Corporate Social Responsibility: Exploring Stakeholder Relationships and Programme Reporting across Leading FTSE Companies

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Abstract

Although it is now widely recognised by business leaders that their companies need to accept a broader responsibility than short-term profits, recent research suggests that as corporate social responsibility (CSR) and social reporting become more widespread, there is little empirical evidence of the range of stakeholders addressed through their CSR programmes and how such programmes are reported.

Through a CSR framework which was developed in an exploratory study, we explore the nature of stakeholder relationships reported across leading FTSE companies and the importance they attach to communicating both social and business outcomes.

It is evident from the hypotheses tested that the bigger FTSE companies, particularly extraction companies and telecoms, are more adept at identifying and prioritising their stakeholders, and linking CSR programmes to business and social outcomes. However, we draw the general conclusion that building stronger stakeholder relationships through CSR programmes – other than with customers

- is not currently a priority for most companies. We also conclude that a limited sophistication in managing multiple stakeholders may compromise the impact of CSR upon business and social results. Finally, the managerial implications and the contribution of our study are discussed before closing with an acknowledgement of the limitations of this work and suggestions for further research.

Keywords

Corporate Social Responsibility;

Leading FTSE Companies;

Stakeholder Relationships;

Social and Business Outcomes.

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Introduction

At a recent conference in London the CEO of Sustainability, a widely-respected authority on Corporate Social Responsibility (CSR), offered a stark critique of management practices. On the one hand, his research suggests that the number of firms engaged in social reporting is increasing, as is the average length of their reports. However, despite a widening recognition among business leaders of the need to accept a broader responsibility than short-term profits, he concludes that the quality of their CSR reporting has hardly improved in the last 5 years (Elkington, 2003). At the same conference, Simon Zadek of Accountability argues that neither these CSR programmes nor their reporting procedures have a significant impact on business decision making (Zadek, 2002).

We report on a quantitative study of CSR reporting among a number of leading FTSE companies (the top 150 FTSE4GooD[i] companies) to explore the nature and scope of their CSR stakeholder relationships and reporting. The study tests six hypotheses based upon a framework for understanding CSR practices which we developed through an exploratory study (Maklan and Knox, 2003). We conclude that only the biggest of these FTSE companies, particularly extraction companies and telecoms, can claim to identify, prioritise and communicate with

their CSR stakeholders. However, the majority are now reporting details of the social outcomes linked to their CSR programmes but the reporting of business outcomes is limited to the largest of FTSE companies.

We then discuss the management issues which need to be resolved if the general perception of CSR is to change from being regarded mainly as an expensive exercise in compliance and reporting to an important contributor of sustainable business development. Finally, we highlight the limitations of our study and make suggestions for future research.

In the next section, we explore the growing impact of CSR on business as viewed by differing interest groups.

The Growing Impact of Corporate Responsibility on Businesses

Over thirty years ago, Milton Friedman wrote in the New York Times that the social responsibility of a business was to increase its profits. Any diversion of company resources to social programmes, charity and other non-profit generating activities, the Nobel Laureate argues, represents a tax on consumers and investors (Friedman, 1970). Such a tax reduces society's total wealth and satisfaction. His position, based upon sound free-market ideology, has come under increasing attack since time of writing and can no longer provide the business leader with an erudite means of avoiding the issue. Corporate Social Responsibility (CSR) is something that every Board must now address in some form. Ironically, it is arguably the triumph of free-market ideology over regulated

economies which has foisted new responsibilities on increasingly powerful multinationals companies. Globalisation strategies provide businesses with unprecedented access to markets and ever-lower production costs (Day and Montgomery, 1999), it has also brought closer to reality the concept of the global village first discussed in the 1980s by Levitt (1983). Business practices, even those conducted a very long way from their home markets, can be subject to intense scrutiny and comment by customers, employees, suppliers, shareholders and governments, as well as other groups upon whose support the business relies (Googins and Rochin, 2000). One such group, Non-Governmental Organisations (NGOs), have become more and more powerful in recent years, calling business to account for policies in the areas of fair trade, human rights, workers' rights, environmental impact, financial probity and corporate governance. In an ever more cynical world, where society is much less inclined to trust their governments and businesses, NGOs retain high levels of trust across a broad spectrum of society.

Whilst it is true that in certain circumstances powerful multinational companies can impose trading conditions on the less powerful, such as non-unionised workers, commodity producers in developing countries and third world labourers (Klein, 1999), the idea that modern companies must commit themselves to effectively address poverty and environmental degradation must surely be an overstatement. This discussion between advocates of Milton Friedman's position – limiting responsibility to maximising profit – and NGO activists who regard firms

being primarily instruments of social policy represents the extreme ends of the debate. Many academics writing in the field of CSR are cognisant of these extremes and seek to establish a middle ground:

Wood (1991) suggests that the public responsibility of business is divided into areas of social involvement directly related to their business activities and competencies, with secondary areas of involvement relating to its primary activities. For example, an auto maker might reasonably be expected to deal with vehicle safety and the environment but not low-income housing or adult illiteracy. Clarkson's long-term study of corporate behaviour (Clarkson, 1995) indicates that companies deal with stakeholders, not society, and that CSR must distinguish between stakeholder needs and social issues; managers can address stakeholder requirements but not abstract social policy. Carroll (1979, 1991) suggests corporate responsibility has different layers: economic, legal, ethical and discretionary categories of business performance and those business leaders must decide the layer at which they choose to operate.

Similarly, the UK Government wishes to establish a middle ground in this debate, with the Prime Minister suggesting that, "we must ensure that economic growth contributes to our quality of life, rather than degrading it. And we can all share the benefits". (DTI, 2001).

Finally, although business leaders themselves acknowledge that their firms are socially created and 'licensed', most would argue they were created primarily as economic agents to provide the goods and services society wants at the right price, quality and availability. As such, their firms' competencies are built around their commercial activities and they have very limited expertise addressing complex social and economic problems. As an example to illustrate this point, we argue that while one thousand software firms tackling global poverty through a myriad of small initiatives is laudable, it is likely to be ineffective. Arguably, it would be more effective – and efficient – for governments to tax these firms and give the money to multinational agencies that are competent in the field.

