**Chapter 5: Discussion**

 The current chapter reviews the research questions and explains the link between the developed theory and the literature, and considers the implications of the research. Research questions are discussed with relevance to the literature (5.1). Then, Section 5.2 discusses the broad implication of the research. Section (5.3) and Section (5.4) review challenges and limitation of the current research. This is followed by suggestions for future research (Section 5.5).

**5.1 Research Question 1: *Which CSR Practices? and* *Why Do Companies Participate in Particular CSR practice?***

 In order to develop the theory, answers to the questions in previous Chapter (4) have been considered.

This section discusses these questions in more detail.

 The evaluation of CSR practices was conducted from multinational companies across six industries: Chemical, Food, Oil and Gas, Mining, Pharmaceutical and Electricity Generation. There have been some common features among all the reports that tried to emphasize Carbon Emission, Safety and Environmental issues. In the later stage, exploration within the context and comparison between narratives helped develop the concepts in a deep level of analysis.

This *Business Sector Challenge* concept was interesting in two ways: firstly that companies within a business sector that face similar challenges displayed a tendency to disclose similar CSR practices, and, secondly, the environmental issues and their consequences affect the Business Sector and companies attempt to lower further impacts through their quality of operations.

 Where challenges within a business sector are linked with other concepts that are analyzed during the research process and theory development, the other main aspect is feasibility of CSR practices either in some industries more than other industries, or operations in the available market. This offers an opportunity to some industries to be more responsible than others by being able to participate in CSR, although CSR participation and sustainability practice of company does not necessarily show the responsible approach of the Company. For instance, initiating sustainable products in samples of this study indicates current market trends as well as opportunities for the companies in that industry- sector to enter that new market. In addition to this, the nature of work, risks and challenges may encourage companies to focus on a particular practice. For instance, it was noticeable that oil companies deal with the high profile projects and investment in new geographical regions. As a result, the risk assessment and safety issues of the project indicated a high importance of the relevant practices to compensate the situation that are reported by companies through extensive disclosures.

This category of *Commercial Advantage* was considered as significant for three reasons: firstly, how companies commence a sustainability approach; secondly, how they continue their practices and; thirdly, the companies’ approach towards climate change, and non-carbon energy alternatives.

Pinks and Kolk (2011), argue that multinational companies operate in different areas and face multiple contexts; therefore, it is challenging to embed climate change practice appropriately. In the current study, multinational companies based on their market position and business opportunities focused on a few regions. This concentration is based on their investment, resources and corporate strategy.

Furthermore, the companies were monitoring their operation regions in order to evaluate challenges, market trends and future risks. Therefore, they could apply a particular corporate strategy for their business in that context, and at the same time the multinational companies were able to integrate climate change requirements in their business operations.

The other major findings of the current research is increasing pollution rate that is related to safety issues by companies due to their scope of operations or new projects. According to *KPMG Survey of Corporate Responsibility Reporting 2013,* despite all criticism of CSR reporting, the disclosures show the attention of companies to the importance and reporting of CSR. However, with reference to Section 4.11, it seems that content and quality of disclosure require further attention. This category of *Smooth Business* was important for showing that engaging with communities, host countries, charities can help develop business. Previous research shows that large companies participate more in CSR practices (Udayasankar, 2008). On the other hand, based on the current research, multinational companies have a large scope of operations in different regions where they need to build their relationships with various communities and host governments. As a result multinational companies engage in a wide range of CSR practices.

**5.2 Research Question 2: *What is the Relationship between CSR Practices and Corporate Strategy?***

Answering research question 2 was more straightforward. The coherent relationship between categories relevant to corporate and business strategy indicated that companies consider CSR importance in strategic decisions. This point provided more understanding about the link between these two aspects. Therefore, the sustainability approach and transforming of the companies in this regard is relevant to the market situation and business opportunity and ability of companies to use this situation. In a research by MIT Sloan Management Review and Boston Consulting Group (BCG) (2012), they found that sustainability practices generate profits for companies that adapt their businesses to sustainability. Additionally, it was recognized that CSR disclosures in the samples confirm the business attitude of the companies. The current study shows the companies’ strategy and its relevance to sustainably resulted in a new business model. Furthermore, CSR practices assisted companies in their purpose or help them in overcoming their challenges. As discussed in the review of the literature, previous recommendations to implement CSR and engage with stakeholders through: effective engagement (Burchell and Cook, 2006), and categorizing stakeholders (Mullins, 2002).

