Organization types and Corporate Social Responsibility reporting in the European context

- Master thesis -

Author:	Matthijs de Jong
Student Number:	279628
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Master Program:	Accounting, Auditing and Control; Erasmus School of Economics
Supervisor (Department):	Dr. N. Kamp-Roelands (Accounting, Auditing and Control)
Co-Reader (Department):	E.A. de Knecht RA (Accounting, Auditing and Control)

PREFACE

ABSTRACT

The purpose of this thesis to contribute to the literature on corporate social responsibility disclosure in general and the research area that tries to identify factors of influence on the nature of CSR reporting specifically, by comparing social responsibility reporting between cooperative and public listed companies. The aim is to prove that the assumption regarding the ´cooperative difference´, which means that it is more than a marketing effort and encompasses a compelling alternative for doing business (e.g. in a socially just way), becomes visible in cooperative reporting practices and results in differences in CSR reporting between organization types. The stakeholder approach was used as a theoretical reference in this thesis. According to this approach the purpose of business is to create value for different stakeholder categories, and therefore it is often associated with the cooperative philosophy. A comparative research design is applied to observe the nature of CSR reporting across the two organization types. The content analysis includes annual reports and discrete reports (e.g. environmental reports, social responsibility reports, sustainability reports, etc.). The observation of this thesis was that no statistical significant differences were found between large European cooperative and public listed companies in regard to CSR reporting in the food industry. The conclusion of this research is therefore that organization type appears not to be a factor of influence on the nature of corporate social responsibility reporting. Further research on this topic is recommended.

Keywords: CSR reporting, cooperative company, stakeholder engagement, content analysis.

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1 INTRODUCTION

"All things considered, I am very proud of our bank's performance in 2007, the year in which sustainability and profitability went hand in hand so naturally. In opting for sustainability, a choice that dovetails seamlessly with our cooperative roots, we have chosen the right path. I am convinced it is the path towards Rabobank's sound financial and socially responsible continuity, also in the longer term."[1]

Bert Heemskerk, Chairman Rabobank Nederland (Annual report, 2007)

1.1 Background of thesis topic

The tumult in the banking industry started in the summer of 2007. The financial world was upset by the subprime mortgages in the US. Public confidence in financial institutions was dented on the back of the credit crisis. This ´credit crunch´, as it has come to be called, plunged the rest of the world in a global recession. The stock market crash wiped billions off the value of shares owned by private investors. The value of retirement savings fell drastically and unemployment rose. Hundreds of billions of taxpayer money have not yet been enough to bail out the banks and other corporate giants. There are even signals of political instability in some countries. The question is; who is to blame for this catastrophe? There is a lot of finger-pointing in the direction of Wall Street. Excessive risk appetite, greed and short term bonus schemes would have triggered irresponsible behavior. While the crisis continues, it becomes apparent that there is no single entity nor individual to point the finger at. Fundamental discussions elaborated on financial structures, banking, oversight, governmental involvement, and even the role of business in society. It is surprising that the CEO of Rabobank, the leading cooperative bank in the Netherlands, said: "sustainability and profitability went hand in hand so naturally", while ING, another leading financial, although public listed, is struggling for survival at the same moment. Notable is also that the Rabobank is considered one of the safest banks in the world and enjoys an award-winning sustainability rating in economic, environmental and social aspects. The chairman of Rabobank explains that the cooperative roots guide the company's strategy to financial and socially responsible continuity. If a company acts responsible, then you can expect them to talk about it, otherwise they might as well not be doing it at all. Therefore it is reasonable to expect Rabobank to be accountable and transparent in reporting. Accordingly, in January 2008 the Rabobank cooperative has won the ´Transparantiebenchmark 2007´ for corporate social responsibility disclosure conducted by PricewaterhouseCoopers. Shifting our

[1] http://www.annualreport2007rabobank.com/preface/cDU73_Chairmans_foreword.aspx

perspective from one cooperative bank in the Netherlands to the President of the European Commission, Jose Manuel Barroso. He confirmed in January 2009 that: “Cooperative businesses that have stayed faithful to cooperative values and principles and the cooperative banks which rely on members´ funds and are controlled by local people have generally been able to resist the crisis very well”[2]. Thanks to these remarkable results in a distressful time like this, a discussion elaborates on whether a cooperative would be a better organization form to support sustainability. Although some scholars (e.g. MacPherson, 1995) have the opinion that corporate social responsibility (CSR) is an essential part of the cooperative philosophy, CSR reporting is rarely analyzed in a cooperative context (Jussila, Saksa & Tuominen, 2007).

