



LUND UNIVERSITY  
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# A practical evaluation of the process of aligning an organizations financial profits with its CSR measures

A systematic literature review

by

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# Abstract

The purpose of the study is to examine if its possible for an organization to align its financial profits with its CSR measures. The study is conducted through a qualitative systematic literature review where the topics of: strategy, strategic decisions, CSR, strategic CSR, and sustainability are set in focus. The review is conducted to gather information on the set topics. Those topics have been identified as building blocks in order to conceptualize a framework on which organizational performance in regards to the topic may be evaluated. As an attempt to further validate the study, the study has chosen two organizations on which the conceptualized framework has bene applied and tested. The organizations are: Max burger and Burger king, two organizations that both compete within the fast food industry. The conceptualized framework is a result of the the findings from the systematic literature review. Seemingly, the application on the two chosen cases has shown that it is possible for organizations to align its financial gains with its CSR measures. Although, the process of alignment is complicated and requires a CSR commitment at the core of the organization.

Keywords: Strategy, Strategic decisions, CSR, strategic CSR, sustainability, profit optimization

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# 1 Introduction

*“CSR isn't a particular programme, it's what we do every day, maximising positive impact and minimising negative impact.”*

David Chandler (2017)

## 1.1 Background

The global wave of sustainability measures in everyday settings and different business practices is a trend that gets more and more attention each day (Driscoll, Lambert, Chapin, Nowak, Spies, Swanson, Kittredge, and Hart, 2012). From a business strategy perspective, it is a trend that cannot be ignored as it has the potential to heavily affect businesses and their practices across the globe. Due to the increasing importance of the trend, more and more organizations seem to be aiming to portray an image of them being sustainably adequate in their practices. However, portraying a sustainable image and implementing CSR measures backed up by an organization's strategic core, are two different things (Chandler, 2017) Therefore, the study attempts to inquire to what extent such CSR efforts are rooted within organizations.

As mentioned, sustainability is a quickly emerging trend that organizations across the globe are starting to set as a high priority. However, this has not always been the case, and the reasoning behind the set priority has come to differ as the topic has progressed. As a valuable tool of insight into the question, McKinsey conducted a study on the sustainability measures taken within organizations on two different occasions, 2010 (Görner & Bonini, 2010) and 2014 (Görner & Bonini, 2014). The research conducted provides valuable insight and understanding of how the participating organizations' implementation and valuation of the topic have changed as the topic has become more established in the business world. During the first round of the research, back in 2010, results showed that the main reason for



organizations to implement sustainability measures to their practices was reputation management. In other words, as consumers become more aware of the pressing issues threatening our planet, and how our consumption of certain products contribute to the negative impact of those issues, they can apply more and more pressure regarding the practices surrounding the production of such products to be consumed by the consumers (Driscoll et al., 2012) As a result, organizations must adhere to that given pressure for their reputation to remain intact, as badly repudiated organization from a sustainable point of view, are at risk of losing valuable business to those consumers who expressively care of the topic. This can be tied to the concept of organizations merely portraying an image of being sustainable through CSR, to create a positive public image.

In the second round of the research, the top reasoning for the participating organizations to implement sustainability measures into their practices had changed. The previous factor of reputation management had been replaced by an efficiency factor. To further explain, the majority of the participating organizations did no longer look upon sustainability as a means to satisfy the public needs, but as a means to optimize their organizations while being good to the planet. The efficiency factor is tied to energy efficiency and waste management, and by doing so, lowering cost. Chandler, in his book "Strategic corporate social sustainability," defines the missed alignment of financial value and CSR as one of the largest challenges that sustainability faces in today's business context. Organizations must understand that the traditional view, dictating that sustainability comes with additional costs, must not be true. With a clear strategic vision, it is indeed possible to align the two, and by doing so, optimizing an organization's profit while acting sustainably (Insert page number). Therefore, relating Chandler's theory to the findings from the McKinsey research, it becomes evident to see an emerging shift in organizational attitude towards the topic. As organizations are embracing the concept of sustainability as a means to optimize their profits.

## 1.2 Research Purpose

With the recent shift in organizational reasoning when determining the cause of CSR measures implemented into an organization, it becomes interesting to analyze the validity of such reasoning. To further explain, the analyzes will carefully evaluate the strategic decisions tied to the decisions made regarding organizational actions made tied to CSR. Have such actions been implemented to satisfy the strategic needs of an organization or have such decisions been made as a means to manage its reputation? Hopefully, upon successful execution of the study, it will provide a clear overview of the strategic decisions and its implementation processes necessary for an organization to successfully align the process of retaining profits with its CSR measures.

The study attempts to create guidelines for a high performing strategy that successfully implements CSR measures via an evaluation framework, with a research emphasis on the introduction of plant-based meat substitutes into the fast-food industry and two organizations within that industry (Max burger and Burger king) that will serve as evaluation cases. The study will purely be conducted via a qualitative approach, making the literature review an essential part of the study. The purpose of the literature review will be to describe, analyze, and synthesize the main findings that are currently available and that have been researched on the topic. From the literature review, the study will be able to draw conclusions and conceptualize an evaluation framework on which an organization's alignment performance of its financial profit pursuits and its CSR measures can be evaluated. Ultimately, the purpose of the study is to contribute with strategic guidance in regards to how to effectively align an organization's financial interest with its CSR measures, hopefully eliminating the traditional view that the two can not coexist within an organization (Chandler, 2017). The objective of the study is to answer the following question:

*Can organizations strategically align internal financial profits with its internal CSR measures?*

## 1.3 Limitations

The use of a single database, in combination with the limited time scope, will not allow for a thorough screening of every available data point. Therefore, the study does fall at risk for potentially excluding significant data that could benefit the study. However, a thorough screening has been carried out of the 500 most relevant data points. Additionally, the author expects the available data to be enough to establish a thorough understanding of what the alignment process entails. However, a voice of concern is raised as the author does realize that interviewing specific organizations could have been beneficial. Beneficial in the sense that they could have given a more in-depth overview of the organizational strategy and how CSR measures are treated in correlation. Furthermore, the limited time scope does not allow for an excessive addition of more keywords. Lastly, due to the qualitative, objective and collective nature of the study, the study does not intend to collect data to conceptualize a new theory, but rather build on existing material and apply it to the specific case.

## 1.4 Outline of the Thesis

The study will start with a thorough presentation of the study's methodology. This chapter will thoroughly describe the process of collecting data along with a brief presentation of the five topics that have been deemed necessary to understand the process of aligning financial profits and CSR measures of an organization, that will be the basis of the findings section. A detailed description of the mentioned topics will be made in the findings section, the topics are the following: strategy, strategic decisions, CSR, strategic CSR, and sustainability. The findings chapter will be followed by a chapter outlining the empirical findings. Findings tied to the fast-food industry and the two organizations were chosen as cases on which the evaluation framework will be applied in the analysis chapter that follows. The framework is based on the most relevant theories found throughout the findings chapter, one concluding theory for each topic, which holistically constituted the evaluation framework. The evaluation will be based on the organization's capability to align financial profits with internal CSR measures. The conclusion will conclude whether or not organizations can align financial

profits with internal CSR measures. Additionally, it will provide further research proposals and outline the implications of the study.

## 2 Methodology

The methodology description will be carried out via a 2-step approach. The first part of the mentioned 2-step approach refers to a thorough description of how the data collection process has been carried out, via a systematic literature review. As systematic reviews are required to have a high level of rigor along with clear transparency for the research to be easily replicated (Pati & Lorusso, 2018), the process will be described on a very detailed level. The second step will be reflected in the form of a summary of theoretical and empirical findings.

Theoretical findings will consist of the result of the conducted systematic literature review; it will illustrate the major findings within the literature. However, there is an important clarification to be made at this point. The literature will be divided into five different clusters: strategy, strategic decisions, CSR, strategic CSR, and sustainability. The approach of clusters has been chosen as some of the topics have much available research, but lack a directional consistency, and therefore, have several viewpoints that need to be covered. The following clusters have been chosen as they were identified as essential building blocks to answer the research question. To answer the research question, there is a need to tackle the question through a holistic lens, incorporating many possible viewpoints and processes that affect an organization's profits in correlation to its CSR measures.

The empirical findings will be a brief argumentation on why the two cases have been selected and why they are considered appropriate and value-adding to the study. The two organizations will serve as two cases on which the conceptualized evaluation framework will be applied. Such an approach has been chosen as an attempt to add further validity to the study, where an application of the conceptualized framework will hopefully prove its beneficiary purpose. The fast-food industry has been deemed relevant as a case of application due to its many trends in regards to sustainability (Tauli, 2019) which will be further reflected in the empirical findings chapter. Hopefully, such trends will be reflected in the two chosen organizations, making them appropriate cases on which the evaluation framework may fulfill its purpose.

## 2.1 Research Approach

The study uses the approach of a systematic literature review. To conduct the systematic literature review, the method and guidelines proposed by Denyer and Tranfield (2009) will be followed. If conducted effectively, the systematic literature review has the potential to generate great quality results. The systematic literature review requires a data collection process with a high level of rigor and transparency to be easily replicable for future studies (Pati & Lorusso, 2018). Traditional narrative reviews tend to lack the required level of rigor in its data collection process, along with the susceptible tendency to fall victims to the researchers own bias, additionally, they often do a sub-par job in elucidating what the proposed literature is trying to convey (Cook et al., 1997, cit. in Urinboyev, Wickenberg & Leo, 2016). Therefore, the two approaches differ from one another, and the systematic literature review has the potential to produce better quality results. Within the context of the required levels of rigor in the process data collection, it is of vital significance to thoroughly describe the process of collecting data. The process includes specifying how the review was conducted, what type of literature was reviewed, and an exact record on and where the literature was identified. As a tool of achieving the high level of rigor required for a well-executed systematic literature review, the review was conducted through the four-step process presented by Denyer and Tranfield (2009):

- (1) Question formulation
- (2) Locating studies
- (3) Selection and evaluation
- (4) Analysis and synthesis

## 2.2 Research Design

This section of the paper will describe the four-stage process introduced by Denyer and Tranfield (2009). The description will inform the reader with detailed information regarding the execution of the study.

### *(1) Question formulation*

Before initiating the data collection process, it is vital to find a directional focus of the study, a topic. The topic must then be evaluated from a practical perspective if the topic is concrete enough for a study to be undertaken in the topic and if the resources available will be useful for the process (Cresswell, 2014). The topic is crucial as it will come to be the central focus of the study. From a practically feasible topic, a research question may derive. The importance of a clear and precise research question may not be neglected, as it sets the tone for the scope of the study. Defining the research question at an early stage of the study will create a base on which the design of the study can continuously build (Lane, 2018). Denyer (2009) further expresses the significance of a clearly defined question when conducting a systematic literature review. He argues that the defined research question should directly pertain to the rigorous data collection process, which consists of a comprehensive accumulation of data while applying a reflective and analytical perspective on all empirical data collected. Adhering to the premise of putting a heavy value on a research question, a noticeable time was allocated towards the definition of such a question (stated in 1.2). The question then became the foundation for the use of a systematic literature review approach as the studies method.

### *(2) Locating studies*

A systematic literature review has its base in its systematic approach towards collecting, critically evaluating, integrating, and presenting findings from a data collection across several different databases. Still, with the topic and research question as to the directional focus. The method is labeled as systematic due to its adaptation of a consistent and transparent methodology when collecting data (Pati & Lorusso, 2018). The need of gathering data across several databases pointed out the research towards the use of a database that incorporates multi-databases in its system. Therefore, with this rationale in mind, EBSCOhost was identified as an appropriate alternative. EBSCOhost fulfills the criteria given to systematic literature reviews as its service provides a multi-cross-database search that includes a wide range of publications, including but not limited to full-text journals, magazines, reports, newspapers. A full list of the included databases can be found in Appendix A. As previously stated, the database does adhere to the multiple database requirement of the systematic literature review, but also, the database is widely accepted and highly repudiated as one of the top databases to use in research. Therefore, the database was deemed appropriate as the base of the study.

Pati & Lorusso (2018) along with Denyer & Tranfield (2009) argue for the significance of using the right search parameters for one's data collection. Naturally, searching the right data that benefit the specific study is essential. However, Denyer & Tranfield (2009) further argue that choosing the right search parameters also adds to the overall efficiency of the process, as it allows the researcher to avoid data that may not be relevant for the topic, allowing the researcher to specify its data intake at an early stage. With the research question of the study and its intended objectives at mind, five different sets of search parameters were constructed, consisting of five different combinations of keywords. The combination of keywords was made possible through the use of the databases "AND" function. The "AND" function adds tremendous value as the correct use of it enables the search to become more specific for the given topic at hand (Cresswell, 2014). The study aims to evaluate strategies on an organizational level with the CSR measures in mind. Therefore, several terms need to be defined to formulate just evaluations framework. To find the relevant data for the different definitions, the search was divided into five different clusters, all of which encapsulate the specifics of each area that needs to be defined. The search parameters (search operator) of exact wording were included to avoid irrelevant data and narrow the search. Additionally, truncation characters were added to the keywords. These truncation characters were applied for keywords such as Strategy. The truncation characters enable the search to search for both strategy\* and strategic \*. With the set parameters, the following combinations were searched via the EBSCOhost database.:

- Business strategy AND definition or meaning or description AND strategy (11,148 results)
- CSR in business AND definition or meaning or description AND CSR (744 results)
- Strategic CSR in business AND definition or meaning or description AND Strategic CSR (202 results)
- Sustainability in business AND definition or meaning or description AND sustainability (437)
- Strategic decisions in business AND definition or meaning or description AND Strategic decisions AND in practice (2,533 results)

Along with the set parameters, additional filters were applied in order to optimize the specific of the data collection, the filters go as follow:

- Language limited to results in English only



- Results classified according to relevance to the search parameters
- Results include: Academic journals, journals, peer-reviewed journals, Reports, books and book chapters
- Timeframe of publication limited to 1990-2020, April
- Use of all of EBSCOhost databases (full list on 3.2 (2))

Even with the search filters and set parameters, the results tallied up to a total of 15,064 possible data points of entry. Due to the time and resources constraints given to the study, it would not be possible to thoroughly read through all 15,064 data points. Therefore, the filter of relevancy was taken into account. As the filter presents the data in order of relevance, the first 100 results of each search were thoroughly screened. A total of 500 data points were screened by the author. This selection may risk falling victim to a certain bias by excluding a large number of data points to be screened. However, the author argues that the relevancy filter in combination with the time constraints, makes the approach reasonable and valid, without the representation of bias in this study.

### *(3) Study selection and evaluation*

As previously discussed, transparency plays a pivotal role in a systematic literature review. Conducting a transparent review enables the study to easily be replicated for future purposes (Pati & Lorusso, 2018). Part of the transparency process is clearly stating the selection criteria when selecting what data to be excluded and included from the literature review. For this purpose, a table was created. The table contains information regarding the named exclusion and inclusion criteria in terms of the data's relevance for the specific topic at hand (see table 1 below).

Table 1. Inclusion and exclusion criteria

<b>Inclusion criteria</b>	<b>Exclusion criteria</b>
Journals, Academic journals, peer-reviewed journals, reports, books and book chapters.	Unpublished papers, theses, magazine articles, peer-reviewed studies published in conference proceedings etc.
Only research published in English	Research published in other languages than English
Research on strategy <ul style="list-style-type: none"> <li>• What is strategy?</li> <li>• How to formulate a strategy</li> <li>• Execution of strategy (managerial perspective)</li> <li>• Industry specific (fast food)</li> </ul>	Research on strategy <ul style="list-style-type: none"> <li>• In specific industries such as healthcare, sports, banking (industries outside of the chosen topic area)</li> <li>• In a non-managerial contexts</li> </ul>
Research on sustainability and CSR <ul style="list-style-type: none"> <li>• From a business perspective</li> <li>• Definitions</li> <li>• Application</li> </ul>	Research on sustainability and CSR <ul style="list-style-type: none"> <li>• Environmental impact from a biological perspective</li> <li>• Specific ramifications on the planet</li> <li>• In a non-managerial context</li> </ul>
General unbiased research on the chosen topic. Case specific within the topic area.	Small representativeness: Specific case studies in smaller firms outside of the chosen topic area.

