a) views of head office employees, (b) views of middle managers at the branch level and (c) views of branch level staff members. Table 2 summarizes the results of these interviews on the following issues: (a) VanCity definition of CSR; (b) VanCity CSR initiatives; (c) input into the CSR decision process; (d) VanCity's influence on employee CSR involvement; and (e) VanCity compared to other organizations.

4.2.2.1 How VanCity Defines CSR

The twelve respondents had varying perceptions of their employer's definition of CSR. Overall, the group expressed the belief that VanCity's community work is part of how the organization defines CSR. However, employees from head office and more noticeably management employees had a more specific understanding of the organization's definition of CSR.

The employees interviewed at VanCity head office had differing and yet similar views as to how VanCity defines CSR. One respondent perceived VanCity's role in CSR as one of a "sponsor and advocate of social equity." The same respondent also expressed that VanCity was working to "level a structurally unlevel playing field." Here he was considering the initiatives that focus on women and minority groups that have traditionally had less opportunity. A second head office respondent described VanCity's social agenda as being "driven by the board, and initially bucked by management." This respondent added that the purpose of this work was for community development, and that management did not make a clear connection between CSR initiatives and value added to the organization. Additionally, employees in this sector of the sample described CSR as "part of VanCity's core philosophy of doing business."

Table 2: Summary of Phase 2: VanCity Interviews

ISSUES	HEAD OFFICE EXECUTIVES	BRANCH MANAGERS	BRANCH STAFF
1. VanCity - CSR Definition	<ul style="list-style-type: none"> - sponsor and advocate of social equity - agenda driven by board - core philosophy of doing business 	<ul style="list-style-type: none"> - VC feels CSR is a priority - give back to community - role of leadership and caring in the community 	<ul style="list-style-type: none"> - through initiatives - assess community needs and try to meet them
2. CSR Initiation	<ul style="list-style-type: none"> - fund raising - Face-to-Face - partners in education - Board of D. Non-profit Organizations - seminars 	<ul style="list-style-type: none"> - volunteer - seminars, schools - business associations - mentoring 	<ul style="list-style-type: none"> - made and filled Christmas stocking - hospital and school volunteer - annual general meeting - in branch donations to local charities <ul style="list-style-type: none"> - bake sales, car washes - recycle at work - worm composter
3. Who has input in CSR decision process ?	<ul style="list-style-type: none"> - everyone - departments and branches 	<ul style="list-style-type: none"> - every employee has the opportunity and responsibility to suggest CSR - every employee-suggestion program 	<ul style="list-style-type: none"> - input welcome from staff - members and employees - VanCity open to listen
4. VanCity influence to be CSR involved	<ul style="list-style-type: none"> - strong culture-norms - management performance contract - job is CSR 	<ul style="list-style-type: none"> - employees are encouraged to a degree that they are comfortable with - community investment deposit 	<ul style="list-style-type: none"> - lead by example - Living Well - Giving Well - acknowledge for involvement
5. How does VanCity compare to other organizations ?	<ul style="list-style-type: none"> - very different - VanCity into taking risks - political and financial - "I would not stay if I did not like it". - good atmosphere and opportunity 	<ul style="list-style-type: none"> - no comparison - family atmosphere - team spirit - community spirit 	<ul style="list-style-type: none"> - team spirit - better than other organizations - listen to employees - friendly and enthusiastic

Most of the employees interviewed at the Branch Management level felt that VanCity defines its CSR role as one where it is important to give back to the community. These employees expressed that "this giving must be done within reason." These respondents agreed with the notion that at VanCity, CSR is part of the "core business philosophy." One manager described VanCity's CSR as having a "caring and leadership role in the community." All of these employees asserted that VanCity considers its CSR role as a priority. The Branch Staff employee group, like the Management group, felt that VanCity defines CSR through the work that the organization does in the community. One employee noted that VanCity assesses the community's needs and then tries to meet those needs.

Although none of these Branch Staff employees discussed the importance of the cooperative basis of the organization, a community focus was evident in their responses. All agreed that CSR is an important function for VanCity, although they expressed differing degrees of importance. Head office employees were more aware of the influence of the board of directors on VanCity's definition and application of CSR. The branch management employees were cautionary, in that CSR initiatives must be at a level considered within reason. Generally, the respondents considered VanCity's CSR definition to be best defined through the CSR initiatives and actions taken by the organization.

4.2.2.2 VanCity CSR Involvement

The four Branch Management Staff surveyed were involved in numerous CSR initiatives as representatives of VanCity. These included presenting seminars on banking related topics, as well as conducting career planning seminars. Several of those interviewed mentioned that they represent VanCity as members of business associations. Two of the branch managers interviewed were involved in the Face-to-Face program, an initiative whereby physically challenged individuals are given a training period in the

workplace as a means to help enter or return to the workforce. The manager of a downtown VanCity branch is involved in a mentoring project in which she is the mentor for a high school student. Through this program the student will spend some time in the branch mirroring the work done by the manager. A large part of the branch CSR initiative is carried out through working with local schools, which can be helping to restock the school library, providing general banking information, or acting as a setting for work experience programs. The branch level staff also report being involved in numerous CSR activities at VanCity. These include: making and filling Christmas stockings for the underprivileged; volunteering at local hospitals and schools; and organizing car washes and bake sales to raise money for local community groups. One of the branches studied owns a workplace worm composter, which is an environmentally friendly means of reducing waste. Employees of this branch are excited about the prospect of further reducing their office waste.

The CSR involvement described by the head office employees includes: fundraising activities; Face-to-Face program involvement; and providing seminars to community residents and school groups. Head office personnel are less involved in direct CSR initiatives than Branch Staff employees. One manager expressed disappointment at head office's "lack of ownership of responsibility for CSR involvement." This employee felt that much of the practical hands-on CSR work (for example, volunteering time at public schools or being involved in local groups) was perceived by head office staff as being a branch responsibility. It was observed that head office employees felt that this work would be carried out by the Human Resource and the Environment Department and the Community Development function. As such, they need not accept responsibility. This respondent felt that part of the problem for staff members in buying into CSR initiatives was that they could not see the value it added to the organization.

These results demonstrate a difference in CSR work between head office and branch employees. VanCity employees in the branches tend to be involved in CSR in a

more hands-on manner. They offer their time, both in and out of the work environment, to do CSR work in their communities. Head office employees, on the other hand, are more involved through monetary contributions. Although school visits and seminars are still part of the CSR work enacted by head office employees, this type of practical application of CSR seems less prominent in the head office CSR portfolio.

4.2.2.3 Input into the CSR Decision Process

Agreement was found between the respondent groups as to who is involved in suggesting CSR initiatives for VanCity involvement. Head office employees noted that all employees have avenues for CSR input, and that everyone "has voice". They recognize that smaller groups within the organization solicited recommendations on CSR projects from other groups and from external groups. However, they believe that everyone has the ability to make suggestions and to show support for preferred causes. Branch Management employees noted that every VanCity employee has the opportunity to make suggestions for new or different CSR initiatives. One respondent mentioned that employees have "the opportunity and the responsibility" to make suggestions to the Credit Union concerning its CSR work. Employees at the branch level recognized that the corporation has strong ideas concerning the CSR areas it should be involved in. They were also aware that this was the motivation for the development of the VanCity Foundation and VanCity Enterprises.