 According to the literature, there are two major perspectives towards stakeholders. The first perspective, attempts to prioritize stakeholders and to answer their expectations accordingly (Maignan, et al. 2005). The second perspective, argues that the company should respond to the various stakeholders equally (Gray et al. 1996). In the current study, the samples prioritized their stakeholders’ engagement based on the business situation of the company that was affected by sector challenges and business-plan of the company. This is in contrast to the assumption of the stakeholder theory as companies did not consider any practice or engagement with the community without receiving something in return. In addition, the other aspect of contrast with the stakeholders’ theory was the companies’ concentration on a smooth business in a competitive market situation or a new investment.

 Furthermore, reputation had a different meaning than is considered in the literature review that professional reputation was significant for the samples. This means delivering and managing projects and performance quality indicate the ability of companies to operate and expand further contracts, projects and products. For instance, in the relevant samples in the Oil and Gas industry, this demonstrates that safety control of the projects is associated with the quality of performance.

 According to Maignan et al., (2005), responding to some stakeholders’ demands has a vital role for companies’ survival, but some other demands do not have such a prominent effect on the company’s business. In the current research, through disclosure analysis of the reports, the researcher investigated various aspects such as; how companies develop their business in the new geographical area, their business focus, challenges, required resources, and the advantages of community relationship, and participation in charities.

 In the present study, the companies were interested in disclosing CSR practices in the area of their particular business concentration and organizational operation priorities. Additionally, CSR practices helped the operational efficiency of the companies in the focused aspects. As a result, CSR was considered to have several positive benefits and outcomes.

 The current study has drawn attention to the consistency of the reports, in business and CSR practices within the content and between various disclosures. This revealed some contradiction in some aspects. The tone of applied language and the justification for CSR practices in the specified segments for this purpose were more positive and aspirational.

 As a result, the researcher found that only concentrating on CSR segments and CSR disclosures is not sufficient for evaluating what companies mean by their practices and why those are disclosed. Additionally, analysis of business perspectives including operation and strategies demonstrated various aspects about a particular practice. As a result, analysis of all these sections helped understand the story in a way that was not possible by focusing on a tiny aspect. It can be reasoned, that one explanation for the inconsistency between disclosures and real practices as mentioned in the literature review of the CSR domain, is the different way of presenting disclosures in the CSR Segment and rational segments of the annual reports.

 One other explanation for the CSR disclosures is that in the case of a positive consequence of CSR practices for companies, they would have used or justified that practice in the relevant disclosures about decision making. This was in line with the companies’ strategies and received support of the board of managers. Consequently, based on the theoretical samples of this research, whenever companies decide to participate in CSR, they evaluate benefit and challenges. This approach is integrated into the strategic system of the company. In this respect, the companies did not actively participate in CSR practices actively that do not have benefit for the company.

 Previous research in the field recommends that CSR activities should be integrated. For instance, Galbreath (2011), discusses that climate change issues should be integrated into the context of the companies. In the current study, based on the business justification of companies, any chosen CSR practices of choice was integrated in the business context (disclosures) of the company.

 Furthermore, it is suggested that companies integrate CSR into their strategy through innovative approach and ‘’market trend’’ (Galbreath, 2008). The samples revealed that based the on business opportunity offered in that industry sector and the abilities of companies, these companies considered a CSR approach for an innovative solution to the market trend or their potential for future market.

 In the literature there is no evidence that stakeholders and shareholders are equally considered by the companies in a research, Garriga and Mele (2004), argue that companies may get advantage in times when the demands of stakeholders are in line with shareholders’ interest, as the benefits of shareholders and stakeholders always are not against each other. However, according to the current research, the CSR approaches of companies justify the attention of companies for being certain about shareholders’ value. This included starting producing sustainable products, investing in a sustainable resource and improving CSR practices within the organizational system.