To further enhance the credibility of the selection criteria process, a justification of each given criteria will be given. The advantage of peer-reviewed and academic journals is evident. These types of journals are subject to a thorough editorial process. Throughout that editorial process, the journal is exposed to critical reviews and modifications from several source points, eventually optimizing the quality of the intended message (Denyer & Tranfield, 2009). This process validates the quality of the message. Furthermore, the inclusion of books is mainly directed towards the clusters of CSR and Strategic CSR. Even though the two topics have been around for quite some time, the available literature surrounding the topic is quite limited. Limited in the sense that the available database of peer-reviewed journals is not as broad as in the strategic department. Instead, much of the literature is dominated by books written on the topic. Therefore, the inclusion of books and corresponding book chapters was deemed appropriate. The final inclusion, reports, refers to the reports made publically available from the three chosen organizations (Burger king and Max burger). Although, it must be mentioned that additional sources, beyond those in the systematic review, were identified at a later stage, to find satisfactory information on the specifics of the two organizations. The information retrieved from such reports will play a pivotal role when defining company strategy with the tools gained from the strategic theory frameworks. Unpublished papers, thesis, magazine articles, and peer-reviewed articles published in

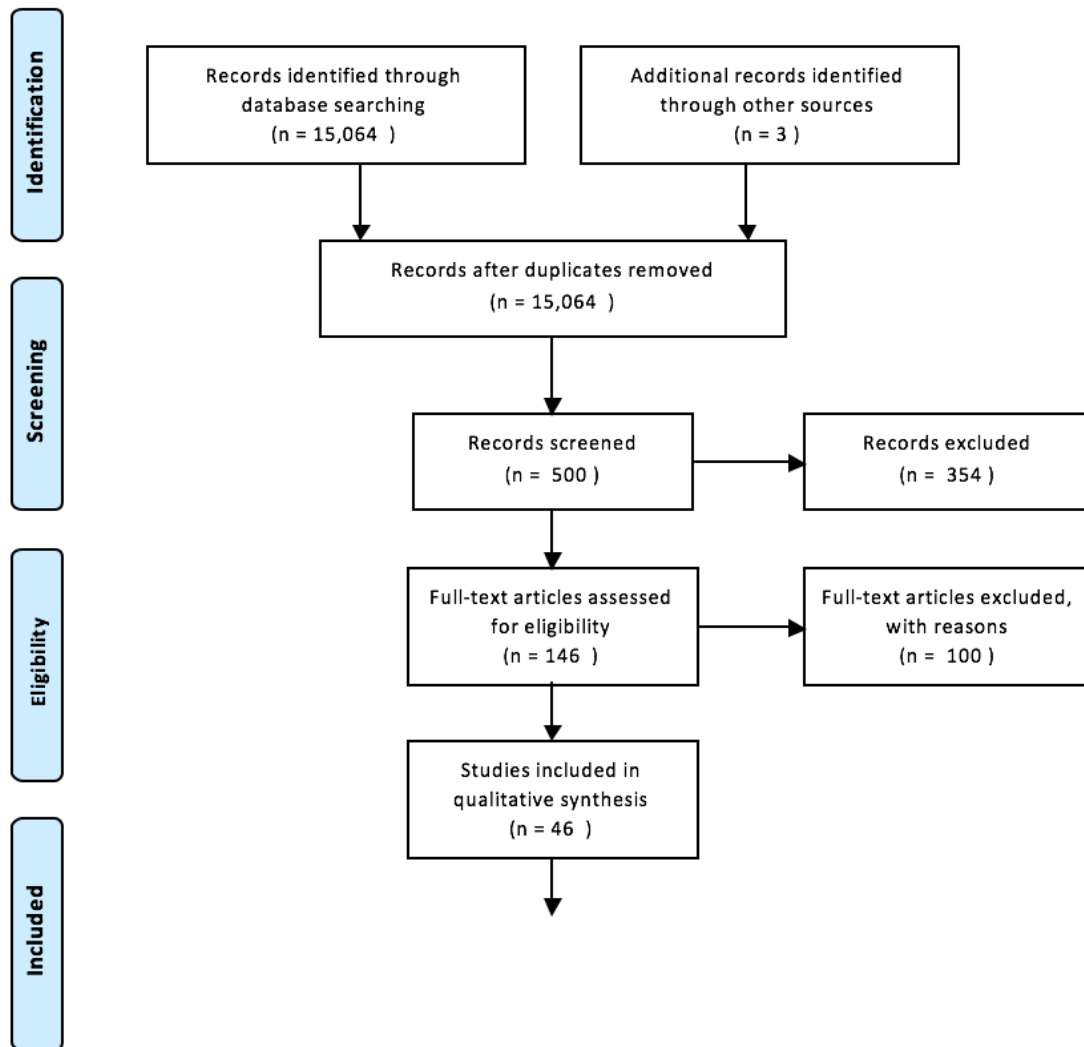
conference proceedings were chosen to be excluded. These potential data points were excluded to narrow and specify the search for data points. The chosen data points are sufficient and will most likely ensure a high quality due to their nature. Also, only research published in English was accounted for, excluding all other languages.

The thematic focus of the review and the corresponding data collection was grounded in the defined research question and the purpose of the study. As the study intends to understand the strategic decisions that derive from the intended implementation of CSR measures into an organization and eventually evaluate such measures, it is essential to understand the parameters of such evaluation. To effectively have the capability to understand such parameters, they must first be defined. Therefore, the thematic focus is very much directed towards finding a common understanding, and definition of the key terms: strategy, strategic decisions, CSR, strategic CSR, and sustainability. The definition and understanding of strategy and how to formulate as a strategy will be crucial when applying the knowledge to the real cases of the selected organizations. The knowledge gathered will provide a holistic understanding of the incorporation of strategy and CSR measures, making the conceptualization of a common framework possible. It will be important to look at these topics from a managerial perspective to make it applicable to the research. Therefore, the information portrayed from a non-managerial point of view has been excluded. With this knowledge at hand, it is important to grasp the information from the correct context, making it relevant to the specific topic. For instance, sustainability is a very broad term, that ranges from marine life in the oceans to economical ramifications from large oil company's. In such cases, it is important to understand the context of the search and its specificity in business practices and effectively exclude such information that falls outside of the umbrella.

To enhance the credibility of the study, small representativeness has been excluded. This means that specific research on smaller quotas has been excluded if not proven to be in line with the thematic focus of the remainder of the data collection. To further elaborate, such a case could be research on a specific country and region where a certain decision has been taken in a certain SME that fall outside of the fast-food industry. Although such research may be valuable on its own, its specificity takes away focus from this particular purpose of research and has, therefore, been deemed to be excluded.

After setting the inclusion and exclusion criteria for the data collection, the selection process could be initiated. As previously mentioned, the keyword combinations resulted in a total of 15,064 potential data points where 500 of them were screened. The screening of the 500 was made via an analysis of the title and abstract per its coherence with the specified selection criteria. After such analysis, 146 data points were deemed as potentially relevant and received the further examination. A limitation in the process was identified as there was no usage of software to avoid duplicates as the author relied on its memory. By the end, 14 duplicates were identified and the total number of data points receiving further examination tallied up to 132 potential data points. Further examination was carried out via the full-text reading. The data points were then evaluated via the set criteria. Out of the 132 that were read, 47 were estimated as eligible and relevant for the study. A detailed overview of the just given process will be detailed in figure 1.

Figure 1. Summary of the systematic selection process (Prisma, 2020)



#### (4) Analysis and synthesis

The findings retracted from the gathered research will serve as the basis for understanding strategy and strategic decisions in the context of CSR. The information will be analyzed through that specific context with that purpose in mind. The information has been categorized in clusters for the ease of analyzing each specific part but will be intertwined as the analysis progresses. Based on the found information, a framework that encompasses all five aspects will be conceptualized. This framework will serve as the tool to analyze the financial gains and CSR alignment of the two chosen organizations.

## 2.3 Theoretical findings summary

Due to the nature of a systematic literature review, the literature will be commonly referred to throughout the findings section. This section is intended to provide the reader with an understanding of the method surrounding the findings chapter and how the collected information will be utilized for the study. As tends to be the case with a systematic literature review, there will be a large number of theories discussed. Therefore, a chart has been created, summarizing the most insightful theories found during the data collection process. This will allow the reader to gain a holistic overview of the theories used throughout the study. The theories highlighted in the table will be the building blocks for the analysis part. To further explain, the building blocks will serve as the basis of the analysis as those theories will be the ones considered during the conceptualization of an evaluation tool and its corresponding scorecard (an additional evaluation tool, in correspondence with the analysis evaluation).

With that being said, the additional theories and literature gathered via the systematic review will be referenced throughout the study if there is value to be added. However, it is important to point out that the study will not be adding many additional references throughout the analysis and conclusion chapters, as the findings chapters of the study are what will constitute the basis of those two chapters. Due to this setup, it would be redundant, and confusing to add new theories and viewpoints represented by additional references. To further clarify the intended use of the literature. The theories highlighted in the summary table will be the basis for the analysis while the theories will be supplemented by references from the remaining theories gathered via the review, to further strengthen the points made.

Table 2. Summary of most common theories

	Author	Year of publication	Theory
Strategy	Michael. Porter	1996	Porter's five forces
	Peter. Drucker	1999	Strategy internally
	Mintzberg	1994	Strategy as a plan
	Costas Markides	2004	Organizational capabilities
	Richard W. Oliver	2016	Strategy from a dynamic industry perspective
Strategic decisions	Michael C. Mankins & Richard Steele	2005	Closing the gap between planning and execution
	Robert S, Kaplan & David P. Norton	2007	Avoiding internal deficiencies tied to decision making
	Mitchell, Shepherd & Sharfman	2011	Defining strategic decisions
CSR	Lantos	2001	CSR to maximize shareholder value
	Wan - Jan	2006	Defining CSR
	Schwartz & Carroll	2003	Three CSR domains
	Chandler	2017	Strategic CSR
Strategic CSR	Porter & Kramer	2011	Creating shared value
	Carroll	1991	Pyramid of CSR
	Chandler	2017	Strategic CSR
Sustainability	Bateh, Heaton, Arbogast, Broadbent	2013	Sustainability in organizational research
	Raatsch	2012	Defining sustainability in business
	Kolk & Pinkse	2008	Sustainability in different business practices

## 2.4 Why Max burger and Burger king

The choice of the two organizations is rooted in the current structure of the industry and how it affects the players within it. The current state of the industry is highly prioritizing CSR measures. Such prioritization has become of high importance due to the increasing research on the negative environmental effects that meat production and consumption oppose (Nunez, 2019) This has resulted in a need for players within the industry to try and find solutions that contribute to the decreased frequency of meat production. As a response, some players within the organization have embraced the concept of introducing plant-based products into its

menus. Two of those organizations that have chosen to make such changes, are Max burger and Burger king. Although the two organizations compete within the same industry, the premise of the two organizations' strategy differs a lot from one another, making the two cases interesting to analyze and to contrast to each other.

## 2.5 Validity and Reliability

Objectivity has been ensured via the systematic collection and selection of data for the research based on the pre-set selection criteria. Also, the use of EBSCOhost and its multi-database enables data points to be gathered from several access points. As a result, the information gathered is diverse. The diversification enables the input from several different fields of study, once again reassuring the objectivity of the study. Based on the systematic approach, it is, therefore, valid to conclude that the findings from this study are valid and reliable.

## 2.6 Chapter Summary

Via a detailed and specific selection process of the potential data in terms of its quality and relevance for the study, it attempts to avoid biases and unreliable data. As the nature of the study is strongly characterized as a qualitative study with its focus on existing data, the purpose is to successfully summarize the existing research and conclude based on the found information. Ideally, the conclusion will thoroughly map out the strategy of Burger king and Max burger. The two cases will work as examples on which the conceptualized framework created from the existing theories will be applied.



## 3 Findings

To illustrate the purpose of the study, it is to research if organizations can align their internal financial profits with their internal CSR measures. However, understanding such a process requires a holistic understanding of an organization and what CSR measures entail. That holistic understanding will be initiated in this chapter, as each of the highlighted theories in Table 1 (See 2.3) will be thoroughly described throughout the chapter. The chapter will conclude with a holistic conclusion that encompasses elements from all the five clusters. Such a conclusion will be of high significance for the analysis part of the study, as the organizational evaluation and its corresponding scorecard will derive from it.

### 3.1 Strategic theories

The available literature surrounding strategy is large and rather ambiguous. Ambiguous in the sense that the topic doesn't have one clear directional research focus, but the topic branches out in several subcategories. If this study aims to tackle the research question through as many possible angles as possible, it then becomes insufficient to only concentrate on one theory tied to the topic. Instead, there is a need to thoroughly research the literary contributions of several strategy authors, who all have taken different approaches to the topic. Essentially, creating an approach that will enable a holistic, unbiased view of the topic. Only after considering large portions of the available literature, it can be further broken down to the theory that may be deemed most relevant.

#### 3.1.1 What is strategy?

As previously stated in this study, the topic of strategy has received much attention and much research has been conducted on it. However, the topic lacks an overall, consistent definition, and as a result, the topic becomes rather ambiguous. In an attempt, to clarify this, Costas

Markides (2004) has written this piece with the intent to define strategy and by doing so, help organizations to understand if they have a strategy, and if they do, what is it?

*Strategy must decide on a few parameters*

Strategy in a dynamic business environment that is constantly changing in its structure, is all boiled down to an organization's capability to make decisions based on preset parameters. To organizations, these parameters are particularly important due to two different reasons. The first reason being: these parameters define an organization's strategic position in correlation to its competing industry. Secondly, the set parameters create a clear internal structure for its employees, it creates boundaries on which the employees are given the freedom to operate and try new things out (Markides, 2004). The dimensions or the issues tied to the preset parameters of decision making within an organization can be grouped into three main questions. (1) Who is the target group of customers? Equally, who is not within the target group. (2) What product or service is the organization intending to offer? And what is it not intending to offer? (3) How will the intended delivery of the organization's product or service be conducted? All questions are tough to answer, and in reality, they can all be answered in a multitude of different ways. However, these are questions that need to be dealt with. If an organization fails to effectively answer the preset questions, the strategic position of an organization will be too ambiguous, resulting in internal confusion amongst the organization's employees. The ambiguity, or lack of clarity when answering the questions, can in some cases be a result of organizations trying to please every possible customer segment via the attempt of doing everything. This is seldom an appropriate strategy, that creates uncertainty in an organization's direction (Markides, 2004). The answers to the three dimensions (questions) are what become an organization's parameter, the guidelines, the strategy.

*Strategy must put all our choices together to create a reinforcing mosaic*

It is important to understand that the functions of an organization are rarely as simple as independent actions taken by different units within an organization, but that most organizations are very complex. Within that complexity, lays a system, filled with interrelated and interdependent activities. This refers to the fact that decisions taken in one part of the organization, will indirectly or directly affect another part of the organization. Therefore, it is once again important to reinforce the clarity of the set parameters, as it is the only way to obtain a holistic organizational view and have a clear strategic position (Markides, 2004). However, the reality is that humans have too many cognitive limitations to fully understand

the extent to which organizations are complex. As a result, humans within an organization tend to look at a few set of issues tied to the activity, but failing to include all issues of the given activity. The insufficiently thorough approach towards the issue, therefore, tends to fail to solve the issues (Markides, 2004). On most occasions, the results of such activities take time before becoming visible to an organization, therefore, humans often tend to fail to grasp that they are the cause of the issue.