The Branch Staff members interviewed felt that their input is welcome in suggesting CSR programs to head office. These employees also felt that members are in a good position to make requests of VanCity, and to suggest CSR programs or initiatives that are of interest to them.

4.2.2.4 VanCity Influence on Employee CSR Involvement

One Branch Management respondent noted that the community investment fund encouraged her to use it as a financial vehicle for some of her own investments. Through this option, investors forego a minimal part of their normal return, which then is contributed to community funding. Another branch management respondent noted that not all staff members are comfortable with a great deal of community work. She felt that VanCity required employees to be involved only to the extent that they are comfortable. She was quick to add, however, that employees usually become more interested in CSR work after they have been "eased in slowly to community involvement".

Branch staff members noted that both the *Living Well* and the *Giving Well* programs encouraged them to become involved in the community. The Living Well program gives employees points, which are redeemable yearly for prizes. Points are earned for involvement in activities such as signing your organ donor card, exercising, and doing volunteer work. The Giving Well program is a payroll deduction program that allows employees to make contributions to different charities. One employee appreciated being recognized by VanCity for community involvement. Another employee realized that he was benefiting from VanCity's CSR work as a resident of the community in which he worked. The same employee recognized that VanCity influenced him to become involved in CSR activities through "leading by example." The CSR work of VanCity encouraged him to be involved in the community, and to be a part of what he considered good and value-added community work.

Several head office respondents mentioned that CSR work is now part of management performance contracts. These contracts must be upheld by management employees in order to gain annual bonuses. One respondent noted that this is a new development in the organization, and that it will certainly influence how head office employees view CSR. CSR is now an official duty that must be carried through by management employees for bonus purposes. A head office respondent noted,

significantly, that the organizational culture at VanCity strongly supports involvement in CSR. This notion was evident in many of the interviews with VanCity employees; however, only one respondent articulated this influence with such clarity.

Although none of the respondents mentioned it, the EPIC (Employee Participation In the Community) program is one with potential to foster increased involvement of employees in community organizations. This program allows employees to request funding of up to \$200 for a non-profit organization for which they have volunteered over a minimum period of three months. This program was designed to encourage voluntarism among VanCity employees.

It is evident that VanCity attempts to influence employees to be active in CSR in many ways. EPIC is an informal means, whereby participation and use of the program is voluntary. A more formal mechanism is the CSR management bonus tie-in. Employees at the branch level feel that they are influenced by both the Living Well and Giving Well programs.

4.2.2.5 VanCity Compared to Other Organizations

When asked to compare VanCity to other organizations they have worked in, all respondents commented that VanCity was a far better place to work than other organizations they have been associated with.

One head office employee compared VanCity to another credit union she had worked for. She felt that VanCity was more prone to taking risks in both political and financial terms. This respondent enjoyed this aspect of her work with VanCity, but also realized that other employees may not be as comfortable with this approach to business. A second head office employee noted that, "I would not stay if I didn't like it." What he liked best was the team atmosphere, the opportunities, the chance to be in a leadership role, and "being associated with both a compassionate and competitive firm."

One branch manager summed up the comparison as "night and day." At the branch management level employees were impressed with the equal availability of promotions to women and minority groups (all branch management employees interviewed were women). They described VanCity as "team oriented" with "a family atmosphere". Another branch manager noted that employees "take great pride in knowing that VanCity cares and is involved in their communities".

Branch level staff members are also pleased with the team atmosphere. One staff member noted that he would feel comfortable moving to any other branch (a move which he has made recently) because of the feeling of acceptance. Branch level staff members "enjoy a comfortable work atmosphere, earn competitive wages, receive better staff benefits and feel that the organization supports them." In aggregate the branch level staff commend VanCity as a good place to work. All those interviewed would like to continue to work at VanCity indefinitely.

4.2.2.6 Summary Phase 4.2.2

The three groups of employees interviewed expressed some difference of opinion on how the organization defines CSR. Generally these differences corresponded with how these employees were practically involved in CSR at VanCity. Head office employees were more familiar with policy issues and fundraising activities, so they defined CSR in these terms. Branch employees, on the other hand, were more inclined to consider the activities that they were involved in as a working definition of CSR applied by VanCity. Branch management respondents had an approach between the other two groups. They were aware of the origin of the CSR perspective in the organization, and they also felt that the practical applications of CSR helped to define VanCity's commitment to the community.

All three groups of respondents felt that they gave input into CSR initiatives. Several respondents across different groups noted that members of both the community and the Credit Union are able to make requests and suggestions for VanCity's assistance.

One employee mentioned the influence of VanCity's organizational culture on employees to become involved in CSR initiatives. All respondent groups felt that they were influenced by VanCity to be involved in CSR. However, each group cited different means that the organization used to solicit their participation. Branch employees were conscious of the effect of the Living Well and Giving Well programs on their CSR participation. Some branch management employees are influenced by the Community Investment Deposit. Head office employees are influenced by their newly enforced commitment to CSR through management performance contracts.

All respondents were pleased with the environment they work in at VanCity. They cite a family spirit, a team atmosphere and an equitable workplace as reasons for their continued contentment and comfort in their workplace.

4.2.3 Ethical Climate Questionnaire

The Ethical Climate Questionnaire (Cullen & Victor, 1988; Cullen, Victor & Bronson, 1993; Cullen, Victor & Stephens, 1989) was administered to a group of 40 VanCity employees. The Ethical Climate Questionnaire measures the ethical climates of organizations (Cullen et al, 1993). It was designed to elicit perceptions of how organizational members make decisions concerning various "events, practices and procedures" that require ethical criteria (Cullen et al, 1993; Victor & Cullen, 1987).

Respondents of the questionnaire represent different hierarchical levels and different geographic locations within the organization. The response rate on the survey was 82%, with one questionnaire invalidated because of incomplete responses. The sample used for the questionnaire was a separate group of employees from those

interviewed, to ensure a larger range of responses and to prevent bias based on any understanding of the researcher's agenda. The questionnaire consists of 36 questions which are answered on a Likert type scale ranging from zero to five; completely false to completely true, respectively. These questions group to form seven variables: self-interest; company profit efficiency; friendship and team interest; social responsibility; personal morality; rules and standard procedures; and laws and professional codes (See end of Appendix A for questions attributed to each computed variable). Initially Cullen and Victor hypothesized that the questions would result in nine separate factors; however, company profit and efficiency as well as friendship and team interest, have loaded on the same two factors, and have therefore been combined. These seven variables were measured here. Obtained reliabilities, using Cronbach's alpha, were comparable to those of Cullen, Victor and Bronson (1993). The alphas are as follows: self interest variable .86; company profit efficiency .77; friendship, team interest, .82; social responsibility, .75; personal morality, .65; rules, standard operating procedures, .81; laws, professional codes, .86. These results demonstrate that the questions that are geared to measure the same construct are being answered in a similar manner. This can be taken as an indication that the questions are measuring what they are purported to measure, which demonstrates high internal reliability. Table 3 provides the means and standard deviations generated for the seven variables.

Table 3: Ethical Climate Questionnaire: Means and Standard Deviations for the seven computed variables.