 [DiMaggio and Powell (1983](#_ENREF_38)), discusses that companies have a tendency to be similar to other companies in their business sector and they are interested in acting according to the norms and what is expected. While being in the same business sector imposes a similar situation, challenges and regulations and professional expectations, in terms of CSR this was not the case according to the current research. New investment, development projects, market position and business transformation of companies were relevant to disclosures and related CSR concentration.

**5.3 Broad Implications**

 The current research contributes to a wider research based on Corporate Social Responsibility (CSR) and corporate strategy. The knowledge of links between corporate strategy and the CSR engagement of companies provides insights not only about integration of CSR into companies’ strategies, but also into a way that gives a practical platform for CSR implementation. The contribution to knowledge is not based on existing theories in the discipline, but are grounded in the data set collected. The data are relevant to the contextual situation of the phenomenon under study.

 The review of the literature has demonstrated that our knowledge of how CSR is employed in a business context has been limited. In addition, the reasons for companies’ attention to CSR engagement and participation in their selected CSR practices were not clear. The present thesis has addressed these gaps and provided an explanation for understanding companies’ positions for CSR participation.

 In addition, it sheds light on CSR embedding in a way that few research in this area has done; most did not consider the reason for green strategy as the concentration was mainly on the CSR aspect of operations.

 The research focuses on CSR activities in a business context: a context that is provided by the annual report to present different aspects related to a company, including CSR. Knowledge of the link between the corporate strategy and CSR could lay the ground for the development of CSR reporting. Furthermore, it can promote the capacity for integrating CSR in the whole business. It also shed light on a broader view of how CSR practices can influence the business aspect of the companies.

 According to Birkinshaw et al., (2014), research in management and business discipline should work on the gap between theoretical aspects of literature and organizational practices in the real world. Therefore, based on the approach of current research, a further possibility is considering various methodologies that can give this opportunity to broaden our understanding.

 The use of a qualitative approach provided an opportunity to gather rich data and allowed the perspective of companies be reflected in ways that had not been seen before. It demonstrates that companies assess different aspects of the business of companies, including present and future trends, and it provide insights about what is helpful to their business situation. In so doing and of relevance to CSR, they investigate various aspects of CSR practices and how the policies and regulations affect their business. It presents the flexible approach of the companies towards CSR practices and how they adapt these practices to their business practices.

….The other possibility is more attention to use multiple disciplines in CSR research. Because CSR participation is voluntary and is an additional responsibility of the companies, therefore, a full understanding of companies’ structure, culture, business approach are essential for promoting the research quality in this domain. In addition, using methods that deal with context and process has important role in this domain.

 Further possibility is CSR reporting. The current study reveals the communication features of CSR reporting through multiple comparison with other segments.

**5.4 Removing one sample or not? Difficult Decision**

 The rationale behind the research was to investigate CSR practices within their context, annual reports. From the Contents Page of the annual reports, it was clear that all samples had CSR segments in their reports. Therefore, the process of analysis of each sample starts through reading the annual report from beginning.

 In one of the selected samples, after reading various business sections of the report, the researcher noticed that CSR segment included in the annual report is only one paragraph, and the major explanation about CSR implementation has been addressed in another report as stand-alone report. That time it was a challenging decision whether to remove this sample from my data because of a different exposure to data source for CSR practices; however, in the Grounded Theory understanding of a phenomenon comes from all emerged concepts from the data field and removing one sample is deliberate act of ignoring some concepts. The other justification for keeping the mentioned sample is that the researcher using a Grounded Theory approach needs to look at as much available as possible data until the saturation level; thus observing that all data show the common concepts that generate the theory. Therefore, the difference in the reporting system of the samples, as well as their business features from across the business sector is desirable for the purpose of the research and the developed theory, because it means that even the researcher looked into a different report framework and it was similar to annual reports.

**5.5 Challenges, limitations and opportunities**

 In addition to the challenge mentioned in Section 5.4, this Section provides more details of situations during the research process.

 The Grounded Theory as a newly applied research method in CSR disclosures research offered a deep understanding for the current research purpose and provided the opportunity for a multi-dimensional analysis of CSR and Corporate Strategy.