1.2 Motivation and problem definition

During the recent decade corporate social responsibility has been introduced by many organizations into their practice. The number of organizations reporting their financial, social and environmental achievements is increasing as members of the public demand companies to disclose how they conduct businesses in socially and environmentally responsible ways (Perrini, 2005). CSR is now a well-known expression for a collection of different and yet related terms as: business ethics, corporate citizenship, corporate responsibility, socially responsible investment, sustainability, corporate social performance, triple-bottom line, corporate philanthropy and corporate accountability (Silberhorn & Warren, 2007). Some terms have a strong resemblance to each other, but many of these expressions also have other intensions. The Social and Economic Council of the Netherlands (SER) uses the following definition for Corporate Social Responsibility: “CSR is the concern for the social impact of the company’s operations.”[3] The SER specifies it as follows:

1. Deliberately focusing the business activities to create value in three dimensions - people, profit, planet - and therefore also contributing to longer-term prosperity and welfare in society;
2. Maintaining relations with the various stakeholders on the basis of transparency and dialogue, answering justified questions that are raised in society.

The concept of CSR is built on two pillars. First it refers to responsibility: value creation across economic, social and environmental dimensions. Second, CSR implies responsiveness. The organizations must be receptive to stakeholders´ demands and maintain a degree of transparency towards them. Pater and Van Lierop (2006) extended this idea by proposing interpretation and realization of the first pillar, shaped by the way the organization interacts with its stakeholders. They

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[2] http://www.coopseurope.coop/spip.php?article686
[3] http://www.mvonederland.nl

argue that companies need to engage in dialogue with their stakeholders to define their social responsibilities. CSR reporting is self-evident in this context. One rather widely used definition of CSR reporting is “the process of communicating the social and environmental effects of organizations´ economic actions to particular interest groups within society and to society at large” (Gray, Owen & Maunders, 1987, p 9). Although there are examples of corporations that give expression to this activity within their financial reporting, most companies use other information channels like CSR websites; social, environmental and sustainability reports. Companies demonstrate commitment to CSR by providing clear and verifiable data and information. The number of CSR surveillance institutions and CSR rankings are increasing. It is clear that CSR reports have become a permanent component of the business landscape (Perrini, 2005).

Various theoretical perspectives are used to explain why particular disclosures are being made. Normative perspectives describe how organizations should disclose information. The theory that can be considered as the dominating perspective is called ‘the stakeholder theory’. Another leading theory is the ‘legitimacy theory’. These theories will be used as the theoretical framework for this thesis. For now, both theories are explained briefly and receive more extensive attention in Chapter 2. The perspective of legitimacy theory indicates that organizations exist to the extent that the society considers them legitimate (Gray, Kouhy & Lavers, 1995). Legitimacy is ´a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed norms system, values, beliefs and definitions´ (Suchman, 1995). Society grants authority to business, but if this is not used in a manner which is considered responsible, society could eventually withdraw their support (Davis, 1973). Legitimacy theory therefore considers companies to engage in CSR to gain legitimacy from society. Communication is essential in this respect. Corporate social reporting is used to provide information that legitimizes company´s actions and operations by influencing stakeholders´ perceptions and perceptions of the broader society about the company (Neu, Warsame & Pedwell, 1998).

Whereas proponents of legitimacy theory talk about society, stakeholder theory focuses towards particular groups in society. Stakeholders are characterized as “any group or individual who can affect or is affected by the achievement of the company´s objectives” (Freeman, 1984, p 25). Stakeholder theory perceives that society is made up of various groups; stakeholder groups with unequal power, influence and different views about how companies should conduct their operations (Deegan, 2002). Stakeholder theory helps to identify which group might be relevant to the company and which expectations has to be conformed with or managed. “Information is a major element that can be employed by the organization to manage (or manipulate) the stakeholder in order to gain their support and approval, or to distract their opposition and disapproval" (Gray, Owen & Adams, 1996, p 45). It becomes apparent that legitimacy theory and stakeholder theory are two ´overlapping´ perspectives on CSR reporting within the framework of the political economy theory. It would be wrong to treat each of them as competing theory of reporting behavior. It will be beneficial to adopt more than one theory while analyzing CSR reporting (Gray et al, 1995).