Variable	Mean	Standard Deviation	Range	Minimum	Maximum	Cronbach's Alpha
Social Responsibility	4.23	.47	1.75	3.25	5.00	.75
Laws/Professional Codes	4.01	.78	3.67	1.33	5.00	.86
Friendship/Team Interest	3.61	.57	2.33	2.67	5.00	.82
Rules/Standard Operating Procedures	3.43	.79	3.75	1.25	5.00	.81
Company Efficiency Profit	3.29	.80	3.25	1.50	4.75	.77
Personal Morality	2.49	.55	2.00	1.00	3.00	.65
Self Interest	1.31	.81	3.33	.00	3.33	.86

From this table it is evident that respondents view VanCity as having a socially responsible ethical culture. This finding differs from comparable findings of Victor and Cullen (1993) who noted in their sample of four accounting firms that social responsibility was only indicated as a discrete climate. Means reported by Victor and Cullen (1988) were considerably lower than those generated by the VanCity respondents with a range from 2.1 to 3.8. The caring variable, noted by Victor and Cullen (1988) is comparable to the social responsibility variable from both this study and their more recent work. It has reported means ranging from 2.8 to 3.1. These means are less than the social responsibility climate variable mean of 4.23 calculated from the responses of VanCity employees. Further, VanCity respondents rated the organizational climate high on the laws/professional codes variable. They also feel that VanCity is high on friendship/team interest, and that rules/standard operating procedures are also important features of the VanCity culture. Respondents do not feel that the organization has a culture supported by self interest or personal morality.

A correlation matrix was generated using Spearman correlation coefficients. Relevant information is presented in Table 4. Significant correlations demonstrate a relationship between five pairs of variables. The positive correlations demonstrate relationships between six pairs of variables. First, the rules/standard operating procedures variable and the company profit efficiency variable generated a positive correlation of .43, ($p < .01$). Second, the rules/standard operating variable is correlated with the laws/professional codes variable, with a positive correlation of .59 ($p < .001$). The third and fourth correlations that proved significant involve the social responsibility variable. The third is a positive correlation with the company profit efficiency variable of .38 ($p = .036$) and the fourth is with the friendship/team interest variable, which was another positive correlation .56 ($p = .001$). The fifth is a positive correlation between the continuous variable tenure, and the social responsibility variable, of .37 ($p < .01$).

Table 4: Ethical Climate Questionnaire: Correlation Coefficients for seven computed variables and tenure.

Variable	1	2	3	4	5	6	7	8
1. Friendship/Team Interest	1.00							
2. Personal Morality	.0802	1.00						
3. Tenure	-.3410	-.2713	1.00					
4. Rules/Standard Operating Procedures	.0075	.0458	-.1839	1.00				
5. Self Interest	-.6191**	.3169	.2432	-.1762	1.00			
6. Social Responsibility	.5556**	-.0250	.3672*	.0844	-.3123	1.00		
7. Law/Professional Codes	.0570	.1186	-.2142	.5889**	.0905	.1009	1.00	
8. Company Efficiency Profit	.2762	.1455	-.1474	.4272*	-.0814	.3787*	.2860	1.00

Notes: ** significant at $p < .001$

* significant at $p < .01$

The next two pairings demonstrate negative relationships. Correlation six is a negative correlation between self interest and friendship/team interest of $-.62$ ($p < .001$). A seventh pairing shows a tendency towards a negative correlation; this is the combination of the social responsibility variable and the self interest variable, with a negative correlation of $-.31$ ($p = .082$).

A regression was calculated using the social responsibility and tenure variables. The analysis showed a significant effect of tenure on respondents' assessments of the social responsibility climate at VanCity. This relationship proved significant with a negative relationship ($T = -2.148$, $p = .0412$). These findings will be further analyzed in the Discussion section.

5. Discussion

The interpretation will be divided into two main sections. Phase 1 will provide an interpretation of results from the industry interviews, and phase 2 will offer an interpretation of the CSR environment at VanCity based on the twelve interviews and the results of the Ethical Climate Questionnaire. The second section of the discussion chapter will provide an interpretation of the meaning of CSR. Abstract patterns in the findings will be discussed.

5.1 Interpretation

Phase 1 results and patterns in the data are discussed first. Phase 2 VanCity data, interviews and questionnaires are also interpreted in this section.

5.1.1 Phase 1 Interpretation

Based on the interview data presented above several observations can be made. First, evidence from the interviews corroborates the literature concerning the definition of

CSR, that there is no generalizable definition (Carroll, 1991; Hetzner, 1987). A second finding is that in practice the financial industry does support CSR initiatives. However, as noted, different organizations have different motivations for adopting CSR initiatives, and have different concerns in their CSR focus. A third finding is that organizational initiatives that are undertaken demonstrate differing interests. Further, the focus differs across organizations, based on the type of commitments they make (e.g., time, money, and free services). This is related to both what the community needs, what the organization thinks the community needs, and what the organization can realistically provide.

A fourth issue involves stakeholders. The credit union organizations of the sample showed direct interest in CSR within their immediate communities. This may be due to their smaller trading areas and/or their cooperative roots. The two banks had a more dispersed view of their responsibilities and a larger picture of the communities they serve and need to serve. It makes intuitive sense that it would be easier for smaller institutions to be more involved in the smaller communities that they serve. Chartered banks, on the other hand, with their national portfolios, feel a need to develop a broader CSR approach. This is especially true for the organizations who noted that part of their CSR approach was concerned with their public image. Here the definition of an organization's public determines where and how it will make contributions.

In defining stakeholders the majority of the organizations interviewed were concerned with their communities, customers (members) and employees. This also had an impact on the type of CSR initiatives undertaken. Organizations concentrating on their immediate communities are more interested in supporting localized, and consequently less publicized, events. The geographic focus chosen was related to stakeholder definition. Once again organizations with a small trading area were less likely to sponsor broad activities outside of their areas. This is consistent with the goal of keeping

resources inside the community, as well as the goal of appealing to the groups who are most likely to behave reciprocally.

A fifth issue is that the administration and control of CSR functions appears to be related to the purpose that the organization has for adopting CSR programs. In organizations where public image is a motivator for CSR initiatives, the Public Affairs or Marketing departments are the controlling mechanisms of CSR. On the other hand, in organizations where community betterment is a CSR objective, the CSR initiatives were administered by communications and human resource functions, as opposed to marketing. Even in these organizations, however, such functional areas do not have free rein or complete discretion. The CSR work of all organizations was monitored and evaluated at the top management level, or at the board level. This seems to indicate that CSR work is not a standard business function. There is still concern at upper organization levels about the undertakings to be conducted in CSR.

Assessment is a sixth issue. All of the organizations studied, as well as the CSR literature, note that there is no commonly accepted manner for evaluating CSR initiatives. Organizationally, the Council on Economic Priorities rates companies for their business practices; however, initiative by initiative, there are no tangible determinants of CSR success. This absence of CSR assessment holds even in cases where top management controls the CSR function.

The future of CSR is the seventh issue. All of the institutions studied communicate a belief that there will be increased need for CSR activities by corporations in the future. The credit unions interviewed saw their roles as good corporate citizens increasing with their financial growth. Further, they were aware that the communities they service will become more needy.