 The applied method in the current research was challenging and had a tedious analysis process due to the level of document analysis for samples. The researcher was newly introduced to the Grounded Theory method and needed enough studying and learning about the method. Moreover, document analysis has less been applied by the researchers in the Grounded Theory method that this increased the level of intensity. Charmaz (2006), and Corbin and Strauss (1990), noted that all different sources including documents can be used for the Grounded Theory method. Corbin and Strauss (1990), suggested that any source that may throw a light on the questions under research can be used for the Grounded Theory method. Therefore, documents of annual reports that are in narrative format were coded the same way as other sources used in this method.

 Based on the ontological perspective as social constructionism, the researcher applied the instruction of the Constructivist Grounded Theory introduced by Charmaz (2006), the researcher had opportunities to learn the method and access to the latest books and journals. Besides, she participated in a Grounded Theory Seminar by Professor. Antony Bryant, Co-editor of SAGE Handbook of Grounded Theory with Kathy Charmaz, at the University of Reading. However, the actual learning of a complex method like the Grounded Theory comes with practising.

 The nature of this method is based on the constant multi-dimensional comparison between codes, samples, theoretical codes and categories (Charmaz, 2012). Glaser (1978), noted that the researcher should look into the data to find out what is ’’happening’’? Therefore, the Grounded Theory has been performed at two levels of CSR engagement and business approach to gain insights. In the organizational system, anything happening might cause other things to happen, or have more than one effect. Linkage between these effects are not always clear-cut and it is even more complex in the context of annual report.

 The researcher in the Grounded Theory should adopt a flexible approach depends on the characteristics of the data set, and use the techniques that are relevant to the research context (Charmaz, 2006). The role of the researcher is to discover what is happening in each of the samples in an exploratory manner.

 In the interview that became the conventional tool in the Grounded Theory method a more structured format is shaped by interview and through prepared questions. In contrast, the analysis process of document analysis began with looking into a broad area of information from the data set.

 The annual report is a massive explanatory document that presents a wide range of information about different aspects of the organization. One main characteristic of the current research was that the concepts were multi-dimensional because of multiple relationships between codes from more than one aspect. The constant comparisons have been done in different levels of the research process.

 The annual report is not a straightforward document that even this is evident about CSR participation. The annual report is full of contradictions and different explanations about a subject within the segments. Additionally, the explanation about the same theme can be fragmented in different sections of the reports. Therefore, a full consideration of the whole selected segments was necessary to ensure no part of the story was revealed in the annual report.

 One of the limitations in the research methodological tool was that, there was no opportunity for the researcher to ask questions relevant to the issue under study. Therefore, there might be an assumption that asking questions might give more insights about the CSR implementation and corporate strategy. The answer of the researcher would be that multi perspective characteristics of the current study, covering CSR and corporate Strategy would not be easy to handle in the real situation of the companies. One reason is that CSR and strategy at the level of corporation are developed in different departments in many companies. The other reason is the close working relationship between strategy relevant departments and financial department. Furthermore, the researcher had the experience of research about corporate strategy for her MBA thesis. Corporate strategy can be planned at the CEO level or by the Board of Directors and therefore getting access to available samples is challenging for the purpose of current research. Moreover, very little research about embedding CSR into strategy that has been performed as a single case study may indicate accessibility and the available methods for the issue under study.

 The aims of the current research were exploratory, and the focus was on in-depth analysis rather than generalizability. The samples were made up of 20 companies’ annual reports listed by FTSE, from across the business sector and in the year 2011. Broader conditions affecting the CSR include: type of business, year of establishment, geographical situation, market position, listed on FTSE 100 or FTSE 250, high impact or medium impact on environment, received award for CSR, among FTSE4Good.

 The method of data collection was purposeful sampling. The researcher tried to look upon companies in high profile and low profile in terms of CSR practices. Furthermore, the researcher tried to look upon companies in different market situations and focused on as many samples as possible. The researcher needed to look at different business sector and investigate samples from that business sector. Furthermore, for comparison process of the Grounded Theory method, the researcher needed samples from both FTSE 100 and FTSE 250. Therefore, all these together made the sampling list larger than average samples in the Grounded Theory that needs to reach saturation level and the researcher should be sure she looked as many different samples as possible for generating the theory.