Political economy theory, legitimacy theory and stakeholder theory can be used to explain and comprehend CSR reporting. However, whilst they may provide useful insight, academics consider this to be an under-developed area (Gray, 2002). Only partial explanations are provided by each theory and there is not one generally accepted theory of corporate social reporting. Several studies have tested the main theories in this respect. The different results depend to a large extent on the variables being investigated. Empirical research has identified several factors influencing the extent and nature of CSR reporting. These factors have been categorized into: corporate characteristics (e.g. size, industry group); general contextual factors (e.g. country of origin, media pressure); internal contextual factors (e.g. identity of the company chair, presence of CSR committee) (Adams, 2002). It is rather surprising that despite the extensive attention to CSR reporting, the role of organization type has not been studied. A study conducted by Adams and McNicholas (2007) indicates that the nature of ownership is a factor of influence on the attitudes of managers towards sustainability reporting. This suggests that it might be interesting to conduct comparative research between investor-owned companies (the predominant type of company in market economies) and other forms of economic organization (Tuominen et al., 2008).

Other types of organizations present in the marketplace are non-profit organizations and cooperative companies (Novkovic, 2008). If one takes into consideration all types of cooperative companies (consumer, producer and worker cooperatives), then it seems that cooperative companies have a greater significance to various economies and societies than has been suggested in the literature (Novkovic, 2008). In reaction to this the International Co-operative Alliance (ICA) publishes the Global300 list to highlight the important role cooperative companies play in the market economies. The 2008 list shows that the 300 top cooperative companies worldwide are responsible for an aggregate turnover of 1.1 trillion USD[4]. There are 250.000 cooperative companies in the EU, owned by 163 million members and offer employment to 5.4 million people[5]. The Netherlands belong to the top 5 countries with the most cooperative companies (the top 5 include France, US, Japan and Germany). The top cooperative companies are well represented in the agricultural, food,

[4] http://global300.coop/

[5] http://ec.europa.eu/enterprise/entrepreneurship/craft/social_economy/soc-eco_cooperatives_en.htm

retailing, insurance and in the banking sector. The International Co-operative Association´s (ICA) statement of cooperative identity defines the cooperative companies as: “A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise´ (ICA, 1995). Cooperative companies differ from other forms of organization because of their long term interest in promoting strong social goals as well as economic goals. Both the social and the economic components are important (Hicks, Maddocks, Robb & Webb, 2007). This becomes evident in the cooperative values and principles. These values include: self help, self responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility and caring for others (ICA, 2007). We can apply the two components, economic and social, and values as democracy and openness when considering a cooperative approach to CSR reporting. Cooperative companies are also considered to be more attentive to stakeholder issues than other organization types (Davis, 2001). The member joins and participates in the daily economic activity of the cooperative as a consumer or producer. The member of a cooperative is therefore the ultimate stakeholder as owner, customer/producer, controller and primary user of financial reports, therefore accountability seems central to reporting in cooperative companies (Hicks et al., 2007). In order to investigate the relationship between the role of organization type and CSR reporting, this thesis will conduct comparative research on CSR reporting between public listed companies (investor-owned) and cooperative companies.

1.3 Research question(s)

The most important question that will be investigated in this thesis is to what extent the variable ‘organization type’ a factor of influence is to the nature of CSR reporting. Empirical research of CSR reporting is normally conducted using a sample of investor-owned companies (e.g. public listed companies), because this is the predominant type of company in market economies, but other types of organizations could regard CSR reporting differently. This could apply to cooperative companies, because it is assumed that they are socially responsible, although corporate social reporting has rarely been analyzed in a cooperative context. Therefore it might be interesting to conduct comparative research between public listed and cooperative companies. The question is; do CSR reporting practices differ between these two types of companies, and how do their CSR reporting practices differ, and can those assumed differences be explained by the cooperative philosophy (values, principles and objectives)? In other words, to what extent is the ´cooperative difference´ reflected in their CSR reporting? In addition, cooperative companies are assumed to be more attentive to stakeholder issues, but is there evidence to support this assumption? Is this attitude actually reflected in CSR reporting, and is there a difference in comparison with investor owned companies?