It was not the aim to judge the six financial organizations on their social responsibility. It should be noted that those who elected to be interviewed demonstrated an act of donating their time, and a sponsorship of the researcher's work

through their involvement. Further, by agreeing to be interviewed they demonstrated a belief that they had something to say about CSR issues in the financial industry.

5.1.2 Phase 2 Interpretation

The second phase of the study, which focused on VanCity in more depth, is interpreted based on results of interviews with VanCity employees and the results of the Ethical Climate Questionnaire which was completed by 40 VanCity employees.

5.1.2.1 VanCity Interviews

Interviews with VanCity employees demonstrated that employees at different levels of the organization and at different geographic locations have similar yet varying views of their organization's CSR work. The three groups of employees -- Head office, Branch Management and Branch Employees -- have different perceptions based on their understanding of VanCity's CSR role and initiatives. These differences are evidenced in their responses and perceptions.

The differences between employee groups can be partially attributed to the differences in the application of CSR initiatives that these employees are responsible for. The branch management group of employees has a crossover function since these employees are the linking pin between head office and the branches. This means that they need to understand the CSR definition from both a pragmatic and an agenda perspective. They are responsible for their branch's CSR role, and are accountable to head office. These employees echoed the CSR definition applied by VanCity head office, yet also reflected issues mentioned by branch employees. This is the only group of respondents who were in a position to make such a connection, because they work in both arenas. It is noteworthy that the original definition presented by Pieter van Gils in the organizational interviews was not echoed by the employee group. Van Gils'

understanding stems from a more specialized perspective, and he cites "the values of the cooperative movement" as an appropriate definition for VanCity CSR.

It is argued here that in this instance van Gils echoed sentiments expressed by the board of directors and others from the Community Development Department. Branch employees, on the other hand, base their definition on the hands-on CSR applications in which they are involved. Issues deemed salient by Branch managers fall between those echoed as important by both of the other groups, with one additional concern -- practicality and the bottom line.

Head office employees are less involved in the hands-on approach to CSR than the branch level employees find themselves working in. This is interesting in that the head office employees are more aware of the rationale for CSR support from an organizational perspective, and yet they perform this organizational role less frequently. Part of this difference may be due to the nature of the work conducted in these two venues. Branch employees are directly involved with community members daily, and may therefore be more inclined to do volunteer work in their communities. Further, one respondent noted that she felt employees were more likely to do volunteer work in the communities they reside in as they too gain benefit. From this reasoning, employees who may be transferred into a head office position or employees who are working in branches outside their own communities are less likely to be involved in the community through their workplace.

Such differences in practical CSR involvement has important implications. It is possible that feelings of inequity might arise as branch employees became fully aware of the lesser hands-on contribution of head office to CSR initiatives. This inequity might grow if there is a perception of discrepancy between CSR edicts passed down from head office and what head office actually does. Another implication is that head office is a largely untapped resource in VanCity's effort to be socially responsible.

All of those interviewed felt that they had the ability to suggest CSR initiatives. However, only three respondents noted that Credit Union and community members are also eligible to have input by making requests for assistance from VanCity. This may be due to the way in which the question was asked, in that respondents were asked to focus on their perspectives of VanCity, and not the community at large. Once again, the respondent groups differed from the specialist perspective presented by van Gils. He noted that the input of relevant stakeholders (members, employees, and community groups) is actively sought. Van Gils' work is specialized; an example of this is his involvement in stakeholder workshops -- he organized and evaluated the workshops to solicit CSR information. It is therefore reasonable that this aspect of VanCity work would be more salient to him than to other employees. However, other respondents did not seem to be aware of these activities, which was unexpected in such an open organization.

From the interview data it was also apparent that those interviewed unanimously felt that VanCity influenced them to become involved in CSR as organizational members. The specific influences differed across respondent groups, based again on how closely employees worked with practical CSR initiatives. Giving Well and Living Well were the most influential programs for branch employees. Head office employees, on the other hand, were most influenced by factors that demonstrated their obligation to be involved in CSR. This obligation was detailed in management performance contracts.

The organizational culture of VanCity plays a distinctive role in influencing employees to be involved in CSR. The respondent who cited organizational culture as an influencing factor in CSR also mentioned that the norms of the organization supported involvement and participation in organizational activities. The cultural message to "get involved", however, is not a concise and universal one, as many respondents cited different sources from the organization as influences in their CSR participation. This CSR involvement message is transmitted in so many ways to employees that they begin to realize that the organization is trying to influence them to be active in CSR.

Reinforcement of the message is viewed as positive by some of the respondents. One employee was pleased that VanCity recognized him and his fellow employees for making contributions to the community. This recognition is achieved through such things as Annual Recognition Night, newsletters, and Living Well points.

A final observation is that respondents were all pleased with their work environment, and felt that they would like to remain with VanCity indefinitely. This feeling was consistent across those polled. Although the motivation for this varies, as does the level of understanding of VanCity's interpretation of CSR, the degree of satisfaction with VanCity as an employer was nonetheless extremely high.

5.1.2.2 VanCity Ethical Climate Questionnaire

The Ethical Climate Questionnaire was designed to measure the ethical climates of organizations as they are perceived by organizational participants (Cullen et al, 1993). Results from the analysis of the questionnaires demonstrated that VanCity employees perceive a predominant ethical culture at VanCity to be one of social responsibility (See Table 3). This finding corroborates interview findings, in that this group of respondents viewed VanCity as an organization with a CSR focus. The second most prominent feature of the VanCity culture identified by respondents is the high rating of its organizational climate on the law and professional codes variable. This follows logically in the highly regulated financial industry, and is supported by VanCity's strong ethical grounding. This grounding would lead to a strong focus on following professional codes and legal restrictions. Another finding is that respondents deemed VanCity to be an organization with a high focus on friendship and team interest as aspects of its culture. Respondents did not feel that the organization had a culture supported by either self interest or personal morality. Once again this finding is corroborated by the interviews, during which respondents referred to VanCity as a "team spirited" organization with a

"family atmosphere". This result follows rationally in that an organization with a culture attentive to social responsibility is unlikely to support self interest or personal morality.

The significant correlations that were generated from the data provide further evidence that respondents find social responsibility and self interest incompatible. The negative correlation between self interest and friendship/team interest is another logical finding based on results of the interviews. The positive correlation between social responsibility and friendship/team interest is another result which could be logically predicted; as either variable increases, the other increases concurrently.

Regression calculations were made using the continuous tenure variable. Descriptive statistics demonstrated that the social responsibility ethical culture is predominant at VanCity, and further, that CSR is the variable of interest in this study. The results here are consistent with the findings of Victor and Cullen, who noted that employees perceive a "variance in the ethical climate within organizations by position, tenure and workgroup membership" (1988:101). The analysis found that the tenure of respondents affects their assessment of the social responsibility climate at VanCity. Employees who have less tenure with the organization give VanCity a higher climate rating on social responsibility than those employees with extended tenure. This finding indicates that there is an inconsistency in the way that employees view the ethical climate at VanCity. This may be partially explained by new employees being more impressed by an organization that is active in CSR initiatives. Further, employees who have been with the organization for a longer period of time may be disenchanted with the organization's ethical claims. A third possible explanation is that the organization has developed a CSR reputation that has recently attracted applicants who are more interested in CSR. Once again, results have indicated that employee groups differ in their interpretation of the ethical climate and culture at VanCity.