In establishing the scope of our research, we sought to identify received wisdom about CSR activities in general, and the impact of these activities across stakeholders regarding business and social outcomes in particular. In both cases, we find the arguments presented and claims made about the positive impact of CSR on the business and key stakeholders to be highly assumptive and lacking in empiricism. These assumptions are presented next and our questioning of these beliefs forms the background to our research objectives.

Assertions and Beliefs about the Impact of CSR Programmes

In reviewing the arguments that 'you do well by doing good', we can readily identify five commonly-held beliefs which seem to be largely anecdotal and, as such, highly questionable:

- Consumer preferences will increasingly favour products and services from socially responsible, transparent and trustworthy firms (Wilmott, 2001 and Mitchell, 2001).

  – *The assertion that consumer behaviour will shift to reward social responsibility is grounded in surveys of attitudes and trade-off analysis, not observed behaviour. Attitude-behaviour correspondence seems to lack empirical grounding and is not obviously evident when researched (Knox and Walker, 2001, 2003).*

- Investors will increasingly favour responsible companies and irresponsible companies will find their cost of borrowing rises (Accountability, 2002).

  – *Zadek (2002) acknowledges that only 4% of the total funds available for stock market investment are governed by CSR principles, therefore, most firms judged not to be socially responsible still have full access to equity funding. However, more recent data suggests that the much-anticipated investor demands for responsibility are increasing in "CSR-aware" environments such as Western Europe and Canada (Bartolomeo and Famillari, 2004; SIO, 2005). In Europe SRI funds grew in excess of 50% in 2004.*

- Potential employees will be attracted only to responsible companies and others risk skill shortages (Department of Trade and Industry, 2001: Citing the 1998 McKinsey Study, "The War for Talent" and MORI research).

- *Arguments about competing for talent also appear to be based upon stated intention and not observed behaviour. Cited studies were concluded during the last long period of uninterrupted economic growth and may be cyclical. This link between employee motivations, customer retention and shareholder value has been made separately from CSR theory (Reichheld, 1996).*

- Engaging with stakeholders encourages innovation. DTI case studies (2001, 2002) and Kong et al (2002) cite examples of cost savings and revenue growth through fairer supplier policies.

  - *Von Hippel (1986, 1989, Thomke and Von Hippel, 2002) has been presenting these arguments and case- studies for over 20 years without reference to CSR practices.*

- Being trusted by stakeholders and pursuing socially responsible policies reduces risks arising from safety issues (consumer, employee and community), potential boycotts and loss of corporate reputation.

  - *Clearly, concern for safety and building trust is paramount to the firm's reputation management and future sales but cannot be exclusively associated with CSR policies. In fact, it's just good business practice to pursue both with vigour.*

In essence, while the above arguments for CSR are intuitively appealing, many researchers admit the links between developing a sustainable business strategy

and the implementation of CSR programmes are difficult, if not impossible, to prove (Wood and Jones, 1995). It is against this background we have set our research objectives, hypotheses and protocol that we discussed next.

Research Objectives, Hypotheses and Protocol

Our research aim is to contribute to the development of descriptive CSR theory (Donaldson and Preston 1995) by providing a greater understanding of how leading FTSE companies, who have been identified as having well-developed CSR reporting practices[i], choose to engage with stakeholders: the nature of their CSR programmes and what they communicate to them through their CSR reports. So far as we are aware, there is little prior theory or an appropriate framework in the literature for us to draw upon in developing our research objectives and hypotheses. Consequently, to provide this framework for the quantitative study reported here, we first carried out an exploratory study across six multinational companies. Through semi-structured interviews with the CSR leaders of these six firms, a framework has been generated from a prototype based on the literature (Maklan and Knox, 2003). This exploratory study was grounded in the literature that links CSR investment to business outcomes and draws variously upon Financial Theory, Corporate Reputation, Brand Marketing, Customer Relationship Management and Strategy. In the study, we asked respondents to verify the extent to which their companies are able to validate the causal pathways implied from these literatures. For example, the extent to which

their CSR programmes reduces borrowing costs, improves employee recruitment or customer loyalty. Respondents were also asked to draw their perceptions of the casual map linking their CSR programmes with business and social outcomes. The data from these interviews was synthesised to produce Figure 1:

Insert Figure 1 about here

Figure 1 illustrates the key findings from our exploratory research. Each company in our study had intuitive reasons for developing CSR programmes based upon its vision and values. Respondents presented arguments for investing in CSR based on factors such as fit with their brand values, relevance to customers and attractiveness to their employees. They all believed that CSR investments would enhance their corporate or brand reputation and motivate employees; the latter was of particular interest to service-based companies. As CSR values and polices became embedded in the organisation, respondents anticipated that employee behaviours and decision-making would change in consideration of the needs of key stakeholders. By listening and responding to a broader influencing audience and by fostering the firm's reputation, there was a belief that the attitudes and subsequent behaviours of such stakeholders towards the firm and its commercial offers could be influenced. Ultimately, respondents believed that this would lead to increased turnover, reduced cost and more sustainable performance (less volatility of cash flow).

Most of the companies interviewed had ongoing measurement systems of employee attitudes and corporate reputation but could not isolate the impact of CSR programmes from all other influences or provide empirical data to link them with stakeholder behaviour and business outcomes. In other words, figure 1 represents a managerial construction of the intuitive logic behind developing CSR practices and it is this framework that is used to develop and test the six hypotheses stemming from our research objectives:

- To explore the nature and scope of stakeholder relationships among leading FTSE companies based upon their CSR reporting.

- To identify the extent their CSR programmes and reporting impact on social and business outcomes.

- To compare and contrast these findings according to market capitalisation and industry sector.

Developing the Research Hypotheses

The three main aspects of the CSR Framework (figure 1) we are exploring in this study are stakeholder relationships, social outcomes and business outcomes. Against each, we also highlight the research hypotheses being tested and provide an explanation of their derivation from the CSR literature:

CSR Stakeholder Relationships

Hypothesis 1 (H1): Companies clearly identify key stakeholders

Stakeholders are defined as: "anyone who is directly or indirectly involved with the corporation: employees, citizens, shareholders, NGOs, unions and government agencies, in short: the social and physical environment" (Clarkson, 1995). Clarkson also notes that a multi-stakeholder dialogue is not a straightforward and simple activity. Since the early 1980s, the concepts of stakeholder and multi-stakeholder dialogue play a central role in discussions on CSR. Clarkson (1995), over viewing his data from more than fifty case studies, concludes that corporate social responsibilities, responsiveness, and performances are best understood by analysing and evaluating the way in which corporations actually manage their relationships with employees, customers, shareholders, suppliers, governments, and the communities in which they operate. The first proposition is designed to test whether companies perform as Clarkson recommends by identifying their key stakeholders identified in figure 1.