1.4 Expected contribution

The purpose of this thesis is to contribute to literature on corporate social responsibility by comparing CSR reporting between cooperative companies and public listed companies. So far this kind of research has not received much of scholarly attention (Tuominen et al., 2008; Jussila et al., 2007). This thesis aims to illustrate whether the cooperative philosophy results in differences in CSR reporting between these organization types. Results of this study will give academics an improved understanding on the factors influencing the nature of CSR reporting. This improved understanding could be helpful in the development of a comprehensive theory in respect to social responsibility reporting. Results of this study will give practitioners an improved understanding on the process of reporting and decision making. This improved understanding will be useful in the further development of reporting processes, structures and guidelines. Such developments might improve corporate accountability.

2 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 Corporate Social Responsibility

Since the 1950s the social responsibilities of companies have been discussed in the academic literature. Which forms that responsibility should take, depends upon the economic perspective that is adopted by the company (Moir, 2001). Paragraph 2.3.1 will discuss these perspectives. For now, only an overview of the academic literature on the development of the concept of Corporate Social Responsibility is given.

The concept of CSR is frequently applied in academic research and the amount of literature on this matter is vast. The matter has know periods of interest and renewed interest. It has been in existence since the 1950´s, proliferated in the seventies and the last two decades grown into concept which is increasingly central to corporate decision making (Cochran, 2007). This evolutionary process can be illustrated with the following comment of Cochran (2007, p 449): ´corporate social responsibility has grown from a narrow and often marginalized notion into a complex and multifaceted concept´. Frederick (1986, 1994) categorizes the developments in the literature on CSR as follows. Up to 1970 initial CSR became understood as ´corporations´ obligation to work for social betterment´. After 1970, in these tumultuous times, activist groups and NGO´s came into existence. They were concerned about businesses and their practices. Corporations responded to these increased social pressures (e.g. changed products, policies, etc.) Consequential, the debate about the concept of CSR changed from corporate social responsibility to corporate social responsiveness (Cochran, 2007). Frederick (1994) calls this stage CSR(2). This movement reflects that the philosophical-ethical approach to CSR changed to an approach that focused on managerial action. A decade later he proposed a moral ethical base for managerial decision making and therefore provided a normative foundations for CSR(2) (Frederick, 1986).

Whereas Frederick (1994) speaks about development in understanding of CSR in the literature, speak De Bakker, Groenewegen and den Hond (2005) about progress that has been achieved in the CSR literature. They state that there is no unanimity about the progress that has been made over the years. Whereupon they investigate three perspectives on the actual evolution in the literatures on CSR: 1.) The progressive view, by application of sophisticated research methods central constructs and their relationships have been clarified and theories of CSR have been tested. 2.) Variegation view, the continuing introduction of new constructs (e.g. Corporate Social Performance, Corporate Social Rectitude, Sustainable Development, Triple Bottom Line, Corporate Citizenship, etc.), constructs that sometimes partially relates but also competes with the concept of CSR, has obstructed the evolution of the concept and definition of CSR (Mohan, 2003). 3.) The normative view is that limited progress has been made and can be made in the literature because of the normative character of CSR (Mattan et al., 2003). Bakker et al. (2005) found evidence in favor for the progression and variegation view, but they do not conclude which of the two views fits best.

The introduction of this thesis gives an definition of CSR maintained by the European commission. In the literature several other current definitions of CSR can be found. De Bakker et al. (2005) argue that the most cited definition is Caroll (1979, p 500): "social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time". Caroll (1991) distinguishes four dimensions of corporate social responsibilities: economic, legal, ethical and philanthropic responsibilities. In other words "The CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen" (Caroll, 1991, p 43). This definition is quite content focused. The definition of Whetten, Rands and Godfrey (2001, p 374) maintains another approach. They define CSR as ´social expectations of corporate behavior, a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of business´.