#### *Strategy needs to be supported by the appropriate organizational environment*

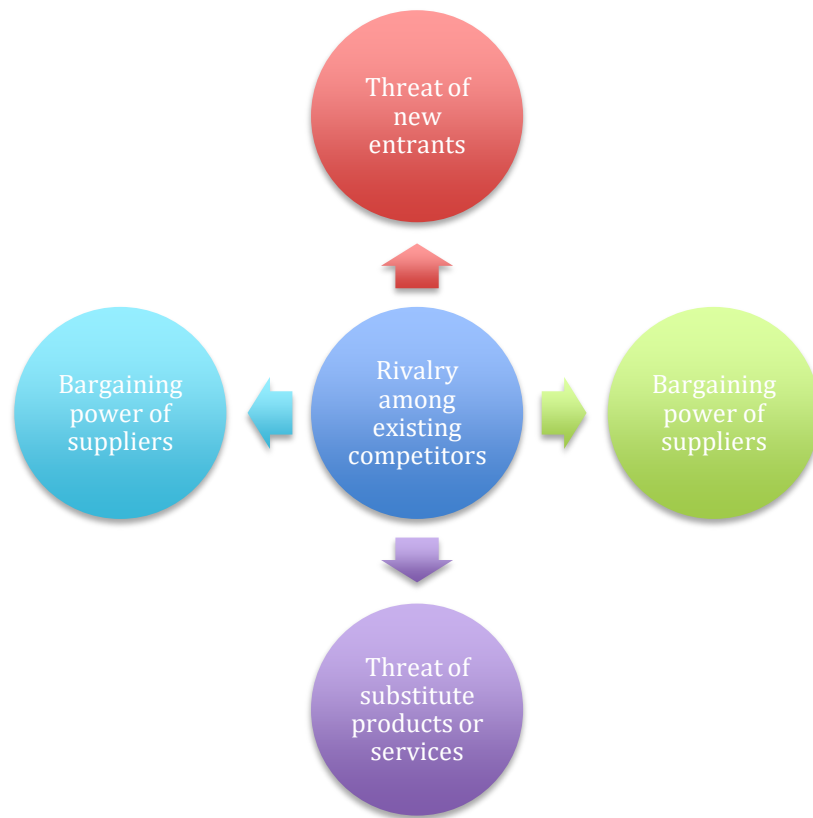
The organizational clarity of set parameters has yet another benefit, it helps with the creation of an organizational environment. The organizational environment is often dictated by the managers of an organization. Therefore, a manager must once again be clear with the expectations tied to the set parameters, as it will create an appropriate environment that promotes and supports the chosen strategy. This is a crucial part of strategy implementation, as, in reality, the implementation of a strategy is executed by the employees. Concluding, a superior strategy must look beyond the typical dimensions of customers, products, and activities. It must also look at the internal measures that will affect the organizational environment, to facilitate the implementation process of a chosen strategy. Strategy, and businesses in general, is a complex process that requires a holistic understanding of an organization (Markides, 2004).

### 3.1.2 Five forces

Discussing strategy often tends to in one way or another, involve Porter's five forces. The theory has in many ways, set the tone for the modern view on strategy. Although, it must be mentioned that the theory has faced large opposition and criticism (Bruijl, 2018). Despite the criticism, the theory provides many insightful points to the topic of strategy, points that will add value to the study. The essence of the theory revolves in the role of the strategist, which Porter (2008) argues is to understand and cope with the competition. When analyzing the competition, managers and organizations tend to look at it far too narrowly. They tend to look at it as something that only involves an organization's direct competition. However, today's business environment is very complex and dynamic, therefore, it is naive to only look at competition directly tied to the organization. Instead, organizations and managers must look at the competition that goes beyond established industry rivals to include four other

competitive forces: customers, suppliers, potential entrants, and substitute products. The extended rivalry that an organization can identify via the five given forces, is what defines an organization's competition, and sets the tone for its strategic approach (Porter, 2008).

*Figure 2. Porter's five forces*



Although different industries have different attributes, the underlying drivers of profitability remain the same (Porter, 2008). At first glance, the video game industry and the pet industry appear to have very little in common. But, to truly understand the level of competition and profitability in both industries, there is a vital need to analyze and understand the industries' structure with the help of the five forces analysis model. Understanding the five forces of the competitive model reveals the current state of an industry's profitability. Furthermore, it provides organizations with a framework to anticipate and influence future competition and its corresponding profitability. The industry structure is equally important to an organization when applying an effective strategic positioning, and organizations should treat it as such. Therefore, the five forces will be described individually.

### *Threat of entry*

New entrants to an existing industry bring new elements to the existing structure of an industry. For instance, the new entrants may bring new capabilities, but mainly, they bring a strong desire to capture some of the current market shares in the industry. Such desire puts pressure on the industry and the organizations that already exist within it. Pressure specifically on the prices, costs, and the rate of investment necessary to compete (Porter, 2008). The addition of new capabilities into the existing industry enables such new entrants to leverage their capabilities and cash flows to shake up the competition (Porter, 1991). However, the extent to which a new entrant threatens the existing industry differs based on the industry structure. For instance, if the barriers of entry are low, entailing that newcomers will face little backlash from the industry upon entering, the threat of new entries is high, along with moderate profitability (due to the ease of competition). It is important to understand that it is not the actual entry that threatens the profitability of an industry, but the threat of it (Porter, 2008).

### *The power of suppliers*

In most industries, suppliers can affect price standards. If suppliers within a certain industry have a high level of power, they also can capture more value to themselves, as they have a larger capability to affect the price. As a result, those suppliers can limit the quality of service of their outputs, and directly affect and shift the costs of the participants of that specific industry (Porter, 2008). Organizations are in many cases extremely dependent on such suppliers, and therefore, the suppliers' power is allowed to be continuously large, and continue to affect organizations and its corresponding industry structure (Porter, 1991).

### *The power of buyers*

The impact on industry structure from the buyer side is represented through the customer's opportunities to influence the price of a specific product/service. Prices are set based on customer demand and expectations. Therefore, explicit expectations can force down prices, but they can also demand a higher quality product, which in that case, typically raises the cost (Porter, 1991). As all organizations within the same industry essentially compete for the same space, customers, the different demands and expectations of customers create a competitive situation where the different organizations compete against each other, all with the intent to do the superior job in satisfying customer expectations, resulting in a sale. Different industry

structure will be affected differently via the power of the buyers. Some industries are more sensitive towards that effect than others. Generally speaking, the power of the buyers is high if they obtain a certain degree of negotiation power towards the organizations of a given industry, especially if the cause of the negotiating power is price sensitive. In such cases, the competition between organizations becomes evident and as a result, prices may receive large reductions (Porter, 2008).

#### *The threat of substitutes*

This threat tends to be overlooked although its presence and threat are ever so real. This threat refers to those products or services that may replace the existing options within the industry. For instance, software sold to travel agencies is threatened when airline and travel websites substitute for travel agents (Porter, 2008). Such threats tend to be ignored as they are looked upon as products or services which compete on in a different industry. Such a mistake must not be made, as the threat of substitute can heavily affect the industry structure. When the threat is significantly high, the potential profitability of the overall industry suffers, it suffers as prices are given a ceiling (Porter, 1991). Meaning, that the substitute products and services contribute to dictating the maximum amount that consumers are willing to pay. Therefore, it becomes vital for organizations within such industries to differentiate themselves from potential substitutes, as failure to do so, may result in lost growth potential along with potential profits (Porter, 2008).

#### *Rivalry among existing competitors*

This threat can take place in several different ways. For instance, the threat can be represented via price discounts, the introduction of new products, advertising campaigns, and improvements to existing products or services, all within the given industry. All in which, have the potential to change the structure of an industry. An industry with a high level of rivalry amongst its competing organizations will face the issue of low profitability, and the organizations will consistently compete for market share, affecting the prices. However, the intensity on which the rivalry is carried out will have a large impact in terms of determining the level of rivalry. Along with the intensity, the basis of the rivalry is equally important when analyzing the extent of the rivalry.

### *Closing words on the theory*

The theory is based on the five forces that affect and as a result, shape the position of an industry. The shape of an industry becomes vital to understand, as it is the given shape that will determine the long-run profit potential for the organizations competing within it (Porter, 2008). The structure of an industry is what determines how the economic value created via the industry's market is divided. To further elaborate on this, it is the structure that determines how much of the economic value is retained within the industry, how much of it is allowed to be bargained away by the forces of customers and by the forces from suppliers, limited by substitutes, or constrained by new entrants (Porter, 2008). Therefore, a thorough analysis of all five forces enables a strategist to evaluate an industry structure from a holistic standpoint, rather than concentrating on specific elements. Concentrating on specific elements may result in a narrow, biased view, which a strategist must avoid at any cost (Porter, 1991).

### 3.1.3 The theory of the business

Organizations behave in a certain way due to a set of assumptions made by the organization. Such behaviors dictate an organization's strategy in the sense that it affects decision making, also, the assumption defines what an organization considers meaningful results that derive from those strategic decisions. The organizational assumptions are complex and include several different business-related elements. The assumptions related to assumptions of the specific market. Through that, the enablement of identifying customers and competitors, along with the corresponding values and behaviors of such. The assumptions are about an organization's strengths and weaknesses, its technological capabilities, and its dynamic nature. Overall, the assumptions are made all around an organization, essentially, the assumptions are what an organization gets paid for, the theory of the business (Drucker, 1994). In reality, every organization has a theory of the business (strategy). However, not every organization is successful in conveying it in a clear, consistent manner. But, if an organization manages to articulate such a theory of its business adequately, it has the potential to be extraordinarily powerful (Drucker, 1999).

#### *Do the assumptions have an expiration date?*

No, the set assumptions set by an organization can not remain relevant for an eternity. Sure, some last longer than others, but eventually, all assumptions must be either substituted in its entirety or modified to better suit the current market demands. Suiting the market demand

being the key take away, as an organizations profitability will often be dictated by the existing demand, translated into sales. Those organizations' who manage to identify the changing assumptions, along with the corresponding needs of the shifting assumptions, are the organizations that will be able to perform the superior strategy (Drucker, 1999).

#### *Theory of the business – three parts*

The theory of the business can be divided into three different sets of assumptions. The first set of assumptions related to the organization's environment. More specifically, society and the corresponding industry structure, the market, the customer, and the technology. These sets of assumptions are what sets the course for what the organization is paid for (Drucker, 1999).

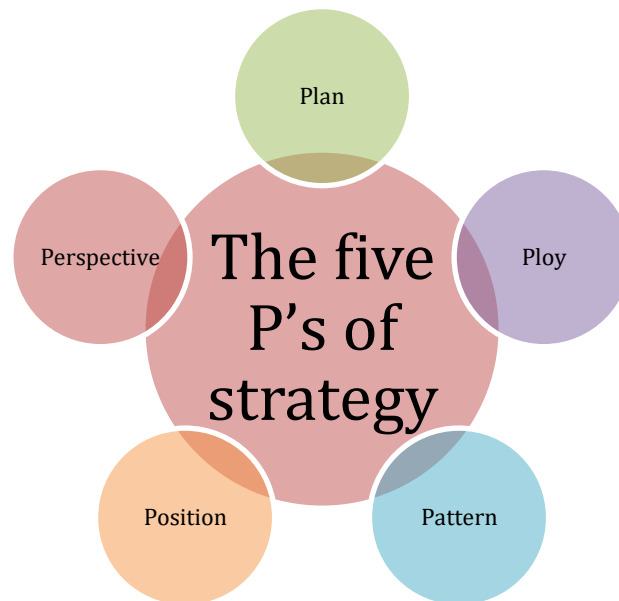
The second set of assumptions refers to the specific mission of the organization, what is the organization trying to achieve? In other words, these assumptions define what an organization perceives as a meaningful outcome of their efforts. How will the outcome improve the economy and society in the largest possible manner? The final set of assumptions are on a more internal basis, as those assumptions refer to an organization's core competencies and the capabilities needed to accomplish the mission set by the organization. Essentially, where must an organization perform better than its competitor to maintain leadership (Drucker, 1994).

#### 3.1.4 The five P's of strategy

This theory reflects on the current ambiguity surrounding strategy, in terms of lack of a clear, consistent definition. However, this theory questions if there is a need for it? The concept of strategy has been around for centuries, and the concept is used in many different contexts, due to its multi-purpose use, would it not then be detrimental to put limitations and constraint on it? Instead, the theory attempts to describe the value in the different context areas of strategy, by the conceptualized framework of the P's of strategy.



Figure 3. The five P's of strategy.



#### *Strategy as a plan*

Although the concept of strategy has as previously stated, many different ways to be approached, the most common approach to strategy is that it is a plan – some sort of consciously intended course of action, a guideline (or set of guidelines) to deal with a situation (Mintzberg, 1994). According to this definition, there are mainly two characteristics of strategy. The first one is that strategies are made in advance of the execution of the action tied to it. Secondly, that the strategies are formulated with a clear intent and purpose (additionally, they may even in some cases be explicitly stated, however, this is not a necessity for strategy as a plan) (Mintzberg, 1994).

#### *Strategy as a ploy*

Although strategies as a plan share the two just stated characteristics, the plan itself must not be particularly specified it can be quite general. It can also be a ploy. For instance, an organization may threaten to expand its capacity, as an attempt to discourage the entrance of new players into the industry. In this scenario, the strategy as a plan is not the plan per se, but the threat. As the expansion was never the organization's actual intent, it is just a ploy to discourage the competition. Although it may seem to lack true substance, it is an element of strategy that is worth considering. In reality, strategy as a plan is just a specific action taken with the intent to outperform an opponent or competitor (Mintzberg, 1994).

### *Strategy as pattern*

Strategies as plans or ploys are mainly about the pre-executed actions intent to obtain a certain outcome. However, strategies do not want to just be ideas, but they also want to be realized. Therefore, it is not sufficient to look at strategy as plans or ploys. There is a need to define the resulting behavior, the outcome of the strategic action. From this rationale, strategy as a pattern derived, which Mintzberg defines as follows "strategy is a pattern – specifically, a pattern in a stream of actions" (Mintzberg, 1994). By this definition, a strategy can be boiled down to an individual's or organization's consistent behavior, regardless of the intent behind the behavior. Although a strategy is seldom referred to in this manner, a strategy as a pattern is indirectly defined and used in society. For instance, every time a journalist writes about a specific organization or the government and imputes its strategy, they are indirectly defining strategy as a pattern in action. They are doing so, by the inferring consistency in the organization's behavior. The only real difference is that it is labeled as a strategy, rather than a strategy as a pattern (Mintzberg, 1994).

### *Strategy as position*

From this perspective, strategy as a position is a means to understand an organization's environment. Strategy fulfills a mediating purpose, as it matches the organization with the environment, that is, between the internal and the external context (Mintzberg, 1994). In other words, strategy as a position serves for a purposeful location (environment) in which the organization can thrive, without the right environment, the organization would not be able to succeed, as it wouldn't hit the right markets. However, it is important to note that this definition of strategy is compatible with all the previous definitions given (by Mintzberg). It is compatible with strategy as a plan or ploy, as the position can be preselected and then aspired to be achieved via a plan or a ploy. Additionally, strategy as a position can be compatible with strategy as a pattern as the position can be found via a pattern of behavior (Mintzberg, 1994).

### *Strategy as perspective*

This definition takes an internal approach. It looks at the collective strategist, as it refers to the individuals of an organizations' way of perceiving the world. Therefore, in this definition, strategy is a perspective. Strategy to an organization in this context can resemble an individual's personality. To further explain, it refers to the different behaviors of organizations

based on their perspective of the industry. For instance, some organizations are trailblazers and constantly push the limits to innovate and find new ways to satisfy market demands. Some organizations perceive a market as stable and don't see an extrinsic value in pushing the limits, but choose to sit back and let the market run its natural course, this is based on the perspective of the organization (Mintzberg, 1994). More than anything, strategy as a perspective suggests that strategy is a concept. It is important to remember that strategy is not a physical, tangible thing that can be touched, but an abstract concept that only exist in the minds of those who are interested (Mintzberg, 1994). Essentially, strategy in this definition is a concept, a perspective that is shared by those within the organization, or those who share the interest.

## 3.2 Strategic decisions

The distinction between strategy and strategic decisions may seem abundant on the surface. However, that is not the case. Strategic decisions are organizational decisions that have the potential to affect an entire organization and its environment. This is relevant to the study as such decisions may show to be disconnected from the organization's core strategy. On the flip side, they may show to be connected. Understanding that interlink will be an important part of the evaluation framework conception.

### 3.2.1 Erratic strategic decisions

The theory presented by Mitchell, Shepherd, and Sharfman (2011) looks at the consistency patterns tied to decision making within an organization. The author's highlight that successful companies tend to have successful managers, who are highly capable of making rational strategic decisions that are consistent with organizational strategy. However, all decisions taken by managers are not always rationally rooted, and as a result, the outcome of such actions are not always in line with the intended purpose of the decisions. The scope of the theory takes a psychological approach. Decisions that are not based on a stable rationale are by the authors labeled as erratic strategic decisions. In this context, such decisions are defined

as those decisions made through an inconsistent, irrational judgment by the manager, but that still has the potential to heavily affect the direction of the organization.