Hypothesis 2 (H2): Companies do not systematically prioritise stakeholders

This hypothesis was drawn from our 2003 empirical study of CSR practices which found that companies are clear about their most important stakeholder but do not seem to set priorities among secondary stakeholders.

Thus, this hypothesis is designed to test whether leading FTSE companies establish priorities between their stakeholders.

Hypothesis 3 (H3): CSR investment are communicated effectively to stake-holders

Figure 1 suggests that companies can communicate their CSR policies to stakeholders in a manner that affects stakeholders' attitudes and subsequently their behaviours. Maignon and Ferrell (2003) challenge this assertion and call for research which scrutinizes the communication strategies, media, and appeals most appropriate to engender awareness of CSR practices and to stimulate stakeholder identification. This hypothesis will determine whether or not companies are able to effectively communicate their CSR investment through their annual reports.

Hypothesis 4 (H4): Companies are not currently developing relationships with a large range of stakeholders

Hypothesis 4 is the final aspect of stakeholder relationships to be tested here and is derived from our original study (Maklan and Knox, 2003) and Windsor's work (2001) which explores whether or not companies are starting to develop relationships across a broad range of their stakeholders. Windsor examines Bowen's (1953) key question of whether the interests of business and society merge in the long run and provides a developmental history of corporate social responsibility from the progressive era forward to Carroll's (1991) pyramid of corporate social responsibilities. The paper also offers caveats concerning the future directions and prospects for corporate social responsibility theory and practice. Windsor highlights the need for managers to understand that there are serious deviations between short run impacts of business activities and the long run alignment of business and social interests in wealth creation. To counter this,

he suggests that companies should focus more on building broader relationships with their stakeholders.

<u>CSR Social and Business Outcomes</u>

Hypothesis 5 (H5): Social outcomes linked to CSR investment are difficult to identify

Only one of the six companies participating in the authors' qualitative study (2003) systematically assesses the social benefit of its CSR investment. Schwartz and Carroll (2003), extrapolating from Carroll's work (1979, 1991), stress that it is difficult for companies to ascertain identifiable social outcomes from their CSR investment. Yet if companies do not measure social benefit, how are they to assess the effectiveness of their CSR programmes?

This hypothesis aims to discover whether companies are able to identify any social outcomes and other wider benefits from their CSR programme.

Hypothesis 6 (H6): CSR is not currently linked with specific business outcomes

Companies find it difficult to isolate the impact of CSR investments from all other business activities when assessing stakeholder behaviour and business outcomes (Maklan and Knox, 2003). We report that companies monitor stakeholder attitudes regularly and systematically but find it much harder to move to the 'right hand side' of figure 1 and link changes in stakeholders' attitudes to behaviours, and, subsequently, to business outcomes. It is intuitively appealing to suggest that if this hypothesis is true, it will be hard to sustain business interest

and investment in CSR over the long term. The relationship between altruism and corporate self-interest is complex and, perhaps, one of the most difficult areas for managers to see any demonstrable business return from their CSR investment (Wood and Jones, 1995). However, we will seek evidence to support or refute this proposition.

The Research Protocol

The sample frame consists of the top 150 companies on the FTSE4GooD Global Index System[1] [a division of FTSE International Ltd., FTSE (2004)] which are considered to provide the most comprehensive CSR reporting of all the national and international companies listed on the London stock exchange (see Appendix 1 for the list). Although McCutcheon and Meredith (1993) argue that company reports tend to lack rigour and objectivity, Remenyi et al. (2000) argue that all research tactics may include biases, including experiments and surveys. While acknowledging the limitations of our purposeful sample (Eisenhardt 1989), we suggest that this data set can still offer insights on how the most committed companies in Europe perform against our research hypotheses.

The research instrument used is a self-administered questionnaire in which each of the six hypotheses is calibrated on a 5-point scale according to criteria identifiable from the literature and our exploratory research (see appendix 2 for the questionnaire). The questionnaire was pre-tested twice by three independent

experts to ensure two things. First, to check that the wording and general layout was clear and, second, to test that the interrogation of the firm's online CSR report (a section of their annual report for 2003) led to the same categorisation of each of the six hypotheses, firm by firm. Initially, a convergence of 60% was achieved on this categorisation, then 75% with the rewording of three of the hypotheses and, finally, a convergence of >90% was achieved across the ten sample firms drawn randomly from the list and tested independently by the experts and ourselves. The survey was then carried over a two week period using the latest available, online company report (usually for the financial year ending 2003) and, not unexpectedly, 100% of the sample mentioned their CSR activities in varying degrees so they have all been included in our analysis.

An initial analysis of all 150 companies failed to provide meaningful insights into the CSR practices of these companies, so we divide the companies into three groups of fifty according to market capitalisation[ii] (Large, Medium and Small) which provides the basis for reporting in this paper and is in accord with Waddock and Graves' (1997) research which concludes that company size does impact on CSR practices. This level of disaggregation provides far greater insight into CSR practices. We also explore performance by industry sector[iii] to amplify our results and to provide illustrative examples (each company is categorised into one of ten industry sectors, such as extraction companies and banking, as appendix 1 shows). The authors acknowledge that many of the industry sector cell sizes are small and discuss this further in our limitations section later.

Aggregate data analysis was carried out using SPSS and one-way analysis of variance (ANOVA) was used to test for significant differences across the three groupings by market capitalisation (Large: £10.8bn - £3.82bn; Medium: £3.81bn - £1.28bn; Small: £1.27bn - £0.52bn). A Levenve test confirmed that there was no reason to reject the assumption of homogeneity of variance (p<0.308). Post hoc testing, using the Least Significant Difference (LSD) Method, was then applied to test significances between specific groups. We also carried out similar post hoc tests to the data set by industry sector to highlight differences in certain markets. The significance level was set at 95% and all tests were two-tailed. Both sets of results are displayed below against each of the six hypotheses in the results and conclusion section.