5.1.2.3 Summary of Phase 2 Interpretation

Findings from phase 2 have indicated that employees differ in their understanding and interpretation of CSR and the ethical climate that supports CSR at VanCity. Employee assessments differ based on the location where they perform their work, the amount of time they have worked in the organization and the level of the organizational hierarchy they represent. Other results also demonstrated expected findings. Self interest was negatively related to social responsibility and social responsibility was seen by employees as the dominant ethical climate of the organization.

5.2 Analysis

Three issues were introduced as prominent in the literature review of this paper. These issues are definition, measurement, and CSR impact on profitability. Findings here are consistent with the literature. No precise definitions or operationalization of the CSR concept were found in practice. There is also no resolution to the issues of measurement and evaluation of CSR. Further, impact on profitability or the bottom line was not a primary issue of concern for organizational participants. Perhaps one implication of this study is that past research has not examined the most important practical aspects of the abstract CSR construct, at least not the aspects that businesses attend to.

The importance of definition cannot be overlooked. In order to ensure that the same construct is being referred to, it is necessary to have a commonly accepted definition. This definition need not, however, be all encompassing. Practitioners are looking for a means to apply a practice that they have already deemed as necessary for business. Previously, business organizations were not as open to CSR. Rather, values and norms in society were such that CSR was not considered part of business, as contended by Friedman (1963). It is appropriate that CSR definitions and rationale be developed at that time to address what was a limited construct in practice. However, as more and more organizations are developing a social agenda, it is the contention of this paper that the time for CSR definition may have passed. Practitioners are considering how

to enact CSR initiatives and are not dwelling on the more refined view of what CSR means. The notion of abandoning the search for a CSR definition is not being wholly prescribed here. Rather, an adaptation to more practical definitions and less esoteric methods of determining CSR are indicated.

Carroll (1991, 1971) presents the idea that CSR works in a pyramid, whereby blocks of responsibility are built on previous blocks, in the construction of a structure that supports a CSR climate. The initial block is the economic block. Here, a firm must remain profitable (Carroll, 1991). The second block is the legal block, and consequently the firm's responsibility here is to uphold the law. The third block is the ethical block. Here, Carroll talks about an Utilitarian view in which organizations must do what is "right, just and fair" (1991: 42). The fourth block is the philanthropic block, here the organization is challenged to be a "good corporate citizen and to contribute resources to the community to improve the quality of life" (1991: 42). The organizations interviewed in the first phase of this study have predominantly outlined their philanthropic responsibilities in their descriptions of CSR.

The organizations in the industry sample are meeting their economic obligations, otherwise they would not remain in business or be able to work on higher blocks of the CSR pyramid. The financial industry is faced with numerous legal restrictions which must also be met by the organizations in this study. Although there are sensationalized details of legal breakdowns in the industry, legal transactions are for the most part the mainstay of this industry, wherein governance is tight. The ethical block is somewhat more problematic for respondents of industry interviews. They reflected mission and policy statements which demonstrated a commitment to ethical values, but it was not clear how these values were expressed from phrases such as, "with adherence to the strictest ethical standards" or "continuous ethical practice." These statements demonstrate a written commitment to ethical practice, although it is difficult to ascertain what this commitment represents to organizational employees. The ethical block of

Carroll's pyramid almost presents an impasse, as it evades measurement. To suggest that an organization do what is "right, just and fair" is open to interpretation, and to consideration of who the firm considers its important stakeholders. Carroll (1991) considers the importance of meeting evolving moral and social norms as an integral part of the ethical block. An important issue is the process of determining the appropriate social and moral norms to adhere to. Work in the fourth block is more easily determined. All of the organizations interviewed were asked questions pertaining to their CSR position, and most responded with their philanthropic portfolio. This is logically projected as the economic and legal blocks are obligatory, and the ethical block is more abstract and ill-defined. The philanthropic block is therefore the place where organizations feel they are carrying out responsibilities beyond their standard business responsibilities. Activity in this realm is thus considered to be their CSR contribution.

By outlining CSR as a series of four concerns, Carroll has made CSR both more understandable and more easily transferable to practice. This is what organizations are generally missing -- a means of applying the concept of CSR, as well as an understanding in practical terms of what the concept denotes. Buchholz (1991), as mentioned previously, noted five key elements in the CSR definition. These aspects are all important concerns in the practical application of CSR.

Measurement of CSR receives a great deal of attention in the literature, most frequently with respect to measuring how a firm could be rated as a responsible corporate citizen, and also how firms can be compared based on their CSR records. Respondents of this study noted that they were unable to evaluate the impact of their individual CSR initiatives. On the whole, CSR may not be quantifiable. Respondents in this research were carrying out a CSR agenda without evaluation or measurement. Based on these findings, it is conceivable that measurement may not be an issue that is important in practice. It is recognized however, that in comparing the CSR ratings of different firms, as is done by the Council on Economic Priorities, a form of measurement is needed. What

is being suggested here is that practitioners are willing to accept that some aspects of CSR work are not quantifiable and cannot be measured. Further, to do so provides no tangible benefit to a particular organization's CSR program.

There is also inconsistency in the manner in which measurement of profitability has been determined. In an abstract sense, stakeholders should select their own definition of profit and what it means to them -- whether money or community good. This issue is disputed largely because of the economic focus of business. Executives strive to meet the needs of shareholders, and if those needs include maximizing financial returns, then CSR seems inappropriate. However, if it could be quantifiably demonstrated that CSR impacts profitability in a positive manner then profit maximizing shareholders would be more willing to support CSR. A more appropriate way to quantify CSR's impact on the bottom line might be to demonstrate that employees are more satisfied in firms where CSR is part of their work agenda, and therefore employees may be more productive. This issue will continue to be problematic because organizations are trying to meet the needs of varied stakeholders with a limited ability to produce information which may prove helpful.

At VanCity some of these CSR issues have been minimized. First, the definition of CSR is not a problematic issue for VanCity. Defining CSR at VanCity has been undertaken by the Board of Directors. They have set an agenda and demonstrated a commitment, both by creating an environment that supports CSR work and by creating organizations to carry out a separate social agenda on behalf of VanCity. The board has encouraged the rest of the organization to work within that definition. Stakeholders are welcome to have input through the Human Resource and Environment department of the organization.

VanCity's treatment of the second issue, CSR measurement, is consistent with the industry trend to not measure the impact of CSR initiatives. Because of the board of directors' deeply entrenched value of social responsibility, it is generally accepted that

CSR is an appropriate organizational endeavor. The board, therefore, does not have to be convinced of CSR's virtues.

Given this environment of CSR internalization, measurement is less of an issue at VanCity than at other institutions that may be less centred on CSR values. Measurement in the context of individual initiatives is still of concern, but it is outweighed by a belief that value is added to the community by almost any positive interaction or CSR initiative. This belief in the inherent value of most CSR initiatives has led to a policy of not measuring for specific impacts.