The authors attempt to find clarity in regards to what constitutes managers to take erratic decisions. To achieve such clarity, the authors conducted a study where 2,048 decisions made by 64 different CEOs were evaluated. The main premise of the study is to examine the influences that affect managers during decision making, and why erratic decisions are taken. Such examination includes the metacognitive experience and perceptions of the external environment (dynamism and hostility). The results from the study indicate that managers that can exclude external hostilities, via the experienced practice of a greater metacognitive experience, tend to make less erratic decisions. Subsequently, then, managers that fail to do so, and that find themselves in hostile environments, tend to make erratic decisions more frequently. However, the study showed unexpected results when examining the effects of a dynamic environment tied to decisions making. The results showed a decreased frequency of erratic decisions in dynamic environments. The results showed that more rational decisions were taken under such circumstances (Mitchell, Shepherd, and Sharfman, 2011).

### 3.2.2 Managing strategy with a balanced scorecard

The theory at hand attempts to understand the shortcomings of organizational budgets tied to the strategic decisions taken in correlation to the budget and its implementation. The authors argue that organizations must look at strategic decisions from a broad scope which considers several different organizational elements. Elements such as (1) an organization's relationship with its customers (2) the organization's key internal processes (3) the organization's ability to learn and grow. If an organization manages to add these elements as performance measures into the budgeting, it will enable the organization to obtain a broader perspective of the overall performance of the organization (what is working and what is not), additionally, it will serve as a framework on which the organization may organize itself and its activities. An effective and successful framework should align all the organization's activities with organizational strategy, laying the foundation for precise strategic decisions (Kaplan & Norton, 2007). This is translated into the theory of the balanced scorecard, which has its basis

in four different processes, with the intent to align short-term activities with the strategic long-term objectives of an organization (Kaplan & Norton, 2007).

#### *Translating the vision*

This part of the theory is rooted under the assumption that an organization has a strategic vision, but lacks the means to effectively implement that stated vision. From this assumption, the conceptualization of the scorecard as a measurement has derived. The scorecard provides organizational managers with a consensus tool, a metric that will operationalize the previously lofty visions. Only then, can strategic decisions truly be made, as the decisions must be made with clear strategic intent, the intent to solve a certain task, or achieve a certain outcome on the given output (Kaplan & Norton, 2007).

#### *Communicating and linking*

Upon implementation of the scorecard across the entire organization, it creates an organizational understanding of its intended strategy. Thus, strategy becomes a tool that is available to everyone within the organization. The scorecard concept is of a very high level and encompasses every individual business unit of an organization. The organizational strategy with its corresponding objectives is individualized to be appropriate for each business unit. Such activities are linked to performance measures for the individual actor of each unit. This enables the individuals to measure its performance in regards to their activity productivity alignment, with the organizational strategy (Kaplan & Norton, 2007).

#### *Business planning*

In most organizational cases, the process of strategy setting and budget setting are separated processes. This is yet another reason why the theory of the scorecard has taken shape, as a means to align the two processes and strategize the decision-making process tied to it. Aligning the two processes forces the two processes to consider each other, this ensures that the strategic needs are backed up financially via the internal budgeting, and such, strategic decisions are financially enabled (Kaplan & Norton, 2007).

#### *Feedback and learning*

This process serves as a crucial element of organizational growth and improvement. Strategically providing feedback to the organization based on the performed activities allows an organization to learn from the set activity. The learnings can be both good and bad. In a good scenario, the organization has learned what works and should consider continuing on the same track, or a similar track with improvements. In a bad scenario, an organization may learn that a certain activity does not work, in such scenarios, the organization can either redesign the activity based on the given feedback or decide to scrap the activity entirely. All such information that has been retained via the feedback process can be fed into the scorecard. The value in such activities can be found in the sense that it enables the continuous refinement of strategic decisions and its implementation within an organization. Furthermore, it serves as a performance measure for managers, as they can constantly be updated about the performance of certain strategic decisions (Kaplan & Norton, 2007).

#### *Concluding the theory*

Although much of the literature in the topics of strategy and strategic decisions share many authors, the context of the literature shows a clear distinction between the two topics. In this theory, it becomes very evident that the topic of strategic decisions has sharpened its focus on the implementation of the strategy. More specifically, the needed processes to implement a strategy, and the decisions that must be taken regarding that set strategy. On the easiest level, strategic decision refers to the activity decisions made to achieve a certain output that is in correlation to the preset organizational strategy (Kaplan & Norton, 2007).

### 3.3 CSR

Due to the purpose of the study, understanding the meaning of CSR is of the highest importance. Beyond understanding the meaning of it, it is additionally important to understand the context on which it can be used, along with the forces that drive organizations to implement CSR measures. The forces are important as the reality of the situation is that not all organizations implement such measures with the best interest of the society in mind, and such distinction will be crucial for the conceptualization of the analysis framework.

### 3.3.1 Defining CSR

Wan-Jan (2006) conducted a literature review on the topic of CSR with the purpose to answer one specific question, can there be a clear definition of what CSR is? As an attempt to answer that question, Wan-Jan grouped the existing literature into two different areas: ethical position and business strategy.

#### *CSR as an ethical stance*

Essentially, this category boils down to organizations' expectations to receive a certain return based on its performed actions. However, the key point is that there are no expectations set by the organization. In other words, the organization shall act on the behalf of the society's best interest, without expecting to gain anything in return, this is the purest form of CSR. To reach such levels of purity, an organization must reach an ethical position without any expectations of a certain return. Only at its purest level, can CSR truly survive (Mintzberg, 1994). Moore (2003) argues amongst the same lines as Mintzberg, but he further critiques the corporate attitude towards the topic. Incorporating CSR measurer into an organization's activity to enhance organizational profitability, is giving value to the virtue of greed (Moore, 2003). This, once again highlights the main takeaway from the subject area, that organizations must from an organizational stand want to do good for the sake of the good, with no expectations of a certain return (Wan-Jan, 2006).

#### *CSR as business strategy*

This area of CSR differs significantly from the area of ethical stands. While ethical stands appeal to the moral good of an organization to act without expectations, the area of business strategy argues that an organization indeed should expect a return from their actions. It is argued that CSR can in some organizational cases do both, be good to the society while optimizing its profitability, adhering to the economical concerns of its demanding shareholders (Wan-Jan, 2006). However, for an organization to be able to achieve such success with its alignment, various elements must be considered and analyzed in the right context. In 1991, Carroll introduced the theory of "the pyramid of CSR". Shaped like a pyramid, the pyramid was categorized into four elements (starting from the bottom):

economic, legal, ethical, and philanthropic. Essentially, Carroll highlighted the importance of organizational synergy in terms of implementing CSR measures throughout all stages of an organization. For instance, there will be no value added from the CSR measures if an organization only applies them to the top of the pyramid, neglecting the underlying stages of the pyramid. This highlights the importance of organizations taking a holistic view on CSR from a business strategy perspective, to be successfully implemented (Wan-Jan, 2006).

### *Can there be one working definition of CSR?*

The two distinctly different categorizations of the existing literature on the topic highlights the difficulties of indefinitely concluding one given definition of the topic. However, a point of convergence for the two different areas has been acknowledged in the literature review conducted by Wan-Jan. "CSR is increasingly and almost unanimously seen as serving the need of the appropriate stakeholders" (Wan-Jan, 2006). Of course, the group of stakeholders will vary based on the specific case and organization, but the meaning of them will not differ. For instance, from the business strategy perspective, the need of serving stakeholders is seen as a means that will ultimately enhance organizational profitability. Additionally, from the perspective of the ethical stands, serving the shareholders is perhaps seen more as a necessity than a priority. This is stated with the rationale that an organization must serve the shareholders and remain profitable, to be able to continuously perform its CSR activities and contribute to the common good (Wan-Jan, 2006). Concluding, although the motivation behind the two perspectives may differ, they essentially share the same goal. A definition of CSR that enables both stands to be accounted for is given by Hopkins (2003) "CSR means: treating the stakeholders of the firm ethically or in a responsible manner".

### 3.3.2 What is CSR?

From the perspective of Lantos, a corporation is not exclusively an economic enterprise, but also a social institution. Therefore, businesses must not act with economic growth as their sole goal, neglecting its social responsibility. Instead, organizations must realize that their activities may have a certain social impact (good or bad), and must adjust their activities in a way that takes responsibility for all its actions. Doing so, is a balancing act, as organizations must adhere to the needs of several different stakeholders that in one way or another, affect



the organization (Lantos, 2001). The intelligent and objective concern from an organization for the overall wellbeing of a community, or society as a whole, must serve as guidance on responsible behavior. The activities made from organizations must not inflict destructive damage to the outcome, regardless of the potential short-term gain, instead, organizations must think of the long-term growth and direct its behavior in that direction (Kenneth R. Andrews, quoted in Hartman, 1998, p. 243). In summary, CSR refers to the social contract between business and society, where organizations must minimize the negative outcomes of their activities for societies while optimizing the positive effects of similar activities (Lantos, 2001).

### *Three types of CSR: Ethical, altruistic, strategic*

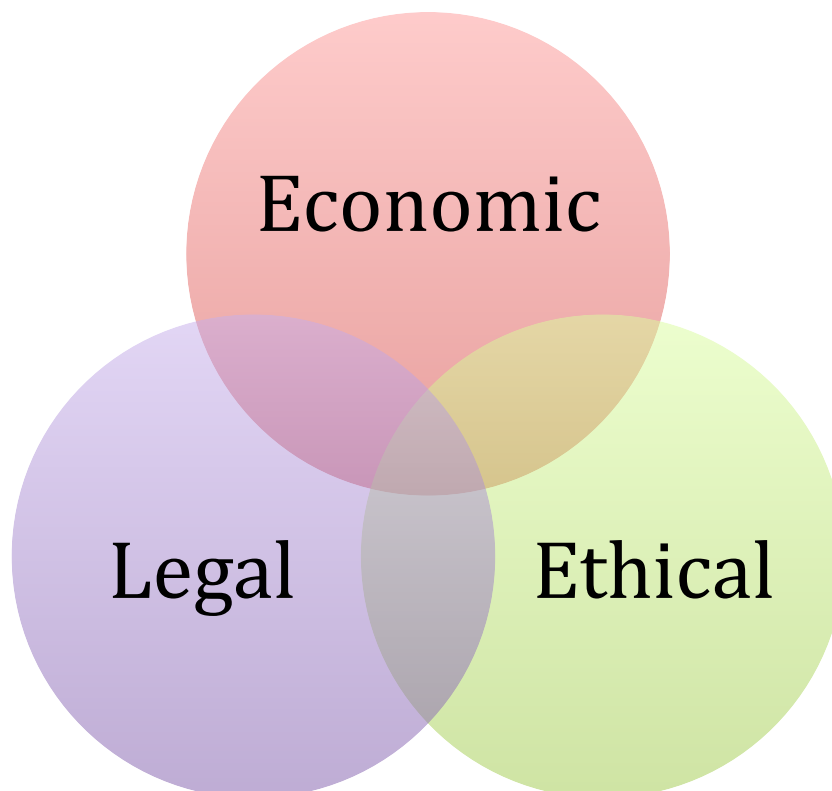
Although the general view of CSR has been established (As defined by Lantos), the topic has been further broken down into three different types of CSR, all of which serve its specific purpose based on the given context. Ethical CSR is a moral obligation that organizations take on themselves. The obligation expands further than an organization's economic and legal obligations, it accounts for an organizations' responsibilities to avoid any sort of social harm to all its stakeholders, even if the organization might miss-benefit from it economically. It is difficult to make organizations accountable for this specific type of CSR, as, in reality, there is not a clear and concrete frame of reference to adhere to, as the "social responsibilities" are what the organizations themselves expect from themselves morally (Lantos, 2001).

Altruistic CSR (humanitarian, philanthropic), is by some argued to be the most fulfilling type of CSR (Lantos, 2001). This type of CSR refers to an organizations contribute to a common good, to any expense. At this stage, organizations do not plan their CSR activities as means to prevent or rectify the damage that has already been made (ethical CSR), but, the organization assumes all liability for the common good, despite the organization not being the cause of the damage. It is due to the relentless nature of the type of CSR to try and improve the overall wellbeing of the common good, without any preset terms or conditions, that makes the type so powerful and effective. Strategic CSR, refers to an organization's fulfillment of its social responsibilities in a manner that benefits the organization but also one or more of its stakeholder groups. In this scenario, the social responsibilities are aligned with an organization's strategy, with the intent to achieve its business goals. It creates a win-win situation where doing good deeds are believed to be good for business and society at the same time (Lantos, 2001).

### 3.3.3 The three domains of CSR

The theory is based on three different responsibly areas that are tied to an organization: economic, legal, and ethical. To a large extent, the theory is similar to Carroll's pyramid of CSR (1991) with one major exception. The major difference is that the category of philanthropy has been partly merged into the ethical category, and partly merged into the economical category. Furthermore, the theory digs deeper into the interrelationships of the domains and discusses to what extent, why, and how the three domains affect one another and where they overlap. Visually, the theory is presented through a Venn diagram format. The use of a Venn diagram rather than a pyramid was rationalized by the fact that no domain should be seen as more important than the other (Carroll & Schwartz, 2003).

*Figure 4. The three domains of CSR*



### *Economic domain*

The domain of economy refers to an organizations' activities that are intended to either directly (such as activities that intend to increase sales for example), or indirectly (such as activities that intend to improve the public image of the organization for example), have a positive economic impact on the organization. In this context, a positive impact is perceived from two potential perspectives: (1) the maximization of profits and/or (2) the maximization of shared value (Carroll & Schwartz, 2003). Most of an organization's activities tend to fall within the economic domain, but of course, some do not do so. Mainly, there are two occasions on which organizational activities fall outside of the domain criteria: (1) the activities are not intended to maximize profit (or minimize loss) when an alternative with the potential to be more profitable is available, or (2) the activity is engaged without any real intent to boost an economic benefit to the organization. However, with these criteria, there is a grey-zone that needs to be acknowledged, the grey-zone is tied to the result of the imposed activity. If the result yields no economic benefit or a decline in the perceived shared value, it may be an indication that the activity lacked economic intent. But, it might be equally likely that the missed economic benefit is grounded in a poorly executed and planned strategic decision, in those cases, the activity will still fall within the domain of economy (Carroll & Schwartz, 2003).

### *Legal domain*

This domain refers to an organization's responsiveness and to the extent that it adheres to legal expectations mandated and equally expected by society, set by the federal, state, and local jurisdiction. However, it is important to understand that laws can be very complex and have different layers to it. Therefore, the authors have categorized the domain into three different levels of the domain: (1) compliance, (2) avoidance of civil litigation, and (3) anticipation of the law. To truly understand the category, the category of compliance has been further broken down into three subcategories: passive, restrictive, and opportunistic. Passive compliance refers to an organization's accidental abeyance to the law. Such cases occur when an organization is carrying out its business as per usual and just happens to follow the rules by doing so, without the planned intent. Restrictive compliance refers to an organization that complies with the law even though they may not want to do so. Although the organization would have chosen not to follow the laws voluntarily, it does so as it is stated by the law. Opportunistic compliance is when organizations seek for opportunities within the existing legal framework. Organizations actively seek out loopholes, cracks, or full legal systems that

may be weaker than its counter-options. The idea is that such legal systems will enable an organization to perform its intended activities more closely tied to its strategy, but still obeying the law. The second category presented by the authors, avoidance, is precisely what the name entails. It refers to organizations' motivation to obey the law to avoid current or future possible civil litigation for neglecting the codes and laws that have been established. The rationale is fear-based, and an organization may change its activities due to that fear, for example, it may cease to produce a certain product even though that product is financially beneficial to the organization. The third category anticipation refers to organizations' ability to anticipate whenever new legislation will be implemented. The process of implementing new laws is often very slow, and thus gives organizations a lot of time to anticipate and change its activities to fit with the new legislation.