Results and Conclusions

The results of our analysis are set out so that each of the four stakeholder proposition is briefly discussed before drawing together the main conclusions about stakeholder relationships. This is then followed by a discussion of the reporting of social and business outcomes linked to CSR programmes.

<u>CSR Stakeholder Relationships</u>

H1: Companies clearly identify key stakeholders:

Table 1.1

Table 1.2

Although we identify ten key stakeholders in our framework and from the literature, the sample mean of 3.29 suggests that these companies identify between three and seven stakeholders in their CSR reporting [a score of one means that a company has not identified any stakeholders whilst five means that it has identified all types of stakeholders as defined by Clarkson (1995). The full details of all the scales are explained in Appendix 2]. 'Large' companies identify the greatest number of stakeholders while 'Small' firms report on less than three. An example of such a company is iSoft, an IT company, which only identifies two stakeholders. Not surprising, oil and gas exploration companies (table 1.2: industry sector 00) perform significantly better than all other sector when it comes to identifying relevant stakeholders. For example, BP identifies eight stakeholders in their annual CSR report. Arguably, this is because there is great pressure on such companies to meet stakeholder expectations in order to maintain their license to operate. With the exception of extraction companies (industry sector 00) and telecoms (60), the remaining FTSE4GooD companies identify only a narrow range of stakeholders and H1 is refuted.

H2: Companies do not systematically prioritise stakeholders:

Table 2.1

Table 2.2

With the exception of a few large pharmaceutical companies, such as GlaxoSmithKleine (no. 4 by size), and the extraction companies, none of our

sample seems to systematically prioritise their stakeholders (a low score means that companies do not set priorities between stakeholders and hence a low score supports H2).

Although all recognise and mention customers as a primary group, even among the narrow range of stakeholders they do identify, evidence of the firm's priority stakeholders is not provided by their reports. This was the conclusion we also drew from our previous study and H2 is accepted.

H3: CSR investment can be communicated effectively to stakeholders:

Table 3.1

Table 3.2

It is interesting that most firms generally refer to one of their CSR investments and give some details of their purpose and commitments, albeit usually in a descriptive way. Again, 'Large' companies are significantly more adept at communicating their investments than the smaller third of companies (a low score means that companies are not communicating effectively and a high score demonstrates that a company regular communicates with a large range of stakeholders). For instance, within the financial sector (8), Barclays Bank (no. 8 by size) highlights the amounts and areas where CSR investments have occurred while Great Portland Estates, no. 146 by size and in the same industry sector, makes no mention. Again, extraction companies (00), and telecoms (60) are more effective at communicating their investment activities than any of the

other companies by sector (see table 3.2).

While recognising the delicate balance of what is said and how it is said without being seen to be exploiting CSR purely for publicity purposes, nonetheless, these public companies are spending shareholder money and are accountable for their discretionary CSR investments. H3 is refuted.

H4: Companies are not currently developing relationships with a large range of stakeholders:

Table 4.1

Table 4.2

The data suggests that the majority of companies find it difficult to build relationships with more than one or two stakeholders as the mean score is 2.37 (a company scores one when it does not describe a relationship with any stakeholders and five where it provides detailed evidence of relationships with numerous stakeholders).

Both 'Small' and 'Medium' seem to focus on only one – usually customers – which seems extraordinary to us, given the claimed benefits of working with a broad range of stakeholders through CSR activities discussed in an earlier section.   Again, 'Large' companies and extraction companies in particular, perform significantly better than all other others in the sample (see table 4.2). In

fact, all the extraction companies claim a broad range of relationships with stakeholders and are actively communicating how they are investing in these relationships. The response to H4 is consistent with the low level of CSR communications to stakeholders (H3) and how they prioritise them (H2), so H4 is accepted.

To conclude this section on stakeholder relationships, there is a consistency in our findings across all four hypotheses. With the exception of extraction companies and telecoms, leading FTSE companies selected for their capabilities in CSR reporting seem neither to publicly identify their key stakeholders nor to prioritise them.   Most seem satisfied to acknowledge the primacy of their customers in their reporting.   Indeed, our data also suggests that most seem reluctant to build stakeholder relationships through their CSR programmes, other than the extraction companies who do seem to communicate their stakeholder relationships effectively.

All the evidence drawn from our analysis of these one hundred and fifty CSR reports suggests that it is really only the twenty or so companies involved in extraction, telecoms, and to a more limited extent the utilities, which recognise the need to manage stakeholder relationships through their CSR programmes and to communicate their activities effectively.   However, for the remaining one hundred and thirty companies, other than the largest pharmaceutical companies where global expectations of their CSR activities are also sensitive, stakeholder

management seems not to have developed or should be considered embryonic at best.

CSR Social and Business Outcomes

H5: Social outcomes linked to CSR investment are difficult to identify:

Table 5.1

Table 5.2

The reporting of social outcomes seems clearly linked to the size of the company, with both 'Large' and 'Medium' showing significantly differences in reporting to 'Small' companies who, generally, report on one CSR activity with a social outcome with a mean score of 2.52 (a company scores one when there is no reported link of CSR to social outcomes and five where there is strong reported evidence of such a link such as reported data and or case studies). The larger companies, presumably because they have more dedicated resources, engage and report on several such CSR projects. Again, the extraction companies stand alone in demonstrating their capabilities in connecting the social outcomes of their main CSR work against financial inputs and often use case studies to communicate the scope of these projects. They do, of course, report extensively on their emissions and pollution reduction achievements in response to environmental legislation and, perhaps, because it is more readily measured than other community programmes. Contrary to our expectations from the exploratory study and the literature, H5 is rejected.

H6: CSR is not currently linked with specific business outcomes:

Table 6.1

Table 6.2

Again, there is an evident size effect across the sample, with some 'Large' companies identifying their CSR investments with several business outcomes, such as share price, profit, and customer acquisition, with a mean score of 3.26 (see table 6.1). In contrast, most 'Medium' and 'Small' companies tend not to link their programmes with business goals in their formal reporting. Of the six hypotheses tested, H6 scores lowest on the 5-point scale with a mean of 2.36 and is rejected.