2.2 Reporting on Corporate Social Responsibilities

The definitions given by Caroll (1999) and Whetten et al. (2001) will be used to make a leap to CSR reporting. The topic where this thesis is about. The combination of the two definitions gives the opportunity to develop an understanding of CSR reporting. Caroll´s (1979) definition gives the themes of a CSR report and the definition of Whetten et al. (2001) express the societal or stakeholder expectations which are the rationale for CSR reporting (Golob and Bartlett, 2007). To take on the idea of central themes in a CSR report, another approach is common. Some companies use the classification used in the triple-bottom-line model of CSR (Elkington, 1997) in their reports. This model perceives three types of responsibility: 1.) economic responsibility 2.) environmental responsibility and 3.) social responsibility. According to Gray et al. (1998) an important comprehension in time is the realization that environmental issues cannot be separated from social issues. CSR reporting has developed together with the concept of CSR. Like there is not one generally used definition of CSR , there is also not one generally acknowledged definition of CSR reporting. Gray et al. (1997, p 9) states that CSR reporting is "the process of communicating the social and environmental effects of organizations´ economic actions to particular interest groups within society and to society at large". It is reasonable to believe that the company by means of CSR reporting is being accountable for its actions, but to what extent corporations genuinely attempt to be accountable stays query (Adams, 2002).

CSR reporting may be mandatory, solicited or voluntary. Although CSR reporting practices differ between countries (e.g. European countries are leading in social reporting), most countries support voluntary CSR disclosure (Golob and Bartlett, 2007). Voluntary reporting gives companies the possibility to decide on publication, form and content to their liking and portray their effects on society as favorable as possible (Stittle, 2002). In order to adjust this situation, several countries (e.g. France, The Netherlands, Denmark, Norway and Sweden) have introduced policies and legislation, especially in the area of environmental disclosures (Douglas, Doris & Johnson, 2004). Another approach to dissolve this failure is by introduction of widely accepted guidelines, principles and standards (e.g. Global Reporting Initiative). Companies are still free to choose to disclose or not, but demonstrate commitment to CSR by providing information according to generally accepted standards. In this way standards enhance a company´s creditability and accountability (Tuominen et al., 2008). Although the use of standards have risen significantly, huge difference in CSR reporting practices between companies remains.

The voluntary nature of deciding whether or not to disclose CSR information leads academics to investigate the motivations driving the organizations to do so. Over the last decades a lot of research is conducted in this area and several reasons are noticed. Deegan (2002) has listed the following findings: to comply with legal requirements; economic rationality; a belief in an accountability or responsibility to report, to comply with covenants, to comply with community expectations, legitimacy reasons, to manage stakeholder groups, to attract ethical investment funds, to comply with industry codes of conduct, to win reporting awards, to forestall disclosure regulations. The article noticed that managers could have several motivations, which are interrelated, to disclose CSR information voluntary.

The ´motivation´ issue is only one of many areas of research in the field of CSR reporting. There are actually several research questions that have been pursued in the literature on CSR reporting. These research questions are descriptive, normative and positive in nature (Deegan, 2002). ´What motivates managers to disclose?´, is already mentioned. Other questions are: ´What are companies reporting?´; ´Is there a relationship between CSR reporting and (economic) performance?´; ´How do particular stakeholders react?´; ´How should organizations report?´; ´Is CSR reporting really beneficially for society?´. And of course the broad research area this thesis eventually serves, ´What are factors of influence on the nature of CSR reporting (e.g. size, country of origin)?´ The research question, 'What theories best explain CSR reporting practices?', will be attended to paragraph 2.3.

2.3 Outline of theories of disclosure

The previous paragraph has given an overview of the literature on corporate social reporting. In this paragraph reference will be made to some perspectives that constitute the theoretical framework on this topic in order to explain why and how companies report on their CSR activities. It is mentioned in the introduction that there is not one generally accepted theory of corporate social reporting. Although, stakeholder theory can be considered as the dominating perspective, combined with the legitimacy theory, these theories will be used as the theoretical basis of this thesis. This is in concurrence with Gray et al. (1995) who argue that it might be useful to adopt more than one theory while analyzing corporate social reporting.