### *Ethical domain*

The ethical domain of the model encompasses the ethical responsibilities given to an organization as defined by the general population and its corresponding community, society, and its relevant stakeholders. As often is the case with the theory of Carroll & Schwartz, the authors have further categorized the domain into three sets of general standards: (a) conventional (b) consequentialist (c) deontological. Conventional standards are defined as the norms or standards which have been mutually accepted by the organization, the industry, the profession, or society as necessary for the proper functioning of the organization's business (Carroll & Schwartz, 2003). In this context, a definition of what society represents has also been given. The definition entails that society within this context is embodied by all the organization's potential stakeholders. The consequentialist standard focuses on the ends or consequences which derive from the made actions. It suggests that the morally right thing to do from an organization should be to promote the good of people and the corresponding society and act accordingly to that. In other words, ethical action in this context is accepted when the action taken by the organization promotes the good of society, with the intent to produce the greatest possible net benefit to society when the alternative is superior to all other available alternatives (Carroll & Schwartz, 2003). The deontological standard does not focus on the consequences of actions but focuses on the organization's capability to consider its societal duties and obligations. The category expands further than the simple concept of acting morally right and just (which was the case in Carroll's previous theory, the CSR pyramid), instead, the three-domain approach provides a wider spectrum of ethical

justifications to potentially be captured, as per its three categories provided (Carroll & Schwartz, 2003).

## 3.4 Strategic CSR

A common misconception is the missed distinction between CSR and Strategic CSR. Although the two concepts share the same basic elements, there is still a clear distinction. Strategic CSR further examines the extent to which an organization embraces and implements its CSR measures. It examines if such efforts are aligned with organizational strategy and if the existing business model holds the capabilities to support such measures. All elements which are crucial to determining when analyzing if an organization can align its financial profits with its CSR measures. Therefore, the cluster is highly relevant to the topic.

### 3.4.1 The theory of strategic CSR

#### *Defining strategic CSR*

The largest difference between CSR and Strategic CSR is the extent to which CSR measures play a significant role in an organization's practices. For instance, organizations' can perform certain activities that can be categorized as CSR measures, but such activities may be exceptions, not aligned with the organizations' core strategy. Instead, strategic CSR measures are such measures that are fully incorporated into the nature of an organization, at its strategic core. In such cases, the organization practices a holistic view that accounts for a broad set of stakeholders with their best interest in mind, optimizing value over the medium or long-term perspective. Such strategic CSR measures are a constant reflection of an organization's intent, as they are integrated into the organizations' day-to-day operations, central to that organizations' value creation and its corresponding success or failure on the market place (Chandler, 2017).

#### *Five components of Strategic CSR*

1. CSR perspective – Organizations incorporate CSR measures across all units of the business. Resulting in an organizational environment with a strong culture sharing the

same values. This, in turn, enables the organization to more easily plan and execute its strategy, as there is an organizational synergy (Chandler, 2017).

2. Core operations – Organizations are most efficient in terms of producing value when it focuses on its core competences and capabilities. In turn, every action performed by an organization is defined by the core competencies of an organization. It then becomes vital for an organization to balance its capabilities across the needs of affected stakeholders, to best serve their needs. Such actions must then be decided with the organizations' internal resources in mind, such as expertise and capabilities (Chandler, 2017).
3. Stakeholder perspective – Perhaps one of the most important components of strategic CSR. Organization's must abandon the the view that entails prioritizing shareholder interest and satisfying their needs at every cost. Instead, organizations' must prioritize to satisfy the needs of its broad set of stakeholders (this will be further described in the paragraph regarding *stakeholder theory*) (Chandler, 2017).
4. Optimize value – Highlights the importance of organizations shifting their view on what profit should entail. It shall no longer be about profit maximization but about profit optimization. Previously, from the perspective of maximization, tradeoffs in business transactions and its corresponding production costs would often lead to a set of winners and a set of losers. This must be replaced, with the optimization perspective, where compromising and mediating becomes crucial, resulting in an optimal solution for all parties involved. Additionally, society must find a balance between production and consumption. From an organizational perspective, measures can be taken to try and achieve such balance. For instance, organizations' can internalize all costs tied to production (avoid outsourcing, and by doing so, become more transparent and accountable for the means of production). Tackling consumption, organization's can incorporate costs that society currently seek to avoid (Chandler, 2017).
5. Medium to long – term – If the goal is to make significant change to the current business landscape, evolving an organization's attitude in terms of its commitment, from a short-term based perspective to a medium/long – term perspective, is perhaps the most important part. Such perspective includes the managing of resources and its corresponding stakeholder relations. A short-term perspective often comes at the cost of long-term strategic considerations.

### *Stakeholder theory – vehicle to integrate CSR with strategy*

In the context of strategic CSR, stakeholder theory plays a vital part as it serves as a vehicle to integrate the two concepts of CSR and strategy into one. The theory presents a multi-stakeholder perspective which enables organizations to look at its stakeholders from a broader, more holistic view, which caters to a more responsive organization with the capability to adhere to several different needs at the same time (Chandler, 2017).

### *Who is a stakeholder?*

In an organization, a stakeholder is either an individual or a group that is dependent on the organization to achieve its personal goals, on the flip side, the organization is dependent on the individual or group for its existence. It is an interdependent relationship between the parties, where one can not coexist without the other. However, a new definition of stakeholders has emerged. Now, there is no limit to whom may be a stakeholder, but any entity who is affected by the organization (either voluntarily or involuntarily) and possesses the capacity to affect the organization. Here, there is a need for an important clarification. The new definition of an organizations' stakeholders does not exclude non-acting entities (such as the environment or young children) from the organization's concerns. However, the environment can not be a representative of its concern as it lacks the physical capabilities to express its voice, and is therefore not seen as a stakeholder per se, but the stakeholder becomes its representative, for instance, Greenpeace who acts in the behalf of the environments best interest. Therefore, the new definition of a stakeholder focuses on the individuals and groups who can affect the organization's operations, and who will act accordingly on the behalf of those who lack the capabilities to represent its interest (Chandler, 2017).

### *CSR, a stakeholder responsibility?*

Today, the role and responsibilities of a stakeholder to an organization are very important to set the tone of an organization. Stakeholders are not solely entities which benefit financially through the co-operation with the organization, but they also contribute to the shaping of

organizational behavior. Organizations do not longer define their social value, rather, their actions tied to social value have merely become reflections from the pressure set forth from their stakeholders. Therefore, all involved stakeholders have a certain obligation to affect and design society in a matter that is satisfactory to them. At this stage, it is once again important to highlight what a stakeholder is. In the new definition of a stakeholder, it is no longer limited to someone or an organization that is affected by the actions from the main organization, but entities such as the environment are also seen as stakeholders. As such entities do not pose the possibility to speak up and present its thought shaping ideas, they must rely on organizations to act on their behalf. As a result, the success of an organization is much related to the relationship between the organization and its stakeholders, as the stakeholders affect the outcome just as much as the organization themselves. Additionally, an organizations' stakeholders are responsible to hold the organization accountable for its actions. Upon a successful carry out of the societal value requested, the organization shall be rewarded, and equally punished upon unsuccessful compilation (Chandler, 2017).

### 3.4.2 Creating shared value

Although Porter & Kramer do not specifically state their work to be strategic CSR, many of the theories' elements are directly related to the topic. Furthermore, the theory will add much value to the study when it reaches the stage of evaluating the chosen organizations. The work of the two authors questions the current state of capitalism. A state in which societal welfare and economical optimization do no longer coexist. The critique is taken to the extent that business is seen as the major cause of social, environmental & economic problems (Porter & Kramer, 2011). From that critique, the premise of the theory has derived. The premise referring to the urgent need to restructure the way of doing business, to create shared value between society and economics.

#### *What is shared value?*

Essentially, shared value can be described as the policies and activities taken by an organization to enhance its own competitive stand. While simultaneously advancing the economic and social conditions within those communities that the organization affects (its stakeholders). In other words, shared value is about aligning profit optimization with an organizations' societal responsibilities. The concept is heavily reliant on value principles. In



this context, value is defined as the incurred benefits relative to the cost of the policy or the action taken by an organization. Profit is revenues earned from customers minus the cost incurred (Porter & Kramer, 2011). However, the overlying dilemma in the modern business world is that businesses seldom approach societal issues from a value perspective, ultimately treating such issues as secondary issues for an organization, with low priority. As a result, the alignment of profit optimization with the societal responsibility tied to organization actions tend to be overlooked.

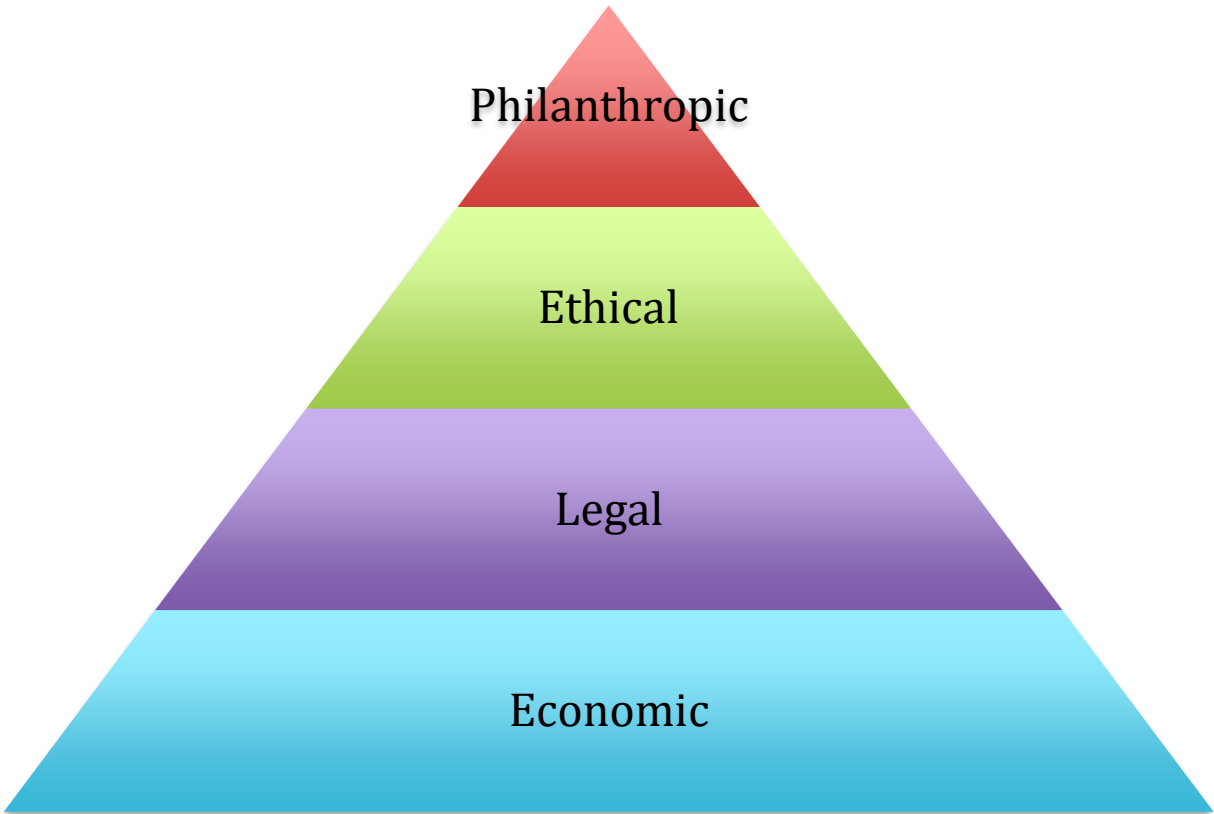
#### *The dilemma in reality*

Porter & Kramer (2011) argue that corporate social responsibility has received a negative conjugation. The negative outlook on the topic has reached such high levels that organizations often blame their negative performance trends on its CSR measures. However, the cause of such negative performance trends can not be that easily traced to increased practices of CSR measures. Instead, the cause is often rooted within the organizations themselves. Often, organizations' have neglected to embrace a more nuanced view on CSR and its value-adding potential, but instead, look at it as something detrimental to organization value capturing due to its perceived high cost. In such cases, the value creation is approached through a narrow view, a view which focuses on optimizing short-term financial performance, almost in a bubble, while ignoring to look beyond that bubble to find the factors which will have the strongest effect on organizational long-term success (Porter & Kramer, 2011). Factors relating to its customers, employees, depletion of natural resources, the viability of key suppliers, or the economic situation of its stakeholders. The solution to such an outdated outlook on CSR from organizations' lies in the principles of shared value. Organizations must look on value creation from an economic perspective that also enhances the societal value. To do so, organizations' must address the needs and challenges of society. It is important to point out that shared value is not a new take on sustainability, social responsibility, or philanthropy, but a new way for organizations to achieve economic success. The shared value should not be a small portion of an organization's efforts, but it should be at the very core of it. Only then, can an organization truly align its profit optimization with its societal responsibilities (Porter & Kramer, 2011).

### 3.4.3 Pyramid of CSR

The theory attempts to create a metaphor that highlights the complexities surrounding an organization's CSR measures, it does so by grouping the efforts into four different groups, that together constitute the CSR pyramid. Although the four elements have been grouped separately, they are all mutually exclusive and are not meant to differentiate an organization's economic responsibilities with its other responsibilities. But, the grouping does enable organizations to understand the different obligations that each group brings to an organization. At the same time, it highlights the fact that the different obligations are in constant, dynamic tension with one another. Concluding, the total CSR efforts of an organization must include a holistic, simultaneous execution and fulfillment of the four elements that constitute the CSR pyramid: economic, legal, ethical and philanthropic responsibilities of an organization (Carroll, 1991)

*Figure 5. The pyramid of CSR*



*Economic*

The notion of profit has come to be looked upon as something that needs to be maximized. By this, all responsibilities of an organization are predicated upon the success of the economic

notion. The rationale behind this is the fact that without the notion of economics, and profit maximization, all other responsibilities become moot considerations, lacking means to be accomplished (Carroll, 1991).

### *Legal*

Although the notion of profit has in many ways shaped society and the way that organizations act, they must also adhere to the notion of the law. Along with the law comes regulations set in place by federal, state, and local governments, which sets the ground rules on which organizations must act by. As part of the social contract within the frame of CSR between an organization and society, organizations are expected to follow their ambitions tied to the notion of profit within the frame of the law. Thereby, the law reflects a view of "codified ethics", in the sense that it sets the basic notions on which an organization must act (Carroll, 1991).

### *Ethical*

Ethical responsibilities of an organization account for those activities and practices that are expected to be prohibited by society and its members, but that fall outside of the framework of the law. The ethical responsibilities stand for those standards, norms, or expectations that reflect the societal concerns of consumers, employees, shareholders, and the community have in regards to the fair and just protection of the different stakeholders' moral rights tied to an organizations' practices (Carroll, 1991).

### *Philanthropic*

This grouping refers to an organizations' actions that are taken as an attempt to adhere to society's expectations that the given organization should act in a responsible manner. Part of this is that organizations are expected to actively take part in programs that promote welfare or goodwill. There is a clear distinction between the grouping of ethics and philanthropy. In philanthropy, organizations are not expected to act in a certain way but are more desired to do so. The desire of involvement includes the wish that organizations contribute to communities through economic donations, facilities, resources, and employer time, although, the organizations are not perceived as unethical if they do not adhere to the communities wishes, as the efforts are voluntarily and not binding (Carroll, 1991).

## 3.5 Sustainability

The topic of sustainability is a topic that is frequently used, in several different contexts. However, the irregularity of its usage in terms of its multi-topical usage does not deem it as less important for the context of the study. On the contrary, understanding sustainability in the context of business will be a crucial add-on to the understanding of what an organization's CSR measures are. Such importance derives from the close links between CSR and sustainability, where the topic emphasis differs but remains sharing most of its elements in this specific context.

### 3.5.1 Literature review on sustainability

Sustainability as a term has gotten frequently used in business and organizational research in recent times. As a result, many organizations have embraced the topic and established some sort of strategic sustainability plans to try and boost their internal productivity and efficiency. Yet, it is important to acknowledge that the topic of sustainability, especially in the context of business, is a largely complex topic that encompasses several different areas of an organization. The high level of complexity tied to the topic makes it difficult to establish one unanimous definition. Making it additionally difficult to define, the topic is constantly evolving and changing, adding new meaning and value to the topic (Bateh, Heaton, Arbogast & Broadbent, 2013). It has been stated that the topic of sustainability currently holds a minimum of 50 different definitions (Fibuch & Way, 2012). Due to the lack of clarity in terms of defining the topic, managers tend to look at its organizational sustainability practices in a much too narrow view, which mainly captures the aspect of sustainability that directly correlates to specific areas of internal performance (Bateh et al., 2013).