To draw together our main findings on CSR reporting for these leading companies in the FTSE, it would appear that 'Large' firms focus on developing their CSR activities and capabilities that link outcomes with inputs through the mechanisms illustrated in figure 1. However, the scores across the six hypotheses are not high and are much lower for 'Medium' and 'Small' firms. This study supports the authors' earlier conclusion from their previous exploratory research:

Most companies are not systematic and rigorous in moving through figure 1 from left to right. In particular, 'Medium' and 'Small' firms in the FTSE do not:

(H1) identify large numbers of stakeholders (they focus on customers almost exclusively); nor

(H2) set priorities between them; neither do they

(H3) communicate the impact of their CSR investments; nor

(H4) develop strong relationships across a range of CSR stakeholders.

Hence, it is understandable that only a few FTSE firms can identify the impact of CSR upon business performance (H6), despite some evidence of measured social outcomes (H5).

It could be that some of these stakeholder relationships are being forged elsewhere in the business for more commercial reasons; however, for companies to simply focus on customers as their key stakeholder of CSR and to allow key stakeholder relationships to develop solely as a by-product of commercial considerations, seems to us a limited ambition. Recent research by Holt, Quelch and Taylor (2004) on global brands and their consumer appeal, does indicate that over fifty percent of respondents in twelve countries express the view that such companies must behave responsibly on such issues as consumer health, the environment and worker's rights. So from a purely marketing perspective, effective CSR reporting to customers is an important first step. However, employee engagement seems to us a critical further step in achieving commitment to programmes that have a broader company and stakeholder appeal. Our analysis of CSR indicates it's rare to find a FTSE company that is mobilising its employees to this end.

Implications for Theory

One conclusion drawn from our research is that firms tend to focus on the "ends" of Figure 1, that is, they develop a clear vision for their CSR programmes and, to a lesser extent, they attempt to assess the business and social outcomes associated with these investments. However, they fail to develop a coherent approach for understanding how those investments impact reputation and employees and, subsequently, stakeholders in creating these outcomes. There is also strong evidence that the largest companies, particularly those in the extraction and telecoms industries, are more sophisticated in their approach to CSR than other firms and have developed more of that understanding of how CSR works through stakeholders to produce outcomes.

Theory provides a number of possible mechanisms by which CSR can impact business outcomes. Jones (1995) offers Agency Theory and Transaction Cost to explain that responsible firms will be more trusted (reputation in Figure 1) and hence will have lower transaction costs. Frooman (1999) outlines Resource Dependency arguments to illustrate how irresponsible firms might find critical resources denied to them and Mitchell et al (1997) suggest how companies can manage competing stakeholder demands in the context of Resource Dependency. Maignan and Ferrell (2001) argue that CSR can be an element of the marketing strategy that enhances revenue.

Our research suggests that most companies do not seem to have a "local theory" for linking their CSR inputs to business outcomes because they do not actively

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manage a sufficiently large number of stakeholders or set priorities between them. Only the largest firms communicate their CSR policies effectively. It is difficult, therefore, for researchers to ascribe any of the above theories against current practices. Clarkson (1995) infers that companies attempt to manage stakeholders rather than society in general but that they don't manage these relationships with any degree of sophistication. The very largest companies, particularly extraction companies, seem to be the exception and one can only speculate that is either because they are at the vanguard of CSR management practice or that they face immediate and business-critical consequences from increasing stakeholder activism.

Managerial Implications

Managers need to be more thorough and systematic in their CSR practices. While the largest of the CSR-aware firms in this study try to link CSR with business and social outcomes, only the most sophisticated CSR practitioners manage to do so. These firms are amongst the largest FTSE4GooD companies and are concentrated in industries that are subject to intense social scrutiny, such as extraction and telecommunications. For these firms, figure 1 is a reasonable illustration of their CSR practices.

We can speculate whether or not the best CSR practices will spread wider than this select group. One could argue that the results suggest that CSR is practiced

systematically and rigorously either by companies facing big social pressure and or who are big enough to be able to 'afford' it. Alternately, one could speculate that CSR practices and measurement will develop first with these firms then diffuse much more widely as society demands greater transparency and responsibility from companies.

Firms need to identify a limited set of stakeholders with whom they can develop strong relationships. Priorities need to be established between these stakeholders for firms to be able to engage with them and to manage the trade-offs between them in the event of conflicting demands; it is unreasonable to expect companies to engage with vague notions of society – they need to engage with specific interest groups (Clarkson 1995). Following this approach to improved stakeholder management, companies then need to communicate salient information to relevant stakeholders, particularly employees, so CSR investments can influence their attitudes and behaviours. As this process becomes better managed and more transparent, it will be easier for firms to understand and measure the impact of CSR upon business outcomes.

Since governments are concerned that the benefits of CSR practice are shared with small- and medium-sized enterprises, the results of this study should concern policy makers. Currently, good practice is enjoyed by a very select group – the largest firms of FTSE companies who are most socially aware. If size discriminates between sophisticated and embryonic CSR practice, then one

might conclude that the CSR practices of small and medium-sized enterprises, which represent the vast majority of firms, are likely to be weak.

Limitations and Further Research

In our exploratory study (Maklan and Knox 2003), each of the CSR leaders were asked about how we could extend our work through a quantitative study, which centred on the CSR framework they had helped us develop. When a mail or e-mail survey across a broader sample of their peers was suggested, there was a negative response and two main reasons were given.   First, they are currently bombarded with questionnaires from NGOs demanding specific information about their company's CSR policies and practices. Consequently, they felt that the response levels to our questionnaire would be very low indeed, given that most CSR leaders of multinational companies are in the same position. Second, they also considered it unlikely that many, if any, CSR spokespeople would reveal information about their company's CSR programme which wasn't in the public domain. So to develop our exploratory study beyond semi-structured interviews, we rejected a mail survey approach in favour of interrogating the published reports of leading FTSE companies who meet globally recognized CSR standards. The FTSE4GooD index was recognised by all our respondents as the most thoroughly researched index of choice. Notwithstanding our earlier reflections on the likelihood of bias in company reports (McCutcheon and Meredith 1993), given the paucity of information available in the public domain and the resistance we were likely to encounter from the companies themselves,

we felt that a quantitative analysis of their CSR reports could be justified.