 There is some similarity between Grounded Theory and qualitative research. However, in the Grounded Theory iterative research design and the researcher’s reflexivity go beyond simple description to build a conceptual theory. One limitation in the current research is that sampling and analysis were completed by one individual and were based upon her judgment. Although this offers consistent and deep understanding of the data, it can be understood that interpretation has some level of bias in different stages of the research. In the qualitative research, a solution to this problem would have been to ask another researcher to code the same data for checking and evaluating the consistency of findings. However, the applied method in this study from a constructionist perspective expects that the analysis was based on interpretation which is a part of the research process. Furthermore, the Grounded Theory method has a constant and multi-perspective comparison nature in the research process that helps the interpretation come from a rigorous comparison and analysis of the data set. Glaser (2012), argues that any idea is accepted after various comparison.

 Management and business research faces complex issues that require studying them within their own context. In this regard, the interpretivist perspective is an approach to study the subject closely and contextually (Parker, 2008). In contrast to the positivistic approach that has a distance from the subject under study, the interpretive approach cannot avoid considering social, political and environmental context of the subject under study. Interpretivism discusses that ‘meanings’ can only be achieved when the researcher measures and analyses them from a close distance (Lukka and Modell, 2010).

 A major criticism of interpretivism may be the assumption that the knowledge of the researcher comes from the external world rather than the field under study (Lehman, 2010). The experience and external knowledge of the researcher can trigger the researcher’s understanding of the subject under study. It does not try to prove the correctness of a concept, but it attempts to understand the concept from different perspectives that how it is used in a context.

 The researcher considered the difference between disclosure and real practice during the research process. This attention helped to look for evidence of those practices that were disclosed in the reports and the consistency of disclosures as much as possible.

**5.6 Suggestions for Future Research**

 The theory built in this study has been according to the data. Relationships between codes revealed causality, process, sequences, interdependence and rationality, and all these led the researcher toward a conceptual level and generates the theory.

 The relationship between CSR implementation and corporate strategy from different aspects can be of interest for future research. Since this research path may influence CSR integration in strategy and understanding of a practical platform for the social and environmental responsibility of companies. The samples in the current research are large multinational companies. Further work could look into more examples from companies and their corporate strategy and CSR practices. The companies listed on FTSE (London Stock Exchange) might not cover all companies with different corporate strategies and market situations and looking into other examples will be beneficial.

 In addition, the current research is for the year 2011. Considering the fact that the business situation in the world during 2011, a short time after a recession, can affect various aspects of companies including reporting is not avoidable. In this regard, particular attention can be that FTSE companies are from UK and ongoing financial uncertainty in Europe can generate concern for companies and their stakeholders in this country. Although, business crisis impact companies all over the world; however, companies in some areas are affected more. Multinational companies listed on FTSE operate in different parts of the world and in various business sectors. However, the context of origin country including social understanding and concerns of shareholders can affect the reporting system of the companies more than other countries. The effect of these factors on reporting and whether or not it is the same way in the annual reports of companies in other countries can be the focus of the future research. Therefore, further study could also be around different years and other countries of origin for the companies. It would be interesting to compare various years of the same companies in order to understand corporate strategy’s path and the pattern of CSR disclosures.

 Additionally, CSR is an active phenomenon that is improving over time because of increasing awareness and attention of governments and international bodies. The recent message of UN Global Compact on September 2013, for instance, can encourage development and variation in CSR implementation and reporting system. Therefore, qualitative research of disclosures to discern existing pattern over the years will help improve the current theory.

 Future longitudinal qualitative research can be on companies that have been in a good market position for several years to see how their reporting has been during the years. Other factors that may be of interest are looking into various sources of communication for comparing the relation between business reporting and CSR disclosure.

 Further attention could be around annual reports’ main audiences as investors and shareholders and CSR reporting of companies. The expectation of the annual report’s audiences in a qualitative research position can advance the findings of this study to a further level.

 Mantere (2013), argues that companies do not perform and manage all strategies appropriately. Therefore, future attention can be given to the relationship between corporate strategy performance and CSR development.