The third CSR issue is its relationship to organizational performance. Organizations in the industry sample of this paper noted that their CSR budgeting and planning was approved at the board or executive level. Here VanCity is fortunate because their justification to the board is to a more understanding audience who is already committed to support for CSR. As for the profitability concern, there is "an obvious belief within VanCity that CSR is important for the bottom line" (van Gils). Although willing to concede that there is no hard evidence, VanCity does not feel at this time that hard evidence of this impact is required.

With respect to the three CSR issues originally noted in past literature, VanCity is consistent with other institutions in the financial industry sample. Definition, measurement, and effect on performance are seldom reviewed. Research on VanCity also indicates other important issues that have not been focused on extensively in past literature. The issues of organizational culture, organizational tenure, and individual CSR internalization are argued to be important practical CSR issues.

Organizational culture was considered in the use of the Ethical Climate Questionnaire. Individuals were asked to respond based on their perceptions of VanCity. The results demonstrated that employees felt that social responsibility was the most prevalent aspect of their organization's culture. This indicates an ethical climate that is seen as both benevolent and caring, with a cosmopolitan focus (Cullen et al., 1993). This

reflects the position presented in the original interview with Pieter van Gils, which is supported by the employees surveyed.

This finding is consistent across respondents, who all viewed social responsibility as the most prevalent determinant of the VanCity ethical climate. However, the magnitude of their evaluations differs significantly based on organizational tenure. This finding is one of interest due mainly to the fact that the relationship is counterintuitive. At first glance one would assume that as an individual is socialized into a culture where CSR is important, they would see CSR as having a greater impact on the organizational ethical climate over time (Van Maanen & Schein, 1979). However, results here demonstrate that employees with less tenure have rated the social responsibility ethical climate as stronger. Several explanations for this finding are offered. First, as new employees enter an organization and are not yet socialized into the organizational culture, they are looking for information about their new culture and environment. They use what has been termed by Berner (1994) as an 'information proxy.' This means that in the absence of actual evidence they use media coverage, employment brochures and their initial impressions to form their view of the organization. As time passes, new employees gain a more clear and precise picture of the organization and its workings. Further, they are in a position of receiving enough first hand information to form their own opinions of the organization, and can therefore discard the original assessment which was based on the proxies they selected. The implications of this for VanCity are positive; customers may be attracted, just as employees are, to the veneer of the information provided by both VanCity and the media. It is unlikely that new members attracted in this manner will require further socialization to support CSR. They are therefore likely to continue to use their initial information to rate the organization's ethical climate and thus will continue to be highly satisfied based on their organizational choice.

An alternative explanation may be that a 'gamma change' (Golembiewski, 1986) has taken place. When employees that are new to an organization hold a simplistic

understanding of CSR initiatives, they may view CSR as a "yes" or "no" variable. However, a gamma change takes place when employees reconceptualize, or begin to understand that CSR is more complex than originally believed (Golembiewski, 1986), and that the potential for CSR is bigger than can be satisfied in the organizational setting. As their understanding of the CSR concept and what it means for the organization increases, they are less likely to see media or public relations information as an objective reflection of the work done on CSR. Further, longer term employees are more likely to see the barriers to successful CSR program implementation and the limitations that the organization must work within. This can cause conflict with the beliefs that they have come to hold about the necessity of CSR. Consequently, longer term employees may rate the social responsibility aspect of the culture as less predominant than newer employees, even though their enthusiasm is similar and their commitment may be equally strong.

A third alternative explanation is that VanCity is attracting employees who are socially responsible. Such employees may just be following their beliefs by joining an organization that is noted for its social agenda. One implication of this explanation is the benefit of having employees who are like-minded on social issues that are of demonstrated importance to the organization.

An additional important issue that was detected in the case study of VanCity is the degree of internalization of corporate social responsibility values throughout the organization. Ideally, all members of the organization should internalize CSR values to the same degree that the board of directors and the original program initiators do. An important notion introduced here is individual internalization. At VanCity it is the right of employees not to enact the CSR agenda of the firm. Head office employees interviewed at VanCity report less CSR internalization than branch employees. Employees at this level seem to feel less accountable for CSR work than front end employees do. One respondent reported that at head office "there is a view that the Community Economic Development, or in a more general sense Human Resources and

Environment, will fulfill social agenda obligations for the organization." In the branches there is more distinct front line perception that they are responsible for delivering CSR to their communities. This may be partially attributable to the branches being held individually accountable in quarterly reports. However, some of this involvement is certainly accounted for by the genuine interest that these participants expressed in their communities, and the availability of support to the community through their branches. This leads to a discussion of motivated self interest. Perhaps employees are more interested in being involved in contributing to their own home communities. If this is the case, and CSR is an important part of organizational work, there is distinct benefit in keeping employees in their own neighborhoods.

Management employees are being motivated by their management performance contracts, as "part of their bonus is based on how successful they are judged to be at involving their employees in the community" (van Gils). This is a powerful tool for demonstrating the organization's seriousness concerning the need for managers to be actively involved and to involve their employees in CSR work. Further, this supports a motivated self interest view of CSR. Managers who may not have internalized CSR values will still be induced to comply with the organizational CSR agenda. Clearly, motivated self interest can be used to enact a social agenda.

Other organizations, in their bid to enact a social agenda can emulate some aspects of VanCity's successful CSR work. Other initiatives, however, are less transferrable to other organizations. Seven initiatives and approaches are listed, followed by a notation of their transferability to other financial sector settings: (1) The Living Well program at the branch and head office levels reward individuals for activity in their communities; (2) The Giving Well program provides employees with an opportunity to contribute to causes they feel are necessary, and to have some of those contributions matched by VanCity; (3) Employee Participation in the Community (EPIC) allows employees to apply for organizational contributions to nonprofits that they have worked

with for a specified period of time in their community; (4) Workplace recycling and use of composters contribute to a cleaner environment; (5) Workshops conducted review and develop an understanding of stakeholder and community CSR needs; (6) Ethics in Action Awards recognize ethical excellence in the Lower Mainland; and (7) Separate organizational entities -- VanCity Foundation and Enterprises -- promote growth and development in the community. These initiatives can be divided into those that are suitable for implementation in other organizations and those that are not.

First, the Living Well and Giving Well programs are highly transferable to other organizational settings in the financial sector. A Living Well point program can easily be developed to support activities that the organization wants to reinforce. Further, this point program can motivate employees to be active. Problems with transferring this initiative may include the difficulty of holding employee interest and providing rewards that are valued by different employee groups. Employee expectations of increased rewards may also be an issue. Some organizations are not made up of individuals who see the organization as having a role in their activities outside of work, and they may not be receptive to such programs. Although it is possible to initiate both programs as VanCity has done, the Giving Well program may be a better option for organizations that have not traditionally been involved in their employees' lives outside of work. Organizational size is also a factor in selecting potential CSR initiatives. Living Well and Giving Well both lend themselves companies of many different sizes.

The EPIC program could also be transferred to other organizational settings. This program has not been used extensively by VanCity employees, although it is not clear whether this is due to a lack of information, or because employees are more interested in other available initiatives. This program is suggested for organizations who may have little input into their employees' CSR contribution in the community, but who want to be seen as helping and providing opportunities. An organization with a minimal number of CSR

programs may be well served by using this type of program as an introduction to CSR and as a method to support employee interests in the community.