2.3.1 Legitimacy theory

Over the years three theoretical frameworks are used to study corporate social reporting: 1) decision-usefulness studies 2.) economic theory studies and 3.) social and political economy studies. Within the latter category it is possible to discern the already mentioned legitimacy theory and stakeholder theory (Hooghiemstra, 2000). In other words, those theories "are set within a framework of assumptions about political economy" (Gray et al., 1995, p 52). Political economy considers the economic domain within a political, social and institutional system. So in this view organizations are placed in the context of the larger social environment.

This subordinate view of organizations within a broader social system is extended through the legitimacy theory. This perspective claims that companies have not any inherent right to exists, but are considered ´legitimate´ to the extent in which their operations are congruent with the values and norms of their respective societies (i.e. societal expectations). The neo-classical approach to companies expressed by Friedman (1962) takes the view that an organization´s sole responsibilities is to maximize shareholder value while abiding to the law and therefore grants the company legitimacy. There seems to be a movement away from this because nowadays the dominating economic perspective of the company takes the view that societal expectations encompass economic, environmental and social responsibilities. These societal expectations postulate some sort of social contract between organizations and society. If the organization's operations do not meet these societal expectations than this social contract between the company and the public is evoked and the entity is no longer perceived legitimate. Consequently, the authority or ´license to operate´ that is granted to the organization by society will be withdrawn (Davis, 1973). This might result in legal restrictions, restricted access to financial and human resources, reduced demand for products or increased taxes.

How comes that companies sometimes do not meet societal expectations? Expectations have changed and therefore acceptable corporate behavior is no longer perceived ´acceptable´. Another reason could be particular events (e.g. environmental catastrophes) which have negatively affected the reputation of the organization, or the related industry. Organizations are not that *re*active as it seems (only reacting when it becomes apparent that there position is endangered), because they are quite *pro*active actually. According to Deegan (2002, p 253) “organizations continually seek to ensure that they operate within the bounds and norms of their respective societies, that is, they attempt to ensure that their activities are perceived by outside parties as being legitimate”.

How do companies react to a legitimacy gab? The following definition of legitimacy, ´legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman 1995, p 574), makes clear that it is all about perceptions. It is obvious that in order to affect external parties corporate disclosure is inevitable, because “information is necessary to change perceptions” (Deegan, 2002, p 296). Lindblom (1994) discern the following four broad strategies (all rely on the use of disclosure) which can be employed by an organization to obtain or maintain or repair legitimacy:

1. Inform and educate its stakeholders about organization´s intentions to change activities and improve performance.
2. Seek to change the perceptions but without changing the organization´s actual behavior.
3. Manipulate perception by distracting attention from the issue of concern
4. Seek to change external expectations about its performance.

These four strategies stress that while analyzing corporate disclosure it is necessary to look for hidden motives.

In the end it becomes apparent that the legitimacy theory emphasize the strategic importance of corporate disclosure. One form of corporate disclosure is corporate social reporting. From the perspective of the legitimacy theory, CSR reporting aims at positively influencing stakeholders´ and society´s perceptions about the legitimacy of organization´s operations by means of providing information in such a way that the company is regarded as social responsible (Hooghiemstra, 2000).

2.3.2 Stakeholder theory

The introduction of paragraph 2.3 asserts that the theoretical framework on corporate social responsibility reporting constitutes two theories. The legitimacy theory, elaborately discussed, provides only a partial explanation for the reporting behavior of organizations on social responsibility. Another widely recognized theoretical perspective is the stakeholder theory. Since the publication of Freeman's book, *Strategic Management: A Stakeholder Approach* (1984), the idea that organizations have stakeholders to account to has become indelible. Although the concepts ´stakeholder´, ´stakeholder model´, ´stakeholder management´, and ´stakeholder theory´ were used by various authors before Freeman's publication, his name is inextricable connected with stakeholders theory. Stakeholder theory is a concept with its own characterization of the organization and its purpose. It portraits a company as a nexus of actors. These social actors (i.e. individuals or organizations) are called stakeholder because the have a ´stake´ in the organization through participation in the organizations activities. Stakeholders relationships are essential to the successful functioning of a organization because these actors provide resources and form the business environment. Where the classical or ´shareholder theory´ viewpoint on the role of business in society states that the purpose of a company should be serving the interests of its shareholders (i.e. one category of stakeholders), postulates the stakeholder theory that companies have to consider the interests of all those identified as ´stakeholders´ in a company. "The aim is to achieve a more equitable distribution of the benefits of corporate activity to non-shareholders relative to shareholders" (Kaler 2003, p 71).