 Further research could investigate the development aspect of the theory generated in this study. There is also potential for further research in embedding CSR in corporate strategy and answering the question: if the current level of CSR practices and disclosures indicate the relevance to corporate strategy, then what is the next step for improving CSR practices among companies? .In addition, what can be expected from CSR reporting and the required amendment to improve reporting guidelines by the international bodies?

 In addition, scholars in strategic management look at top management as a person responsible for strategy inside the companies. Therefore, future research can be about the role of top management and the relationship with CSR disclosure and communication.

 The researcher is interested to follow these areas of interest at a later time and as a part of advancing the contribution to this research area.

**Conclusion**

 The subject of CSR has been of interest for many researchers. CSR with a broad domain of social and environmental responsibilities of the companies is becoming more important for international organizations, governments, societies and relevant institutes. Therefore, CSR-related topics such as environmental issues and the global attention to the responsibility of business, have attracted much attention.

 Whereas CSR research has been faced with gaps, the current study has contributed in three areas. One main aspect is relevant to CSR integration in corporate strategy. The second aspect explains how companies are prompted to undertake CSR practices, and the third aspect is relevant to a methodological tool that can help encourage broader research in CSR domain in future.

 Integrating CSR into corporate strategy has received attention in this domain in recent years. Particular recent attention has been on integrating CSR into corporate strategy and the systematic approach of companies in their integrated CSR reporting(UN Global Compact Leaders’ Summit 2013, Architects of a Better World). As a result this area is a burgeoning subject and is of interest to many researchers as a way for facilitating the CSR engagement of companies. Although, the literature demonstrates the importance of CSR embedding, the practical aspect and empirical research is missing. Even little empirical research has been carried out to investigate the integration of CSR in strategy has not provide an exploration of business practices. Without exploration and analysis of business situations the research about CSR implementation and its integration in business system will not give a deep understanding of the issue.

 In addition to above, understanding the reason of CSR participation has been of interest to researchers. How and why companies show interest in a particular CSR practice, helps encourage and improve the framework for CSR engagement by those who work on this domain.

 Furthermore, quantitative methods offer little opportunity for elaboration and exploration. While generally the research has focused solely on CSR practices of companies, a Grounded Theory method was used with document analysis approach of 20 multinational companies to answer the two research questions:

 Limitations of the current study largely related to the nature of CSR and the mechanism relevant to the companies’ strategy that is difficult to approach in the real situation of companies and the related research being missing in the literature. The advantages and limitations of the methodological tool in this research were acknowledged. The strength of this method overcame the weakness in the positivistic approach that investigated CSR disclosures. In addition, the limitation of methodology has slight consequences because the intention of the study was not to generalize to all companies. During the research process the researcher was referring back to the data set in order to compare conceptual codes and reach the final stage of theory building. The researcher regarded the process as a challenging experience; she continues to maintain an interest in this research area. She has plans for further work in relation to CSR, Corporate Strategy and Business Process.

 The contributions from the Grounded theory method to knowledge relied on a firm theoretical basis that is provided through the collected data rather than existing theories in the discipline (Gasson, 2005). Implications for CSR Research related to the method are applied the findings and the following theory. Recommendations for rich information gathering from companies, and using a multi-discipline approach for studying CSR were made.

 The Grounded Theory in this research applied two levels of CSR and business for understanding companies’ actions through patterns within the codes and relationship between codes. Implications for CSR being embedded in a corporate strategy is about gathering rich data and considering the business perspective independently from CSR engagement. Therefore, any suggestion and recommendation for CSR participation would be more applicable for the companies. The other implication in applying a multi-disciplinary approach is using strategic management in this area. Based on the literature, using the knowledge of strategic management for relevant research in CSR even at the level of distinguishing between business strategy and CSR strategy is missing. While integrating CSR into Strategy requires broader attention to further relevant research.

 Suggestion for further work on a CSR reporting system included using a practical way that would encourage companies to greater participation and to find a solution for preventing reports being made by companies.

 The developed theory in this study provides a platform for further investigation and a new direction for other professionals, researchers and those interested in social responsibility of companies.