A commitment to recycling is a natural sequway into CSR involvement for organizations that have not made that commitment yet. This application of CSR can be carried to initiatives beyond the common paper and plastic recycling, to the development of a composter system, as in one VanCity branch. A workplace composter can serve as an example for local schools and other community businesses, and can influence employee consumption patterns at home. This initiative is economical and can produce results that extend beyond the branch level to the community.

The types of initiatives previously outlined for transfer to other institutions are suggested primarily for organizations looking for an introduction to CSR. The next three initiatives undertaken by VanCity are not easily transferable, nor are they appropriate for transfer to many settings.

The workshops conducted by VanCity to develop an understanding of stakeholder CSR interests provide information that is timely and are a good example of VanCity's connection to the communities it serves. Such workshops allow VanCity to see what issues are of interest to the community, and how the organization can work with these groups to address their interests. VanCity is able to conduct these sessions based on the organization's commitment to CSR . This commitment leads to the level of funding needed to support the workshops. It also results in the type of community image that VanCity is interested in. Other organizations trying to perform similar functions may be seen as less credible. Potential participants may be looking for the 'agenda' of the organization instead of providing information that would be of use to the organization and the community. In the circumstance of an organization that has a reputation in the community for being a CSR champion, and that has the resources to solicit this type of information, this type of workshop setting is advisable.

The creation of separate organizational units to work to fulfill the overall organizational social agenda is likely not appropriate for most organizations. VanCity has been able to do this, and do it well, because of the support of the Board of Directors and the understanding of members that the organization is committed to social goals. While this is a very effective means of being involved in the community, other financial organizations are unlikely to have an environment that would support this activity. The product of the financial industry is the conversion of money to additional money, and the supply of credit to members. Organizations interested in developing separate functional arms to enact a social agenda must be aware of investor motivation to bank with them, and the public image that the organization holds in the community.

The third initiative that is less transferable is VanCity's co-sponsorship of the Ethics in Action Awards. This event was designed to honour individuals and groups or organizations in the lower mainland who have made significant contributions to the community, contributions which denote them as ethically good citizens. This is a successful event for VanCity, as nominees are generally a diverse group who receive positive acclaim in their communities for their contribution to community life. This initiative, although successful, is not something that could be undertaken by many organizational groups. This type of initiative is not action oriented. An organization like VanCity can be involved in this type of initiative because of its large community portfolio. As a single CSR initiative, the impact of an Awards presentation would be minimal. As such, this type of initiative is recommended for organizations with more well developed CSR portfolios.

Sincerity makes the last three initiatives (workshops, separate organizational units and awards) work for VanCity. Those involved are wholly involved, and they support the social agenda of the organization and the contributions that VanCity makes to the community. Without this type of commitment these large scale external approaches to

CSR may project the image of an organization trying to make a few dollars on the CSR circuit.

All of these suggestions for transferability or nontransferability are subject to the culture of relevant organizations. Organizations proposing to utilize these or similar suggestions should be aware of the environment that supports these initiatives at VanCity. Adopting this type of programming without an understanding of the organization's image in the community or an understanding of the employees' feelings towards CSR would be likely to have a less than optimal outcome.

At the industry level, financial organizations demonstrated that they believe they have responsibilities, and that they are working to meet those responsibilities. The CSR agendas enacted by these respondents differ depending on their needs. The institutions select their focus for CSR based on motivated self interest. Credit Unions have a local market, and therefore a local focus in their CSR work. Alternatively, banks have a more national or international audience. A Canadian bank, for example, has a far more dispersed group of stakeholders than a credit union located in the lower mainland of British Columbia. Self interest becomes further apparent when the desired customer base is considered. Credit Unions have been primarily interested in individual persons as members, whereas banks look for commercial customers, especially at a national level. This argument centres on the desired audience. Regardless of the goodwill intended or the public image sought, organizations court a desired customer base. Organizational size can therefore present itself as either a supportive mechanism or a hindrance in an organization's pursuit of CSR goals. An organization satisfying or focusing on large commercial customers needs to provide different services than an organization specializing in individual consumers. Whether this difference needs to be manifested in account type, number of locations, or an ability to supply a large line of credit, depends on the business aspirations of the organization.

It is to be expected that organizations, just as individuals, should look out for their own interests. So what are the implications for CSR? If an organization's motivation is to be seen as a good citizen, and the organization is still following Carroll's pyramid typology of being socially responsible, then good is provided, so long as the other blocks of the pyramid preceding philanthropy are built on. Nonaltruistic motivation for doing CSR work does not lessen its importance or belittle its contribution. Public image is enhanced by a consistent CSR message that fosters a feeling of support for the community, whether that community is local or global. An organization that receives worthy praise for their work is entitled to the warm public image that comes from those contributions. This is the payback for the real good that is being done for the community.

CSR is being demonstrated in practice and will continue to grow in its importance organizationally. The span of CSR is likely to continue growing, as was expressed by the respondents in the initial phase of this research. It is plausible that the main issues of concern will change, and it is therefore important that organizations develop their CSR planning in such a way that it can be reworked to meet changing roles. CSR needs to be addressed at the policy level where planning can be broader in focus and more flexible to meet the needs of the changing CSR environment. Organizations need to be able to find out which issues are of concern to the communities they serve, and which issues will be of future concern. VanCity is effective in this area, partially through their questioning of stakeholders in the community, and further, from their openness to joint ventures with community organizations. It is through joint ventures with community interest groups and other organizations that firms can continue to demonstrate CSR that is relevant in the community and applicable to the target population. By having a large number of CSR initiatives, VanCity addresses the needs of numerous groups in the community and is able to hold the interest of employees who may tire of a one-cause approach to community involvement. Further, VanCity is able to stay timely and feel the needs of the community as they change. This diversified approach to CSR may not be as practical in a large

organization. Although VanCity, with 28 branches, seems too large for such an approach, this analysis has revealed success. CSR within VanCity is not all smooth sailing, but there are aspects of CSR work exhibited by VanCity that are transferable, and other aspects that may be considered for partial application in other organizational settings.

6. Conclusion

This paper began with a review of the CSR literature, and an assertion that the three foci of the CSR literature are not the major or growing concerns of businesses in the financial industry. The study of CSR needs to move to a more practical level. Additional case studies can demonstrate how organizations have been able to implement or have failed to implement CSR programs. VanCity provides an example whereby the potential to do CSR work has been developed by a combination of the origin of the organization in the cooperative movement, and the support of the Board of Directors. Similar prescriptive and descriptive information can be obtained about the CSR work other organizations. Firms in different industries may reveal additional CSR issues that will help generate a common understanding of CSR practice.

The issues revealed by this analysis of VanCity warrant further research. There are potential causal effects of tenure and employee location on employee evaluation of CSR in their organization. Further, the notion of an information proxy or a gamma change, and the problems they can cause for individuals who find themselves less satisfied based on their new knowledge, are important issues. A larger sample with increased variation in tenure, geographic location of employees and more differentiated hierarchical positions would provide additional information on how the ethical climate of an organization is viewed. Through this information a more complete understanding of VanCity's social responsibility culture may allow opportunities for VanCity to further internalize their understanding of CSR in their culture.