A second limitation we recognise is the broad categorisation of some of the scales in the questionnaire we designed. In developing and piloting the questionnaire, we had to balance two things. On the one hand, we had to ensure that the scales were inclusive while on the other hand, we were also seeking to achieve distributions around the mean that would enable us to carry out post hoc testing on the data set. Our results suggest that we have been able to achieve this balance since there seems to be a degree of consistency in the ANOVA results across the sample. However, we offer our questionnaire (appendix 2) for other researchers to develop and modify should they wish to extend our study.

Finally, the sub-cells for many industry sectors are very small, certainly well below 30 that is a widely accepted mark for making statistically significant comparisons between sub-cells. This is unavoidable as there is a limited number of FTSE listed firms in many industry sectors, let alone the FTSE4GooD series and there are only a few major extraction companies, banks and telecom service providers.

In future research, one might consider extending the sample frame internationally to overcome this limitation. For instance, it would be interesting to do a comparative analysis between the UK index and the US FTSE4GooD companies by size and by industry sectors. However, given that responsibility-driven indexes, such as the FTSE4GooD, are currently nationally based (a reflection of the national nature of most stock markets), any such extension would be challenging to normalise. To develop descriptive CSR theory further, it seems to

us that researching and writing new case studies, drawn from among the best-performing FTSE4GooD companies reported here, would build upon Clarkson's (1995) work and help foster better managerial practices as the demand for transparency in social and environmental reporting becomes more pressing.

Acknowledgement

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Endnotes

[i] Based upon the **FTSE4Good Index Series**,
http://www.ftse.com/ftse4good/criteria_methodology.jsp

The **FTSE4Good Index Series** has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and to facilitate investment in

those companies. Transparent management and criteria alongside the FTSE brand make FTSE4Good the index of choice for the creation of Socially Responsible Investment products.

[ii] Raw data and detailed LSD analysis by company market capitalisation and industry sector can be obtained from: French, P. (2004). How, What and Why do Companies Communicate CSR to their Stakeholders? *Unpublished MSc Thesis, Cranfield School of Management, Bedford, MK43 0AL, UK.*

[iii] The Industry Sectors consist of:

00=Resources, e.g. mining, oil and gas; 1=Basic industries, e.g. chemicals, construction and building materials; 2=General industries, eg. aerospace and defense, engineering and machinery; 3=Cyclical consumer goods, e.g. automobiles and parts, household goods and textiles; 4=Non-cyclical consumer goods, eg. pharmaceutical, tobacco and beverage companies; 5=Cyclical services, eg. general retailers, leisure and hotels; 6=Non-cyclical services, e.g.. food and drug retailers, telecoms; 7=Utilities, e.g.. electricity, gas; 8=Financials, e.g.. banks, insurance; 9=Information Technology, e.g.. hardware, software and computer services.

Appendix 1: The sample frame of 150 FTSE4GooD companies by market capitalisation and industry sectors:

Company	Market Capitalisation (July 2004)	Industry Sector[iii]
BP	108150.1	00
HSBC Hldgs	86241.31	80
Vodafone Group	78734.3	60
GlaxoSmithKline	62114.32	40
Royal Bank Of Scotland Group	47543.52	80
Shell Transport & Trading Co	38786.7	00
AstraZeneca	38436.37	40
Barclays	28667.01	80
HBOS	26243.85	80
Lloyds TSB Group	21797.89	80
Diageo	21273.98	40
Tesco	19750.36	60
BT Group	16408.04	60
Unilever	14773.33	40
National Grid Transco	13470.67	70
BHP Billiton	12185.7	00

BG Group	12109.78	00
Aviva	11908.46	80
Reckitt Benckiser	10526.25	40
Centrica	10460.72	70
Standard Chartered	10159.79	80
Cadbury Schweppes	9669.422	40
British Sky Broadcasting Group	8824.004	50
Prudential	8768.703	80
GUS	8259.26	50
Marks & Spencer Group	7844.902	50
mmO2	7607.955	60
Compass Group	7236.5	50
Scottish Power	7216.44	70
SABMiller	7190.768	40
Abbey National	7080.11	80
Kingfisher	6527.358	50
Reed Elsevier	6128.167	50
WPP Group	6080.778	50
Scottish & Southern Energy	6043.36	70
Legal & General Group	6030.083	80
BAA	5904.011	50
Land Securities Group	5441.045	80
Carnival	5410.875	50
Smith & Nephew	5124.364	40
Boots Group	5048.766	50
Allied Domecq	5045.961	40
Pearson	5014.8	50
Reuters Group	4655.28	50
BOC Group	4530.706	10
ITV	4313.166	50
Man Group	4296.353	80
InterContinental Hotels Group	4150.439	50
Hilton Group	3970.962	50
Old Mutual	3822.479	80
Next	3813.94	50
Scottish & Newcastle	3685.353	40
Alliance & Leicester	3651.233	80

British Land Co	3598.467	80
Sainsbury (J)	3254.639	60
Dixons Group	3047.299	50
Northern Rock	2918.916	80
United Utilities	2885.254	70
Severn Trent	2795.696	70
Cable & Wireless	2763.265	60
Amvescap	2596.334	80
British Airways	2569.75	50
Imperial Chemical Industries	2495.774	10
Whitbread	2482.635	50
Friends Provident	2474.884	80
Rexam	2350.362	50
Royal & Sun Alliance Insurance Group	2233.92	80
Exel	2191.86	50
Sage Group	2179.235	90
Shire Pharmaceuticals Group	2092.05	40
Capita Group	2043.351	50
Bunzl	2000.242	50
Tomkins	1977.415	20
Hammerson	1972.871	80
Johnson Matthey	1956.212	10
Kelda Group	1937.346	70
Slough Estates	1900.192	80
Emap	1889.929	50
Corus Group	1851.512	10
Signet Group	1825.405	50
Alliance UniChem	1792.131	40
Trinity Mirror	1781.535	50
EMI Group	1725.72	50
Peninsular & Oriental Steam Nav Co	1681.802	50
Bradford & Bingley	1612.828	80
International Power	1583.348	70
RMC Group	1550.556	10
Brambles Industries	1541.47	50