#### *Coming to a definition*

A commonality in the literature when attempting to find a coherent definition of the topic seems to be that organizational sustainability must include longevity and retaining core principles or purposes, regardless of internal and external changes over time (Bateh et al., 2013). Following this concept, it entails that any organization's long-term success must be heavily influenced by its capability to successfully carry out its sustainability strategy. Additionally, organizations are expected to be cautious with the use of resources. Cautious in

the sense that they must be scarce with its usage in a manner that satisfies the organizational needs sufficiently, but also in a manner that does not endanger the potential fulfillment of equal satisfaction for future generations (Raatsch, 2012). Furthermore, the literature review breaks down the topic into four major elements which together account for the overall meaning of organizational sustainability: (1) longevity (2) Maintenance of core principles or purposes (3) Responsibility of external needs (4) Leadership role in sustainability initiatives.

### *Longevity*

The conducted literature review found that a large majority of the research is directed towards the ecological aspect of sustainability. Although the ecological aspect of it is important, it is not sufficient in this context, as organizations whose focus is not related to product development will find little relevance in the discussion of ecological sustainability (Albino, Balice, Dangelico & Iacobone, 2012). The reality of the situation is that the concept expands much broader than just the ecological aspect. For instance, the links between sustainability and the organization positively affect performance in aspects such as competitive advantages and cost-effectiveness (Lee & Pati, 2012). Lee & Pati (2012) further argue that an organization's social and ecological performances are the two best predictors of actual market-based performance for the given organization.

### *Maintenance of core principles or purposes*

The literature challenges the view that sustainability measures within an organization are highly expensive and can only exist if an organization accepts decreased short-term profits. The authors argue that such an outdated view fails to accurately take into account the potential benefits that sustainability measures can have on an organization's overall performance (Fibuch & Way, 2012). The traditional cost-benefit analysis of an organization is no longer enough to accurately evaluate the pros and cons of sustainability measures for an organization as it does not reflect the needs of sustainability in its entirety. They tend to be insufficient as the full understanding of sustainability requires the understanding of a wide range of impact areas: ecological impacts, changes in labor practices, society, and product responsibility (Epstein & Yuthas, 2012). Therefore, the financial gain can no longer be seen as the sole purpose of activity implementation, as other proven values can not be captured by financial instruments. Unfortunately, this creates a dilemma, as it tends to often be the case that organizations lack sufficient tools and capabilities to effectively carry out such analysis (Epstein & Yuthas, 2012).

### *Responsibility to external needs*

As sustainability has gained traction in the world, particularly in the world of business, it has raised concerns regarding the current state of the economy. Concerns relating to the fact that the currently favored economic principles, favoring competitive pricing, may not be the ideal solution if one aims to favor the fair distribution of scarce resources. The field of sustainability science is currently calling the field of business for help. The calls refer to its wish for business to change its emphasis away from being purely profit-driven, disregarding the societal impact and instead shift the emphasis towards a perspective that acknowledges that the organization is part of a system that is fragile, and currently unstable, in need of change. Further, it is argued that the main reason for the current state of the economic landscape is that competitive economies fail to accurately account for "externalities". In this context, "externalities" represent those costs that are absorbed by the society rather than by the organization which is responsible for its production (Watson et al., 2012).

### *Leadership role in sustainability initiatives*

Assuming that leadership will be crucial as a driver for sustainability in business is not a far fetched assumption. Typically, leaders are those who set the organizational direction, having a leader that advocated sustainability measures, will inspire the remaining members of the organization to strive to follow the vision (Fibuch & Way, 2012). One major role of a leader is to indeed ensure that the organizational vision is executed throughout the organization, that task is performed via a structured process with the intent to achieve long-term success based on the elements of the organizations' vision (Fibuch & Way, 2012) and the organizations' capability to adhere to external needs. Naturally, such efforts need to be monitored and improved if needed, this is vital if the organization will ensure the success of its sustainability vision. Furthermore, a leader can look at the organization's current waste of resources, create economic and/or social value, and mitigate it. All in the mindset of transforming the organization into an organization that holds a long-term sustainable strategy (Fibuch & Way, 2012).

### *Conclusion*

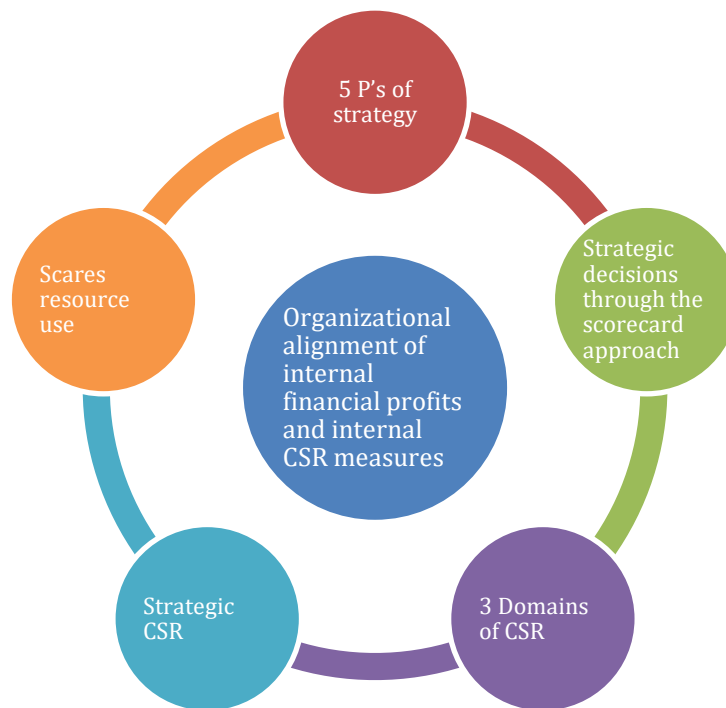
The constantly increasing popularity of sustainability also forces organizations to act upon it, act in the sense that they must find ways and means to adhere to the emerging trends. As a result, the implementation of sustainability strategies and goals has become a commonality in

organizations. However, organizations must be reactive as the scope of sustainability is dynamic, and is prone to fast changes in terms of what the topic entails (Bateh et al., 2013). The exponential growth of the topic has to lead to general acceptance and accreditation of the topic in the business world and has come to be one of the most important factors to account for if organizations aim to grow (Bateh et al., 2013). Despite the high frequency of usage of the topic, it is argued that there is no real method to assess the outcomes of an organization's sustainability measures (Epstein & Yuthas, 2012). This represents a research gap in the topic – the authors, therefore, call out for a united effort from scholars and researchers. The call starts at concluding on a definite definition of the topic in the context of organizational research, as such definitions would help the alignment of management and stakeholder expectations in regards to the resulting performance from sustainability measures (Bateh et al., 2013).

### 3.6 Holistically concluding on the five clusters

As the clusters have shown, there is a large quantity of available literature on each cluster. Such large availability creates an excellent information basis on which one can become familiar with the topics at hand. However, as the topics are in most cases independent and not directly linked to one and other, much of the theoretical context differs from theory to theory. Therefore, it would not be beneficial to analyze a specific case from the scope of forty-nine different theories at once, as it would only add more ambiguity to the conclusion. Instead, the author of this study has chosen the one most relevant theory of each cluster as a pillar on which the specific case will be analyzed. The selection of each theory has been based on two major principles. The first principle is the author's judgment. As the author has progressed its study, the author has become more and more comfortable with the topic, enabling the author to understand what are the most pressing aspects needed to answer the research question. The second principle is based on the frequency that each theory has been used throughout the literature. In some cases, the chosen theories may not have been explicitly stated in the literature, but the theory's main ideas have been shared to a very similar degree. In such cases, it has once again been down to the author's judgment and acquired level of expertise to deem the most appropriate theory at hand.

Figure 6. Evaluation framework



### 3.7 Chapter summary

At this stage, the building blocks for the analysis section of the study have been established. The building blocks refer to those set of theories which will create the framework on which the organizations chosen as case studies will be evaluated on. However, it must be mentioned that not every theory collected during the systematic literature review will be given the same level of rigor and attention as the theories presented in this chapter. This decision has been made by the author mainly due to the quality of the study. The author believes that the inclusion of forty-nine different theories would be detrimental to the outcome of the study rather than beneficial. The author has taken the liberty to examine the case as "less is more", concentrating more on the quality of the collected data, rather than quantity of data and forcing all of the collected material into the study. It may be acknowledged as a limitation as the selection criteria of the theories have been made purely through the scope of the author's perception of its relevance to the research question at hand.



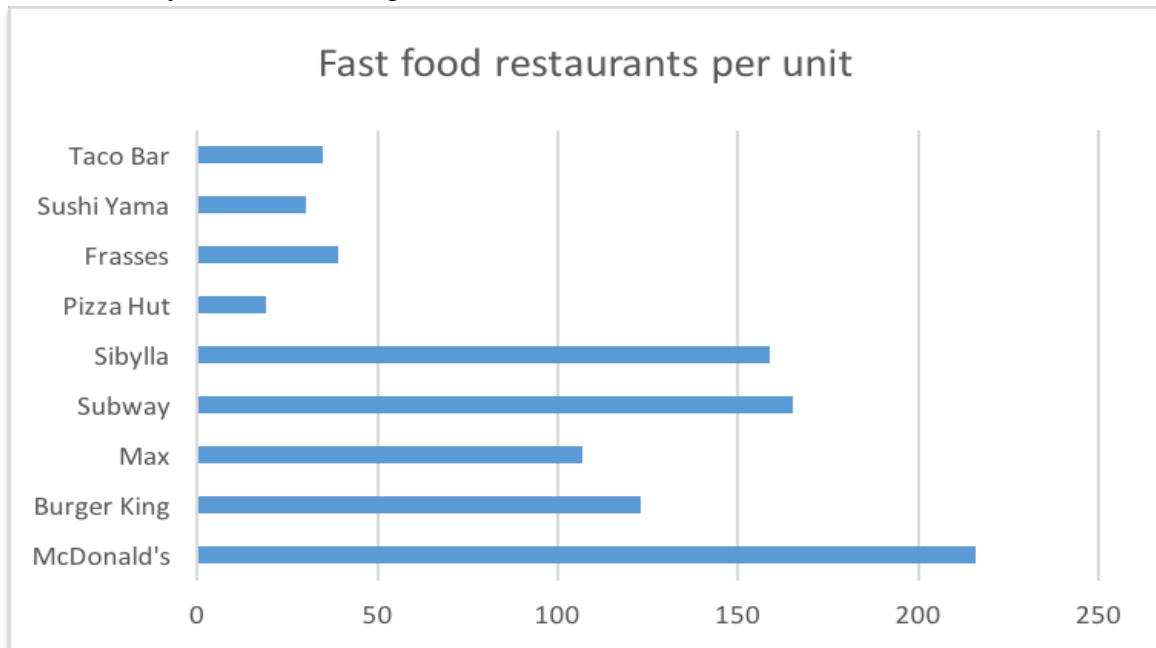
## 4 Empirical findings

The findings chapter of this study has provided the needed tools to understand the meaning of each cluster. That understanding enables a holistic understanding of what is expected by an organization in terms of aligning its financial profits with its CSR measures. As a natural progression to the previous chapter, this chapter will introduce the empirical findings of the Swedish fast food industry and the two organizations chosen to serve as case studies for evaluation based on the conceptualized framework.

### 4.1 Industry introduction

The Swedish fast food industry provides a wide variety of competitors, national and international players which all have different stakes of the market share (North, 2016). However, the competition depends on the perspective of the organization (Drucker, 1999). In this context, the competitive landscape is based on what is considered a direct competitor of the two chosen organizations: Max burger and Burger King. This distinction is very important in this context as the overall fast-food market-share and its competitive landscape differ from restaurants that share a similar vision as the two chosen organizations. The overall landscape includes organizations such as OKQ8, Pressbyrån, Circle K, Preem, and 7-Eleven. All of these are organizations that may indirectly be competitors of the two chosen organizations, but that do not share the same vision and therefore, do not affect the segmented industry structure (Porter, 2008). Instead, there is more value in comparing the industry structure of such organizations that share the same vision as Burger King and Max Burger. In this context, that vision is referred to as being a fast-food restaurant. The graph beneath will show the state of the competitive landscape of the two organizations' direct competitors (Ridder, 2020). The graph illustrates that the two chosen organizations are two of the major players in the industry and thus become relevant to the study.

Table 3. Fast food restaurants per unit in Sweden



#### 4.1.1 Financials of the fast food industry in Sweden

Measuring the performance of restaurants from purely the scope of revenues, it seems like the dominant restaurant type in Sweden during the year of 2018 was lunch and evening restaurants (proper sit-down restaurants, not fast food) (Ridder, 2020). Such types of restaurants had by far the highest revenue during that year in Sweden, with a total of 62.8 billion Swedish kronor. The second most popular type of restaurant in Sweden during the same year was entertainment restaurants, a category which mainly consists of pubs and bars. Closing out the top three in the category of fast food and takeaway restaurants (total of 13% of the revenue shares of the Swedish restaurant industry) (Ridder, 2020). However, although the fast-food industry did not show to be the most popular restaurant type in Sweden in the year of 2018, the industry as a whole saw an increase of profits between the years of 2014-2018 (Ridder, 2020). Splitting those profits by region, it becomes evident that the areas of Sweden which are more heavily populated and urbanized yield the most significant revenues. The Swedish restaurant industry had in 2018 a clear peak in and around the Stockholm region, with the region hitting 49 billion Swedish kronor (Ridder, 2020). The western region of

Sweden saw significantly smaller revenues during the same year, with a total of 30 billion Swedish kronor. Lastly, the central region of the country had the smallest revenues, with nearly 24 billion Swedish kronor (Ridder, 2020).

#### 4.1.2 CSR in the Swedish fast food industry

As the current state of the market has been established, it then becomes interesting to understand the current trends that contribute to the shaping of the direction of the industry. To do so, a relevant starting point is to understand the current food consumption of Sweden and its corresponding trends. Although not all literature in environmental science seems to agree on the matter, there is significant research that has been conducted on the topic, and much of the results show that meat consumption has a detrimental effect on the environment (Garcia-Alvarez-Coque et al., 2020). This becomes relevant to the question at hand as the Swedish meat consumption in households has seen a staggering increase over the past thirty years. During the period between 1980-2018, household meat consumption has increased by 32%. The percentage is reflected by annual consumption of 84kg per person/annually (Lind 2018). Following the topic of causing damage to the environment, is the energy consumption tied to the production of the meat that is eaten in the households. During the same span (1980-2018), the total energy consumption per person tied to the meat production increased from 12,300kj person/day to 13,100 per person/day (Lind, 2018). Such information is relevant as it has set the tone for the trends of the fast-food industry in Sweden. Due to the high levels of meat consumption and the negative environmental effects tied to it (Garcia-Alvarez-Coque et al., 2020), organizations have taken actions to try and become more socially and environmentally responsible, especially Max burger and Burger king.

## 4.2 Introducing Max burger

Max burger is a Swedish fast food restaurant that was first established in the northern Swedish city of Gällivare in 1968. Initially, the restaurant opened as a single restaurant but was eventually transformed into a national chain (Egelund, 2020). As the years have gone by, and the restaurant has continuously grown, it has expanded across several nations. Nations included in that expansion are Denmark (three in total in Denmark, Norway (Seven in total)

and Poland (eight in total in Poland) (MAX hamburgers, 2020). Although the large majority of the restaurants are found in Sweden, in 2019, the total number of Max restaurants in Sweden tallied up to 135 (MAX hamburgers, 2020). Comparing this number to the number presented in the chart in the previous chapter (107 units), it becomes evident that the restaurant has been able to grow significantly at a high pace. Such growth has been enabled through its high levels of customer satisfaction. The high levels of customer satisfaction are represented by the many awards that the chain has won, including the award of "most satisfied customers" eighteen years in a row (2002-2019) (MAX hamburgers, 2020).

#### 4.2.1 Vision and business-modell

Max states that its purpose of existence is to make the world a little bit better. The organization refers to the improvement of the world via its tasty products, but also via its commitment to society. The vision is simple, to become the world's best hamburger chain. However, the organization clearly states that it refuses to compromise its social purpose to obtain short-term financial gains that would enable a quicker global expansion. The social commitment is standing, with the long-term financial gains at sight. A further justification of such a statement is the fact that the chain is family-owned and has been so since its establishment in 1968. The intention is for the organization to remain family-owned for at least seven generations. As long as the organization remains family-owned, it will not budge on its strict commitment to the wellbeing of society and the environment (MAX Burgers AB, 2019). Max realizes that despite its commitment to the wellbeing of the environment, that it is a part of the sustainability problem. Therefore, they aim to be a part of the solution, directing much of its focus towards three specific areas: Health, fairness, and the environment. The priorities are based on received feedback on their activities, always with the best interest of the stakeholders at hand (MAX Burgers AB, 2019).