A larger sample of institutions in the first phase of the research would have provided a more complete view and a more generalizable perspective of CSR in the financial industry. A further modification to the institutional sample would have been to conduct several interviews within each organization. As was demonstrated at VanCity, the staff member or members most responsible for CSR initiatives provides an organizational perspective of CSR that may not reflect the understanding of other organizational members. Such perspectives are likely to be more informed than those of the average employee. A more complete understanding of these differences may benefit further research.

In conclusion, the present study respects the importance of CSR definition, CSR measurement and firm's performance based on CSR work. However, this practical review demonstrates that business organizations are not as centered on these issues as the theoretical community. As such, more benefit to practitioners will be garnered through the use of techniques that further the implementation of CSR initiatives and the sustainability of CSR in organizational cultures. Those interviewed felt that CSR is not a passing trend, and that continued and increased commitment to CSR will be important to their business. Theory and empirical research should therefore catch up with practitioners, and move into the realm of the internal impact of CSR on provider organizations.

Appendix A

Ethical Climate Questionnaire

Instructions to Observers:

I would like to ask you some questions about the general climate at VanCity. Please answer the following in terms of how it really is at VanCity, and not how you would prefer it to be. Please be as candid as possible; remember, all your answers will remain **strictly anonymous**.

Please indicate whether you agree with each of the following statements about VanCity. Please use the scale below and write the number which best represents your answer in the space next to each item.

To what extent are the following statements true about VanCity?
Please score your responses using this scale.

- | | |
|----------|-------------------------|
| 0 | Completely False |
| 1 | Mostly False |
| 2 | Somewhat False |
| 3 | Somewhat True |
| 4 | Mostly True |
| 5 | Completely True |

1. In VanCity, people look out for each other's good.
2. Our major consideration is what is best for everyone in the company.
3. In VanCity people are expected to follow their own personal and moral beliefs.
4. People are expected to do anything to further the company's interests.
5. In VanCity, people are mostly out for themselves.
6. There is no room for one's own personal morals or ethics in VanCity.
7. It is very important to follow strictly the company's rules and procedures here.
8. Work is considered sub-standard only when it hurts the company's interests.
9. Each person in VanCity decides for himself what is right and wrong.
10. In VanCity, people protect their own interest above other considerations.
11. The most important consideration in VanCity is each person's sense of right and wrong.
12. The most important concern is for the good of all the people in the company.
13. The first consideration is whether a decision violates any law.
14. People are expected to comply with the law and professional standards over and above other considerations.
15. Everyone is expected to stick by company rules and procedures.
16. In VanCity, our major concern is always what is best for the other person.
17. People are concerned with the companies interests - to the exclusion of all else.

18. Successful people in VanCity go by the book.
19. The most efficient way is always the right way, in VanCity.
20. In VanCity, people are expected to strictly follow legal or professional standards.
21. The major responsibility for people in this company is to consider efficiency first.
22. In VanCity, people are guided by their own personal ethics.
23. Successful people in VanCity strictly obey the company policies.
24. In VanCity, the law or ethical code of their profession is the major consideration.
25. In VanCity, each person is expected, above all, to work efficiently.
26. It is expected that you will always do what is right for the customer and public.
27. People in VanCity view team spirit as important.
28. People in VanCity have a strong sense of responsibility to the outside community.
29. Decisions here are primarily viewed in terms of contributions to profit.
30. People in VanCity are actively concerned about the customer's and the public's interest.
31. People are very concerned about what is generally best for employees in the company.
32. What is best for each individual is a primary concern in this organization.
33. People in VanCity are very concerned about what is best for themselves.
34. The effect of decisions on the customer and the public are a primary concern in VanCity.
35. It is expected that each individual is cared for when making decisions here.
36. Efficient solutions to problems are always sought here.

Personal Information

Position _____

Gender _____

Work Location (please circle one) HEAD OFFICE or BRANCH

Length of time working at VanCity _____

Thank you for your input.

Eleanor MacDonald

Appendix A - continued

Note: Derivation of Computed Variables

Variables	Question Numbers
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Self Interest = [5 + 10 + 1 (reversed)]/3

Company Profit Efficiency = [21 + 19 + 25 + 36]/4

Friendship/Team Interest = [16 + 32 + 35 + 12 + 2 + 31]/6

Social Responsibility = [26 + 28 + 30 + 34]/4

Personal Morality = [3 + 9 + 11 + 22]/4

Rules/Standard Operating Procedures = [7 + 15 + 18 + 23]/4

Laws/Professional Codes = [14 + 20 + 24]/3

Appendix B

Phase 1 Institutional Sample

Respondent

Kirk Lawrie
President and Chief Executive Officer

Don Peacock
Manager, Public Affairs
Pacific & Western Canada

Pieter van Gils
Membership Development Officer

Gray Kyles
Manager, Communications and
Investor Relations

Sheila Kilpatrick
Manager, Product Review

Organization

Richmond Savings

Bank of Montreal

Vancouver City
Savings Credit Union

Surrey Metro Savings
Credit Union

North Shore
Credit Union

And one Bank that wished to remain
anonymous.

Appendix C

Questions Asked In Phase 1

1. How does _____ define Corporate Social Responsibility? or Corporate Social Role?
2. How do you feel this definition may differ at different levels in the organization?
board of directors
management
service level
3. What encouraged _____ to start Corporate Social Responsibility initiatives?
- external pressure
- upper level champion
4. What programs or initiatives does _____ consider part of its social role?
5. How do these activities relate to your normal business?
eg. oil companies tend to be active in
environmental causes
6. What departmental area administers your Corporate Social Responsibility program?
7. How does _____ decide what Corporate Social Responsibility work or initiatives to become involved in?
8. Who makes the decisions about what initiatives to become involved in?
9. Is _____ open to stakeholders input on CSR decisions?
10. Are there references to Corporate Social Responsibility in your annual report?
11. Do you have an evaluation system for your Corporate Social Responsibility programs?
- please elaborate
12. (if no to 11) How do you determine whether a social role program was a success or a failure?
13. What constitutes success in CSR? impact on bottom line?
14. How long has _____ been actively involved in Corporate Social Responsibility issues?
15. What efforts are being made to shape Corporate Culture so it supports CSR?
16. How is your commitment to Corporate Social Responsibility reflected in your mission statement?
17. Is your reward system linked in any way to Corporate Social Responsibility initiatives?

18. Is training provided for the Corporate Social Responsibility tasks in _____?
19. Is Corporate Social Responsibility considered in
recruitment Yes No
selection Yes No
promotion Yes No
decisions in _____?
20. Is _____'s corporate social role given a budget?
budget percentage?
21. How do you see _____ carrying out its social role in the future?
22. What do you see as the emerging trend in CSR and how does your organization plan to keep its ground or continue on the leading edge of CSR?

Appendix D

Phase 2 Questions Asked in VanCity Interviews

Interviewed _____
Location _____
Date _____

1. How do you think VanCity defines its corporate social role or its community agenda?
2. What social support initiatives or non business activities have you been involved in through VanCity?
3. Who has input into social responsibility decisions at VanCity? Who suggests them and how do they get approved?
4. Have you been influenced by VC to be involved in corporate social initiatives in your branch's community?
How?
5. How does working at VanCity compare to other organizations you may have worked in?
 - the people
 - management's view of your role
 - the organization's involvement in the community

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