United Business Media	1531.599	50
Travis Perkins	1528.928	10
Kesa Electricals	1503.931	50
Tate & Lyle	1501.7	40
Provident Financial	1461.797	80
Electrocomponents	1460.41	50
Berkeley Group	1429.908	10
Mitchells & Butlers	1382.483	50
Lonmin	1351.837	00
HHG plc	1334.778	80
Associated British Ports Hldgs	1296.653	50
IMI	1275.582	20
Inchcape	1270.627	40
LogicaCMG	1239.07	90
BBA Group	1209.714	50
Stagecoach Group	1206.556	50
FirstGroup	1144.451	50
Johnston Press	1138.501	50
London Stock Exchange	1137.51	80
Aggregate Industries	1078.959	10
ARM Holdings	1063.91	90
United Utilities A Shs	1033.867	70
Cattles	1006.496	80
Kidde	998.0387	20
Invensys	980.8976	20
Misys	969.9186	90
Close Brothers Group	951.115	80
Pennon Group	941.7664	70
Aegis Group	939.8086	50
Schroders	930.555	80
National Express Group	923.8673	50
Taylor Nelson Sofres	923.6955	50
AWG	886.054	70
RAC	844.5272	50
Arriva	820.5395	50
MFI Furniture Group	819.5511	50
Brixton	799.6721	80

Viridian Group	795.9796	70
Smith (WH) Group	792.212	50
Premier Farnell	764.1897	50
Davis Service Group	755.8082	50
FKI	687.7874	20
iSOFT Group	686.2114	90
Britannic Group	676.598	80
Wolverhampton & Dudley	674.5972	50
Manchester United	654.696	50
Woolworths Group	635.3898	50
Jardine Lloyd Thompson Group	625.7489	80
Bovis Homes Group	616.9159	10
Amlin	598.4979	80
Michael Page International	594.9468	50
De La Rue	586.7951	50
Burberry Group	585	50
Go-Ahead Group	570.65	50
Countrywide	566.5799	80
Quintain Estates and Development	565.3252	80
Halma	561.2833	20
Great Portland Estates	548.2134	80
Spectris	537.8006	20
Mersey Docks & Harbour Co	533.3328	50
SSL International	525.5295	40
Wetherspoon(J D)	518.9843	50

Appendix 2: The Questionnaire used to interrogate the 150 FTSE4GooD Companies

H1. Companies clearly identify stakeholders

Criteria

1 = Stakeholders are not identified
2 = One stakeholder is identified
3 = Up to 3 key stakeholders are identified
4 = Up to 7 stakeholders are identified
5 = All 8 key stakeholders (as defined by Clarkson, 1995) are clearly identified

H2. Companies do not systematically prioritise stakeholders

Criteria

1 = Stakeholders are not prioritised
2 = One Stakeholder is given greater priority
3 = Up to 3 key stakeholders are prioritised
4 = Up to 7 stakeholders (as defined by Clarkson, 1995) are prioritised
5 = All 8 main stakeholders (as defined by Clarkson, 1995) are systematically prioritised by importance to the organisation's objectives

H3. CSR investment are communicated effectively to stakeholders

Criteria

1 = Investment in CSR is not communicated
2 = One example of CSR investment is communicated
3 = More than one example of CSR investment is communicated
4 = CSR investment is communicated more than once and linked to a stakeholder in one example with financial figures
5 = CSR investment is communicated more than once and linked to a stakeholder on more than one occasion with financial figures

H4. Companies are not currently developing relationships with a large range of stakeholders

Criteria

1 = Relationships with stakeholders are not identified
2 = One relationship with a stakeholder is identified
3 = More than one relationship with a stakeholder is identified
4 = A range of relationships with different stakeholders are identified and initial investment in them has started *(Eg. An organisation has set-up specific panels or campaigns to engage with a range of individual stakeholder groups)*
5 = Relationships with a large range of stakeholders and how the organisation has reacted to them are clearly identified in case study form. *(Eg. There are case studies highlighting how these relationships have been formed and developed over a number of years as well as evidence that the company has demonstrated a willingness to change its policies after consultation)*

H5. Social outcomes from CSR investment are difficult to identify

Criteria

1 = No outcomes from CSR investment are identified
2 = One social outcome from CSR investment is identified
3 = More than one outcome from CSR investment is identified
4 = Social outcomes from CSR investment are identified and one is linked to a specific example that highlights the financial investment
5 = Social outcomes from CSR investment are identified and more than one is linked to a specific example that highlights the financial investment. A case study is also used to highlight the social outcomes from CSR investment.

H6. CSR investment is not linked with specific business outcomes

Criteria

1 = Linking CSR investment to specific business outcomes is not identified
2 = CSR investment is identified and linked with one business outcome
3 = CSR investment is identified and linked with several business outcomes. *(Eg. Share price, profit, customer acquisition etc)*

4 = Business outcomes from CSR investment are identified and one is linked to a specific example in case study form. This example highlights the link between financial investment and business implications

5 = Business outcomes from CSR investment are identified and more than one is linked to a specific examples that highlight the financial investment. Case studies are also used to highlight the business outcomes from CSR investment.

Table 1.1 Analysis by Company Size

Size	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Large	50	3.64	1.306	.185	3.27	4.01	1	5
Med	50	3.32	1.115	.158	3.00	3.64	1	5
Small	50	2.90	1.313	.186	2.53	3.27	1	5
Total	150	3.29	1.276	.104	3.08	3.49	1	5

- Indicates significance at the 95% level or greater

Table 1.2 Analysis by Industry Sector[1]

Ind. Sect.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
00	5	5.00	.000	.000	5.00	5.00	5	5
10	9	2.56	1.333	.444	1.53	3.58	1	4
20	7	3.29	.951	.360	2.41	4.17	2	5
40	15	3.20	1.207	.312	2.53	3.87	1	5
50	56	3.05	1.212	.162	2.73	3.38	1	5
60	6	4.33	.516	.211	3.79	4.88	4	5
70	12	3.83	1.337	.386	2.98	4.68	1	5
80	35	3.31	1.345	.227	2.85	3.78	1	5
90	5	3.00	1.225	.548	1.48	4.52	1	4
Total	150	3.29	1.276	.104	3.08	3.49	1	5

Relationship with Industry sector is significant at the 95% level unless marked with *

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[1] The Industry Sectors consist of:

00=Resources, e.g. mining, oil and gas; 1=Basic industries, e.g. chemicals, construction and building materials; 2=General industries, eg. aerospace and defense, engineering and machinery; 3=Cyclical consumer goods, e.g. automobiles and parts, household goods and textiles; 4=Non-cyclical consumer goods, eg. pharmaceutical, tobacco and beverage companies; 5=Cyclical services, eg. general retailers, leisure and hotels; 6=Non-cyclical services, e.g.. food and drug retailers, telecoms; 7=Utilities, e.g.. electricity, gas; 8=Financials, e.g.. banks, insurance; 9=Information Technology, e.g.. hardware, software and computer services.