#### 4.2.2 Financials of Max burger

In 2018, Max burger saw large profits, with a total of 386 million Swedish kronor. The large profit came along with a significant increase in the organization's net sales. At its peak, the net sales hit as high as 3.1 billion Swedish kronor (MAX Burgers AB, 2019). As yet another proof of the organization's commitment to society, the organization has established a

foundation that donates 7-10% of its annual profits in a just distribution to people and communities in need around the world (MAX Burgers AB, 2019).

#### 4.2.3 Direction of Max burger

In Sweden, Max burger has established itself as the industry leader from a sustainable standpoint. In this context, sustainability is measured through the definition provided by Raatsch (2012). The definition entails an organizations' scarce use of its amiable resources to satisfy organizational needs without endangering the potential fulfillment of future organizational needs and effectively avoiding damage to the organization, society, and the environment. Max burger has been awarded the position of industry leaders in terms of sustainability by the organization "Swedish – Sustainable brand index" in its report published in 2020. As a matter a fact, Max burger was ranked as the number fourteen most sustainable brand in Sweden, with its nearest industry competitor, McDonald's being ranked on place seventy (SB insights, 2020). The organization received such high ranking due to its consistent push towards becoming more and more sustainable in all its activities and processes. For instance, the organization was the first organization within the industry to receive accreditations of the CO<sub>2</sub>-label to its entire menu. Such transparency allows customers to form its consumptions decisions beyond just the taste of the product, as they are also aware of the impact of their consumption on the environment through the awareness of the green carbon footprint behind the production of their meal (Egelund, 2019). Kaj Török, information and sustainability manager at Max made the following statement: "We know we are part of the climate problem and we want to be part of the solution. In 2008 we created the world's first climate labeled menu and since then we have also planted some 2 million trees to capture our emissions. In 2018 when we turned 50 and wanted to take the next step with the world's first climate-positive menu".

As a strategic decision to stay faithful to its core commitment to sustainability (as defined by Raatsch, 2012), Max has also acknowledged the concerning trend of the increased meat consumption over the past thirty years. As a response to the trend, and as a testament to its commitment to the wellbeing of society and the environment, Max has committed. The

commitment is represented by a goal: by 2022, the goal is that at least fifty percent of all meals sold at Max, will be made from something else than beef (MAX hamburgers, 2020). From a feasible perspective, the set goal by Max seems to be a goal that can be accomplished within the set time-frame. Currently, Max approximates that around sixty percent of the meals that are sold at their restaurants are meat-based, while the remaining forty percent is made by alternatives to meat products (MAX hamburgers, 2020). A major contributor to such push is the organization's strategy in terms of new products. The restaurants have a seemingly wide variety of plant-based beef alternatives on the menu. Also, the organization has heavily marketed the plant-based options, even co-operating with famous Swedish influencers, creating a buzz around the product (Egelund, 2019).

## 4.3 Introducing Burger king

Burger King is an American organization that was co-founded by the American duo of David Edgerton and Jim McIlmore in Miami, Florida, in the year of 1954. The national (in the U.S.A) expansion continued as the years progressed and the organization was receiving much praise for its signature burger, the Whopper. Burger king initiated its international expansion in Puerto Rico in the year of 1963. The first introduction to the European market took place in 1975 when Madrid became the home to the first Burger king on European ground (BURGER KING,2020). Sweden was shortly after Madrid introduced to Burger King, as the chain opened up its second European restaurant in Malmö, in 1976 (BURGER KING, 2020). Currently, there are over 18,000 total Burger kings spread out across the world, and 123 of those are located in Sweden (Ridder, 2020).

### 4.3.1 Vision and business-modell

At the core of the organization, there is a simplistic vision, to provide and serve its customers with cheap but well-tasting food (BURGER KING, 2020). However, the organization does have a set strategy to try and maximize its outreach and potential to serve as many customers as possible. The first stated part of this strategy is accelerating international development. Burger King has developed a business model where franchising has become an integral part of its heavily focused expansion strategy. The organization aims to become present in more or

less every country in the world. As a strategic decision, the organization strikes deals with strategic partners and joint ventures, upon the agreed deal, such partners are then responsible for driving the development of the franchise in the partners' country of operation (FORM-10K RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP, 2019). The second strategic decision taken by the organization is enhancing restaurant-level margins and profitability. As mentioned, at the very core of the organization lays the principle of serving cheap food. Along those lines, the organization focuses much of its strategic intent towards the possibility to further cut its costs and lowers its margins. Such outcomes are believed to be reached by the organization through top-line growth in the restaurants and cost management initiatives. Optimally, such prioritize activities will help the organization to maximize its profits (FORM-10K RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP, 2019). The third strategic decision is driving corporate-level G&A efficiencies. This decision is mainly focused on the annual design and planning of the budget. Burger King has established a program that they have named "Zero Based Budgeting". The program is a way for the budgeting departments to set their budgets based on expected expenditures alone, disregarding the expenses of previous years. By doing so, Burger king aims to create a culture where the managers feel a strong sense of ownership. With this, Burger King has also tied a portion of management's incentive compensation to that specific budget (FORM-10K RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP, 2019). The fourth and final strategic decision that is specifically communicated by Burger king in its annual rapport is actively pursuing franchising opportunities. It has already been established that Burger king directs much focus towards its franchising efforts. However, that focus can not be underestimated as it is an ongoing process even beyond the establishment of the franchise. Burger king is constantly on the lookout for the new potential franchising opportunities but it also renegotiates its current franchise deals to further improve the royalty deals. All with improved profits and cash flow at mind (FORM-10K RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP, 2019).

#### 4.3.2 Financials of Burger king

For the context of this study, analyzing the Swedish fast food industry, it becomes difficult to categorize the position of Burger king's financials specifically for the Swedish market. The difficulties derive from a few different reasons. For instance, the organization is owned by Restaurant Brands International Inc. which is a partnership with a wide umbrella of

organizations similar to Burger king within its concern. As a result, information for each organization's country-specific sales has not been made available, presumably due to the large pool of organizations and their corresponding countries of operation. Therefore, the decision has been taken by the author to present the relevant numbers presented in the Restaurant Brands International Inc. annual report from 2018. Burger king achieved an overall system-wide sales growth of 8.9% in 2018. That percentage is reflected as \$ 32,225 million. The net growth of the restaurant also achieved a significant increase, at 6.1% during the same year (FORM-10K RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP, 2019).

#### 4.3.3 Direction of Burger king

Moving forward for Burger king, two factors affect the strategic direction of the organization. The first factor is a factor that is commonly occurring throughout the strategy of Burger king. It is the factor of franchising, as the organization is planning to heavily expand its operations in market segments that are yet to be heavily exploited. Such emerging markets include markets in Africa, the Middle East, Russia, and India (FORM-10K RESTAURANT BRANDS INTERNATIONAL LIMITED PARTNERSHIP, 2019). The second factor is the global trend of sustainability. As a response to the increasing global issue of meat consumption, Burger King introduced its first two plant-based burgers in Sweden in 2019, the Unbelievable Whopper and the Unbelievable chicken burger (Handley, 2020). However, the strategic purpose of the burger has become somewhat unclear to its consumers. The failed clarity has derived from the mixed purpose of the burger. On one hand, the burger is completely free to meet and does contribute to the reduction of the overall global meat consumption. On the other hand, the burger is grilled on the same grill as the meat burgers, deeming them unsuitable for Vegans (Jones, 2020). An interesting observation that must be mentioned is the ranking of Burger King in the annual brand sustainability index. In comparison to Max burger (placed 14 in the same ranking), Burger king received an extremely low ranking, at place 213 (SB Insights, 2020). The low ranking was obtained despite the organization's efforts to introduce plant-based options to their menus, portraying a sustainable image to its consumers.



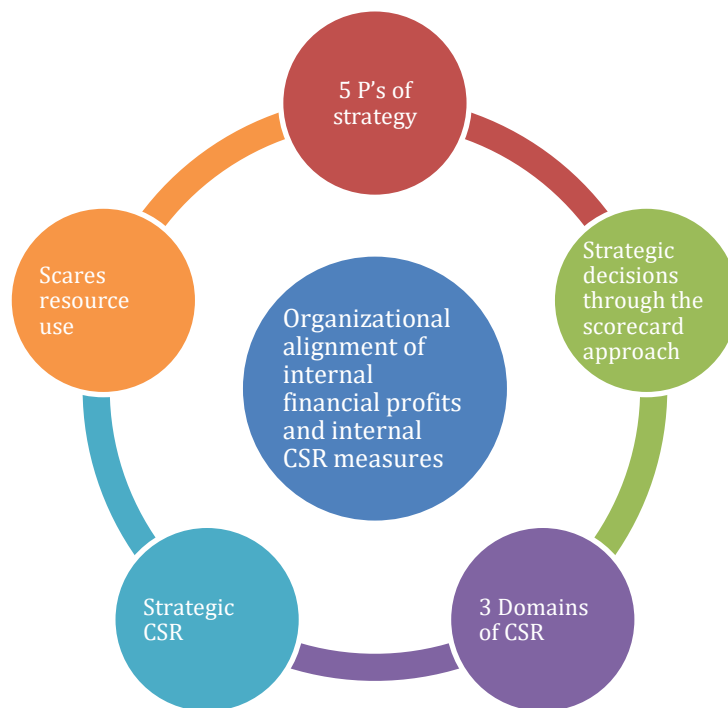
## 4.4 Chapter Summary

The chapter provides introductory insights into the industry and the two chosen organizations without attempting to analyze them through the scope of the research question. Although, many of the differences become increasingly evident while backed up to theories presented in the findings chapter. Such differences will be analyzed in the analyzes chapter as the found theories get applied to the two cases. However, the chapter does a satisfactory job in its presentation of the organizations, while making the reader aware of potential points of interest that may be analyzed.

# 5 Analysis

Important to remember before the initiation of the evaluation, is the scope on which the organizations will be evaluated. The evaluation scope refers to the organization's actual performance in terms of aligning its financial profits with its CSR measures, specifically with an emphasis on those measures tied to the introduction of plant-based products into their menus. The analysis will be conducted on the premise of the framework that has been conceptualized via the five theories that have been deemed as the most accurate representatives of each given cluster. After such an analysis has been conducted, the two organizations will be contrasted against each other. During that contrasting section, the second part of the evaluation framework will be utilized, which is the Profit to CSR evaluation scorecard. The scorecard will score the organizational performance with the scope of the evaluation tool in mind.

Figure 6. Evaluation framework



## 5.1 Evaluating Max burger

### *The 5 P's of Strategy*

In the case of Max burger, which mainly embodies three out of the five P's, the P's that are excluded are Strategy as a ploy and Strategy as position. Strategy as a plan is perhaps the easiest to identify. As stated, Max has a clear and intended strategy to be good while acting well towards society. The strategy to be good is communicated and as a result, Max has received recognition, as being ranked the fourteenth most sustainable organization in Sweden, the year 2020 (SB insights, 2020). While staying true to its core plan and strategy, Max has also adhered to Strategy as a pattern. It adheres to this type of strategy as the organization has shown consistency in its societal commitment since its establishment. Strategy as a perspective is evident across the entire organization of Max. From the organization's perspective, it is obvious to act in a manner that is just towards the environment, and therefore, its actions are reflections of its perspective.

### *Strategic decisions through the scorecard approach*

This theory needs minor modifications to be adequately applied to this evaluation. The scorecard may be a bit redundant in this context, but the overlaying meaning and the values communicated in the theory are still very much relevant. The main takeaway of the theory for this specific context is the organizational processes needed to carry out a decision that is aligned with organizational strategy. For this to be successfully implemented, it is important to have an organizational understanding and clarity of the intended outcome of a certain activity. In the case of Max, every decision is made based on its core strategy, to be good to society. However, the theories' main contribution to this study will be the Profit to CSR evaluation scorecard that will be presented later on in this chapter (See table 3), the scorecard will also incorporate Burger king.

### *3 domains of CSR*

The genuine CSR commitment of Max becomes ever so clear during the application of this theory. The commitment does not fall under the economic domain as its commitment is not based on short-term economical gains. Equally, the commitment does not fall under the legal domain as its commitment is voluntary and not forced or enforced by any specific laws. Rather, the commitment is ethical, due to its voluntary nature. Max has the perspective that it is their morally binding responsibility to act good, and therefore do so, without any pressure being forced upon them.

### *Strategic CSR*

Max burger fulfills the set criteria of each of the five components of strategic CSR. The CSR perspective is fulfilled due to its overall organizational commitment. From a consumer perspective, such commitment becomes evident from the first as soon as one enters one of the organization's restaurants. The menu is transparent in terms of its CO<sub>2</sub> emissions, which enables consumers to make informed consumption decisions. Furthermore, the packaging also has information regarding its CO<sub>2</sub> emissions, and customers are urged to sort the trash. It all contributes to the overall culture of the organization, which sets an environment on which the perspective of strategic CSR is of the highest importance. The Core operations of Max burger essentially boil down to its strong capabilities of serving fast food. However, such operations are systematically revised with the intent to cut down its negative environmental impact and adhering to the needs of society. For instance, the organization is heavily emphasizing a consumer push towards its plant-based products to reduce the organization's total CO<sub>2</sub> emissions from the CO<sub>2</sub> heavy meat products. That is a prime example of how the organization utilizes its core capabilities tied to its core operations as a means to improve its CSR commitment.

From a *stakeholder perspective*, Max burger once again performs at a high level. At the end of each year, Max donates 7-10% of its annual profit to humans and organizations in need around the world. Such action is once again a testament of its commitment to its social contract. It is so, as the organization voluntarily chooses to donate its surplus rather than to distribute it as dividends amongst its shareholders. In the sense of Optimizing value, a reference can once again be made to the organization's plant-based product line. As established early in this study, humans eat more meat than ever before. Such development has been partly pushed by the increased meat production that has been driven by its low

production costs (Van Drummen, Beukering, and Aiking, 2010). Plant-based products can yet not compete with such low production costs and are generally speaking more expensive than meat products to produce (Van Drummen, Beukering, and Aiking, 2010). An organization that aims to maximize its profit margins may, therefore, be hesitant towards the inclusion of such products into its menus. Max, however, is advocating for such products and has set clear goals of them wanting such products to stand for the majority of its sales (MAX hamburgers, 2020). Such a decision has been made as Max treats value as a factor that goes beyond just economical value but also incorporates the social and environmental value. Therefore, Max sees the introduction as a way to optimize all its value, while being and doing good towards its stakeholders and consumers. Such actions also do for a good bridge onto the fifth and final component of strategic CSR, Medium to long-term organizational goals. The ownership structure of Max, being family-owned and with the intent to remain so for a minimum of seven generations (MAX hamburgers, 2020), lays the foundation for its long-term commitment towards CSR. It is due to its strong and clear commitment that Max can make strategic decisions that will yield profit in the long-term, such decisions as pushing for plant-based products. Narrowly looking at short-term solutions, meat, in this case, may yield higher short-term returns, but will potentially cause issues for the organization in the future as resources become more scarce along with the potential harm afflicted on the planet.

#### *Scarce resource use*

Max performs seemingly well in this area. The first noteworthy performance derives from its responsibility tied to planting new trees based on its CO<sub>2</sub> emissions. Since 2008, the organization has planted 2 million trees as a move to catch CO<sub>2</sub> emissions in the atmosphere (Lang, 2019). Although not entirely relevant to the topic of scarce resources, it is worth mentioning that the trees have been planted from a project initiated by Max, where approximately 6,100 farmers in Uganda have been involved in the project and compensated for it. Once again, reinforcing the organization's commitment towards society (Lang, 2019). Two other areas on which the organization performs very well are the areas of energy and waste management. The organization uses wind power as its main source of energy, helping the environment via its reusable nature (Lang, 2019). Max performs well in waste management as it thoroughly sorts its trash and has managed to reduce its total waste to below 1%. Lastly, although seemingly repetitive, the reduction of meat must once again be acknowledged, as the introduction of plant-based options is the superior option from a sustainable standpoint. The lowered overall CO<sub>2</sub> emissions linked to its production are far

less than those of meat, along with being more easily reproduced, having the least impact on future generations, and its accessibility to the same resources.

## 5.2 Evaluating Burger king

### *The 5 P's of Strategy*

In relation to the 5 p's of strategy, Burger king can be accounted for three of those P's, plan, pattern, and position. However, the organization's performance in terms of its commitment towards CSR differs in each of the P's. It is evident that Burger king has a set strategy, however, the set strategy does not show a clear commitment towards CSR. Rather, the set strategy is tied to the profit maximization of the organization. Such maximization is seemingly achieved via the constant efforts to cut costs, along the constant plans to expand the organization through franchising. Although, the organization does take certain strategic decisions that do benefit the environment. For instance, the organization has introduced a plant-based product line into its menu, as an attempt to reduce the CO2 emissions that come from meat production. Strategy as a pattern does once again shown the limited commitment of Burger king towards CSR measures. Its strategic plan to cut costs and expand show a clear pattern of those two things being of the highest priority to the organization. Ideally, patterns would have shown efforts contributing to its social contract that the organization claims to have. Strategy as a position has set the organization priority to serve food as cheaply as possible, and the organization remains true to that position, as it seemingly attempts to reduce its costs.

### *Strategic decisions through the scorecard approach*

Once again, the theory will be modified in the same manner as it was when applied to the evaluation of Max burger. The performance of Burger king at this stage is extremely ambiguous. The ambiguity is referred to the inconsistency between its strategic decisions and its core strategy. The core strategy does not explicitly state the importance and high priority of its CSR measures. However, in recent years, many strategic decisions have been taken in regards to its CSR measures. Further, the organizations' official website sets its sustainability

activities as a high priority. This creates a disconnect between strategy and the strategic decisions, and makes it difficult for the strategic decisions to have the intended effect, as the two are not aligned.

### *3 domains of CSR*

In the case of Burger King, it is seemingly obvious that the two domains of CSR that the organization practices are the domains of Economic and Legal. The Economic domain is clear due to the disconnect between the organization's strategy and its strategic decisions. A clear example of this is the introduction of its plant-based products. Although the decision itself is of CSR nature, the implementation was not carried out appropriately. The plant-based products were grilled on the same grill as the meat products. Such a practice makes the plant-based product uneatable for a vegan. The organization did receive criticism for this but took no measures to fix it (Elegund, 2019). Such a lack of response to its customers and stakeholder needs show once again that they are not a high priority for the organization. The Legal domain is reflected by its commitment to follow norms and regulations. Although the extent to which they follow CSR measures can be questioned, they do follow some of them, mostly those that are forced upon them by the law.

### *Strategic CSR*

This is the area where Burger King's performance is the worst, as it fails to adhere to all of the components of strategic CSR. CSR perspective is not met as CSR measures are not represented across all the organization's business units. Representation of it is rare and can be found in certain strategic decisions, it however lacks the consistency required to create a culture with its corresponding environment. The core operations of Burger King are not intertwined with its limited CSR measures, but heavily reliant on activities that cut organizational costs to improve its profit margins. The focus of improved profit margins is however always the priority, minimizing the significance of its CSR measures. On the topic of the stakeholder perspective, the organization also performs poorly. As the organization's strategy is mainly based on its performance in terms of profit and growth, it does not strive to add value to the organization through its lack of commitment to improve stakeholder

relations. It is once again worth mentioning the introduction of plant-based products and their response to the criticism. The organization rejected the criticism, basically deeming the vegan customer segment as irrelevant for its product, once again proving its small commitment towards its community and its stakeholders. Iterating the organizations focus on their shareholders, which are profit-driven. This also leads to poor performance in the component of optimizing value. The organization takes the traditional view of value, where value is measured through financial revenues, disregarding potential value derived from doing good to society and the environment. Such a view becomes evident throughout the organization's strategy, as all measure are taken with the intent to maximize organizational profits, disregarding the wellbeing of its surroundings. An example to strengthen this is the fact that managers incentivized compensation is tied to the annual budget setting. As a result, managers strive to cut the costs as much as possible, to be able to receive larger individual incentives. The time perspective of Burger king is indeed a medium to long-term perspective, as it already has set plans to further expand across the globe. However, such plans are mainly financially driven, with profit as its main driver, not CSR, and not its corresponding commitment.

#### *Scarce resource use*

This is where Burger king has its strongest performance. Although the intent of the plant-based products may be questioned due to its implementation, the organization has some activities that drive up the performance. For instance, the organization performs well with its waste management, as over 90% of its waste is reused (MAX hamburgers, 2020). Additionally, only 0.8% of the food is thrown away at the restaurant, a number which is even lower than the number of Max. However, a noise of concern may be raised. Due to the organization's overall performance, it is difficult to determine whether the activity's high performance comes from its CSR commitment or from the core strategy, to cut costs. The most likely purpose given the outcome is that it is a combination of the two.

### 5.3 Contrasting the two organizations

Overall, Max seemingly manages to align its financial profits with its CSR measures. Evaluating the organization based on the five theories that together form the framework of evaluation, it appears to perform well in every part of the evaluation. CSR seems to be



enrooted into the organization's core operations and its strategy, as every decision taken seems to be taken with the basis of CSR at mind. Based on the research, the key to successful alignment seems to derive from its view on value. As traditional firms have in the past perceived value as a financial measure. Max looks beyond that view of value, as it encompasses its commitment to CSR. With that commitment comes the valuation of society, its stakeholders, and the environment. This view of value seems to be what enables the organization to act in CSR accordance throughout each of its business units. However, enabling such actions is not enough, as the organization also must act upon them. Max does appear to do so. It appears as CSR is within the strategy and decisions are made accordingly, the CSR commitment is voluntary, value is optimized and not maximized and lastly, the organization is scarce with its use of resources. The practice of all five elements in coexistence is what enables the organization to align its financial profits with its CSR measures.

Based on the study and the analysis, it seems as Burger king fails to align its financial profits tied to its CSR measures. The organization is extremely profitable and has achieved major success, just not with CSR in mind. Instead, the CSR measures introduced by the organization seem to be quick responses to its competitors and the market demands to satisfy the needs from a short-term perspective. However, this creates a misalignment between strategy and strategic decisions of the organization. As the decisions taken are not accurate representations of the organization's core strategy. Therefore, it seems unlikely that the decisions will be able to sustain a long-term effect, as the decisions are not backed up by the existing business model. If the organization ever aims to drastically improve its performance tied to the alignment of financial profits and CSR measures, it must change its view of value, and realize that CSR measures have the potential to bring values outside of the typical financial gains. The organization should realize that short-term profit maximization could be inferior to long-term profit optimization, due to the additional values gained from society and the environment, along with the many benefits of acknowledging and prioritizing the organization's stakeholders.

### 5.3.1 Scorecard rating

The scorecard is the final step of the evaluation as it builds on the analytical reflection of an organization's current performance tied to its alignment of financial profits with its CSR measures. The scorecard is useful as it makes the understanding of an organization's performance in this context much more concrete and hands-on. Seeing the performance tied to specific processes of an organization enables managers to conduct a more thorough analysis of what needs to change and what may remain the same (Kaplan, 2017). Additionally, it enables individuals to evaluate the performance of their work within an organization (Kaplan, 2017). However, at this stage, it is important to further clarify the criteria on which the scores should be set. The criteria derive from the same premise as the analysis evaluation. Each category should be analyzed through a specific organizational scope. That meaning that each organization should use the theory and apply its specific organizational activities to each theory. The organization should then contrast and conclude its performance in correlation to the parameters of the theory. For the evaluation to be value-adding, it is of the highest importance that the organization is honest and transparent regarding the performance of its activities. In this specific case, the scorecard further highlights the difference in performance between Max burger and Burger king in relation to the research question. Max burger seems to be the winner with a significantly higher performance score as opposed to its competitor, Burger king.

*Table 4. Profit to CSR evaluation scorecard*

Scale from 1-5 (5 being the highest)	Max burger	Burger king
<b>The 5 P's of strategy</b>	5	2
<b>Strategic decisions through the scorecard approach</b>	4	1
<b>3 domains of CSR</b>	4	2
<b>Strategic CSR</b>	5	1
<b>Scarce resource use</b>	4	4
Total score	22/25	10/25

## 6 Conclusion and discussion

Before attempting to conclude the study, it is relevant to refer back to the purpose of the study. Essentially, the purpose of the study is to answer the set research question: can organizations align their internal financial profits with its internal CSR measures?

On a general level, the study has shown that the process of aligning financial profits tied to its CSR measures is a complex process, that requires a clear and thorough organizational commitment across several business units. However, such a complex process can seemingly be achieved. The study presents a framework on which organizations can be evaluated on their performance based on the alignment of the two processes. Also, the framework may serve as guidelines for organizations that may wish to achieve the alignment. The framework incorporates several organizational elements that are all essential for the process at hand.

Applying the framework to the chosen cases, resulted in two very different results.

In the first case, the case of Max burger illustrates an example of an organization that seemingly succeeds with its alignment. The strong commitment towards CSR is affluent throughout the core of the organization. Therefore, introduced CSR measures and strategic decisions taken tied to it, can be backed up by the entirety of the business model and the corresponding strategy. The second case, Burger king illustrates an example of an organization that seemingly fails to align the process. There is a clear disconnection between its strategy and its strategic decisions. Although the organization does try and implement certain strategic decisions with CSR values, the core of the organization does not share the same values. As a result, many of the organization's efforts feel misplaced as they can not be backed up to the extent that they would need to achieve its intended long-term value. Instead, the core strategy of the organization and the corresponding business model is set up to adhere to a short-term profit maximization model, disregarding the long-term value of CSR measures.

## 6.1 Research Purpose

The conducted study has established a framework on which organizational financial profit alignment tied to its CSR measures can be evaluated. The framework will help the organization to understand how deeply rooted its commitment to CSR is in reality. Additionally, the understanding will help the organizations to improve those areas that where performance may be lacking, equally, it will highlight those areas where it is performing well. The study has managed to achieve its purpose, which was to investigate if an organization can align its financial profits with its CSR measures. The findings in the study, with the help of case-specific applications, have shown that such actions are possible if each step of the framework is accounted for. It has also proven that organizations may fail to align the process although it tries to portray a public image of doing so, strengthening the point that there is a need to thoroughly evaluate actual organizational performance in this context.

## 6.2 Pros and cons of the framework

The conceptualized framework represented by the analysis tool and its corresponding scorecard has been developed with the intent to capture the most relevant areas of an organization, needed to answer the research question. The author believes that each theory that has been selected to represent each cluster is the best representative of what each cluster entails. Additionally, the author argues that the clusters selected are the needed building blocks to answer the research question and its overlaying purpose. The research conducted, has shown to be sufficient to answer the research question in the matter that the author intended for it to be answered. The research has seemingly shown that organizations can align its financial profits tied to its CSR measures, which has been highlighted via the application of the evaluation framework to the specific case of Max burger. Equally, the research has shown that organizations can appear to align the two processes without actually doing so at its core, which has been highlighted in the case of Burger king. From the perspective of the author, the clear differences in the outcomes of the two organizations is a testament of strength to the conceptualized framework, as it is capable of showing both the strength and the weaknesses of organizational performance in the topic.

However, the author realizes that the framework may suffer from minor deficiencies. For starters, the framework may have benefited from a holistic cluster representation rather than a single theory that has been deemed the most relevant for each cluster by the author. Such deficiency is stated with restricted power behind it, as the author, despite all, is confident on the selected approach of selecting the one most deeming theory to represent each cluster. Additionally, Kaplan's (2007) theory represented in the strategic decision cluster may be argued to be less relevant than the other theories chosen to represent its specific cluster. For the relevancy of the theory to become evident, it is important to once again mention the role of the scorecard in the evaluation framework. The scorecard is the final concluding part of the framework, and the concept behind such scorecard derived from Kaplan's (2007) theory, highlighting its relevant contribution to the study.

### 6.3 Practical Implications

From a practical perspective, organizations will be able to use the presented framework to evaluate their performance. Performance in this context refers to organizational performance in relation to its alignment between financial profits and its CSR measures. Ideally, organizations will look at functioning organizations such as Max burger as reference points in terms of an organization that seemingly successfully aligns the two processes. Equally, Burger king will serve as a reference point of an organization that seemingly fails to align the two processes. However, organizations that may wish to adopt the framework and align its own processes mustn't be recommended to replicate the process of Max but rather use it as a reference point and evaluate its process via the presented framework. The framework is an evaluation tool that needs the specifics of the given organization to be applied onto it, therefore, the evaluation of Max or Burger king can not be completely copied, as it would miss the point. Organizations will have to add their specifics of the organization, in an honest and transparent manner.

Ideally, society and the environment will see large benefits from this study. Benefits as organizations become stricter and clearer regarding their commitments to CSR. As science shows, the world is taking damage by us humans and the way that we currently practice business and consume (Shroeder, 2018). Reevaluating the shape of businesses and its

corresponding practices will help with the contribution of restoring such damages that humans have caused.

## 6.4 Future Research

As stated in the introduction of the study, there is a problematization surrounding the validity of organizations in terms of its purpose regarding the implementation of CSR measures. There seems to be a managerial shift of reasoning within the industry, from the previous reasoning of seeing the implementation of CSR measures as a means to manage its reputation. To a view that validates CSR measures as a means to potentially add value to an organization via its ability to cut certain organizational costs, mainly related to internal efficiency measures. Future research on the topic, applied on a large quota, spread out across several different industries, could potentially add further validation to the shift in managerial reasoning tied to the implantation of CSR measures within an organization.

Furthermore, testing the framework on a larger quota across several industries would also contribute to the potential validation or invalidation of the framework itself. At this point, the framework has not been tested on a large enough quota for it to be deemed sufficiently adequate to effectively evaluate an organization's alignment of financial profits to its CSR measures. As a side-benefit from the large quota application, it could potentially expose many flaws and strengths of organizations. Shedding light on such potential flaws and issues may change the public perception of that given organization. Eventually, that could translate into stakeholder pressure, and force change within that specific organization. Essentially, that is what is exciting about the topic, raise awareness of unsustainable practices and provide a framework that can help organizations to evaluate its performance and to better themselves to become more sustainable

## 6.5 Chapter Summary

The chapter concludes the entirety of the study as it discusses if the study has effectively answered the proposed research question. From the perspective of the author, the research question has been adequately answered. The application on the two cases has seemingly added value in regards to the shown applicability of the conceptualized framework, and thus, seemingly increased its validity. On the topic of the framework, the pros and cons of it have been discussed. Further, the chapter discusses the practical implications of the study. Such implications refer to the framework's potential to serve as a tool for organizations to evaluate its performance regarding its alignment of financial profits and its CSR measures. If used adequately, the framework can also serve as guidance for organizations that wish to improve its performance and align the two processes. Lastly, the chapter looks at future research potentials, where the main takeaway is validating the framework through a study that embodies a large quota of organizations across several industries where the framework may be applied.

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# Appendix A

The multi-cross-database of EBSCOhost uses the following

(EBSCOhost, 2017): Scopus®, Science Citation Index, ScienceDirect, JSTOR Journals, MEDLINE, Social Sciences Citation Index, CINAHL Complete, Business Source Complete, Directory of Open Access Journals, PsycINFO, IEEE Xplore Digital Library, MathSciNet, SocINDEX, Arts & Humanities Citation Index, arXiv, Political Science Complete, ATLA Religion Database with ATLASerials, ERIC, GreenFILE, MLA International Bibliography, Art & Architecture Source, British Library EThOS, Communication Source, Criminal Justice, SwePub, Teacher Reference Center, Library Information Science & Technology, PsycARTICLES, Project MUSE, BioOne Online Journals, Persée, Urban Studies Abstracts, LGBT Life, Emerald Insight, RILM Abstracts of Music Literature (1967 to Present only), AGIS Plus Text, Idunn.no, Short Story Index (H.W. Wilson), CogPrints, OAPEN Library, Minority Health Archive, University Publishing Online, MLA Directory of Periodicals, Archive of European Integration, PhilSci Archive and Gale Virtual Reference Library. Being cited as "the most- used paid electronic resource in libraries around the world" ('EBSCOhost® Research Databases', n.d.).