Table 2.1 Analysis by Company Size

Size	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Large	50	2.96	1.370	.194	2.57	3.35	1	5
Med	50	2.32	1.019	.144	2.03	2.61	1	5
Small	50	2.22	.932	.132	1.96	2.48	1	5
Total	150	2.50	1.163	.095	2.31	2.69	1	5

- Indicates significance at the 95% level or greater

Table 2.2 Analysis by Industry Sector

Ind. Sect.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
00	5	4.60	.548	.245	3.92	5.28	4	5
10	9	2.11	.601	.200	1.65	2.57	1	3
20	7	2.86	1.215	.459	1.73	3.98*	2	5
40	15	2.73	1.163	.300	2.09	3.38	1	5
50	56	2.16	.987	.132	1.90	2.42	1	5
60	6	3.67	1.033	.422	2.58	4.75*	3	5
70	12	2.92	.900	.260	2.34	3.49	1	4
80	35	2.43	1.267	.214	1.99	2.86	1	5
90	5	1.80	.837	.374	.76	2.84	1	3
Total	150	2.50	1.163	.095	2.31	2.69	1	5

Relationship with Industry sector is significant at the 95% level unless marked with *

Table 3.1 Analysis by Company Size

Size	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Large	50	3.66	1.334	.189	3.28	4.04	1	5
Med	50	3.12	1.154	.163	2.79	3.45	1	5
Small	50	2.62	1.369	.194	2.23	3.01	1	5
Total	150	3.13	1.349	.110	2.92	3.35	1	5

↕ - Indicates significance at the 95% level or greater

Table 3.2 Analysis by Industry Sector

Ind. Sect.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
00	5	4.80	.447	.200	4.24	5.36	4	5
10	9	3.11	1.054	.351	2.30	3.92	1	4
20	7	3.43	.787	.297	2.70	4.16	2	4
40	15	3.27	1.486	.384	2.44	4.09	1	5
50	56	2.84	1.372	.183	2.47	3.21	1	5
60	6	4.00	.894	.365	3.06	4.94*	3	5
70	12	3.58	1.240	.358	2.80	4.37*	1	5
80	35	3.06	1.434	.242	2.56	3.55	1	5
90	5	2.40	.894	.400	1.29	3.51	1	3
Total	150	3.13	1.349	.110	2.92	3.35	1	5

Relationship with Industry sector is significant at the 95% level unless marked with *

Table 4.1 Analysis by Company Size

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Large	50	3.14	1.355	.192	2.75	3.53	1	5
Med	50	2.12	1.023	.145	1.83	2.41	1	4
Small	50	1.84	.955	.135	1.57	2.11	1	4
Total	150	2.37	1.250	.102	2.16	2.57	1	5

↕ - Indicates significance at the 95% level or greater

Table 4.2 Analysis by Industry Sector

Ind. Sect.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
00	5	4.20	1.095	.490	2.84	5.56	3	5
10	9	2.44	1.236	.412	1.49	3.39*	1	4
20	7	2.43	.976	.369	1.53	3.33*	1	4
40	15	2.93	1.438	.371	2.14	3.73*	1	5
50	56	1.93	.988	.132	1.66	2.19	1	5
60	6	3.17	.983	.401	2.13	4.20*	2	4
70	12	2.83	1.030	.297	2.18	3.49*	1	4
80	35	2.31	1.388	.235	1.84	2.79	1	5
90	5	1.80	1.095	.490	.44	3.16*	1	3
Total	150	2.37	1.250	.102	2.16	2.57	1	5

Relationship with Industry sector is significant at the 95% level unless marked with *

Table 5.1 Analysis by Company Size

Size	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Large	50	3.50	1.418	.201	3.10	3.90	1	5
Med	50	3.40	1.125	.159	3.08	3.72	1	5
Small	50	2.52	1.297	.183	2.15	2.89	1	5
Total	150	3.14	1.351	.110	2.92	3.36	1	5

⬆ - Indicates significance at the 95% level or greater

Table 5.2 Analysis by Industry Sector

Ind. Sect.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
00	5	4.80	.447	.200	4.24	5.36	4	5
10	9	3.56	1.509	.503	2.40	4.72*	1	5
20	7	3.29	1.254	.474	2.13	4.45*	1	5
40	15	3.27	1.534	.396	2.42	4.12	1	5
50	56	2.84	1.276	.171	2.50	3.18	1	5
60	6	3.50	1.643	.671	1.78	5.22*	1	5
70	12	3.33	1.155	.333	2.60	4.07	1	5
80	35	3.20	1.368	.231	2.73	3.67	1	5
90	5	2.20	.837	.374	1.16	3.24	1	3
Total	150	3.14	1.351	.110	2.92	3.36	1	5

Relationship with Industry sector is significant at the 95% level unless marked with *

Table 6.1 Analysis by Company Size

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Large	50	3.26	1.496	.212	2.83	3.69	1	5
Med	50	2.10	.953	.135	1.83	2.37	1	4
Small	50	1.72	.784	.111	1.50	1.94	1	3
Total	150	2.36	1.292	.105	2.15	2.57	1	5

↕ - Indicates significance at the 95% level or greater

Table 6.2 Analysis by Industry Sector

Ind. Sect.	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
00	5	4.80	.447	.200	4.24	5.36	4	5
10	9	2.00	1.000	.333	1.23	2.77	1	3
20	7	2.14	.900	.340	1.31	2.97	1	3
40	15	2.60	1.454	.375	1.79	3.41	1	5
50	56	1.88	.854	.114	1.65	2.10	1	4
60	6	3.83	1.329	.543	2.44	5.23*	2	5
70	12	2.83	.835	.241	2.30	3.36	1	4
80	35	2.57	1.520	.257	2.05	3.09	1	5
90	5	1.20	.447	.200	.64	1.76	1	2
Total	150	2.36	1.292	.105	2.15	2.57	1	5

Relationship with Industry Sector is significant at the 95% level unless marked with *