There are several typologies of stakeholder groups proposed. Clarkson (1995) distinguishes primary and secondary stakeholders. Primary stakeholders are those stakeholders without whose participation the corporation cannot survive (e.g. shareholders, investors, employees, customers and suppliers, communities). Secondary stakeholders are those groups and individuals who are not critical to the organization´s survival but influence or are influenced by the organization (e.g. media and NGO´s). Rousseau and Shperling (2003) make a distinction between ´internal´ and ´external´ stakeholders and Tirole (2001) distinguishes ´natural stakeholders´ and ´stakeholder by design´. All of those categorizations are to some extent arbitrary, because there is no consensus about how far one need to go in identifying stakeholders (e.g. future generations and the environment) as it is to judge what is critical to survival and what is merely influencing. To propose a solution Mitchell, Agle & Wood (1997) developed a model of stakeholder identification.

Before going into detail an account has to be given of the three aspects of stakeholder theory found in the literature. The literature differentiates a descriptive, instrumental, and normative use of stakeholder theory. The descriptive use of the theory describes how and why businesses relate to stakeholders. Instrumentally it addresses the outcomes of different approaches to stakeholder management. And the normative use interprets the function of companies and delineates who is a legitimate stakeholder and what makes them such (Donaldson and Preston, 1995). The literature also mentioned two different stakeholder theory branches (i.e. a normative/moral and a positive/ managerial). The normative branch argues that stakeholders have intrinsic rights and that the impact of the company on the stakeholder should be what determines its responsibility to that stakeholder. This branch also views consideration of stakeholders´ interests as an ´end´ instead as ´means´ like the managerial branch does. The managerial branch tends to be ´organization-centered´, and it believes that the interplay with each group needs to be managed in order to further the interest of the company. This branch regards the different stakeholder groups unequally and inclines to respond to the stakeholder groups deemed as more powerful.

The managerial stakeholder theory branch establishes the importance of stakeholder management, a question that remains is to which stakeholders groups do managers pay attention? Mitchell et al. (1997) were already mentioned because they have addressed this question and have proposed that the importance of stakeholders groups can be determined by their relative power to influence the company, legitimacy of the relationship with the company and urgency of the claim on the company. A stakeholder may have a legitimate claim on the company, but unless it has the power (i.e. the ability to control resources which are necessary to the organization's operations) and the urgency (i.e. perception that its claim is stringent) it will not achieve the company´s managers consideration.

To provide a linkage between stakeholder theory and CSR we have to consider Moir (2001). According to him the stakeholder theory is used as a basis to analyze those stakeholders to whom the corporation should be responsible. From a normative perspective CSR refers to a condition where a company aims at making decisions which have positive impacts on all of its stakeholders (Jussila et al. 2007). This approach to CSR would argue that companies ´must´ seek to satisfy the demands of its multiple stakeholder groups. From a managerial perspective social responsibility activities are useful to the company in developing and maintaining satisfactory relationships with its key stakeholders. In this light it emerges that CSR disclosure is a management tool for managing the informational needs of the various stakeholder groups. Managers show that they are conforming to the stakeholders´ expectations by disclosing information about their corporate social responsibility programs and activities. In this way information is used to manage or manipulate stakeholders in order to gain their support and approval, or to distract their opposition and disapproval. When we add the notion that the more important the stakeholder is to the company, the more effort will be exerted in managing this relationship. This might lead to the presumption that particular stakeholder groups can be more effective than others in demanding social responsibility disclosure. Neu et al. (1998) found support for this view.

To sum, from a normative point of view companies disclose social responsibility information to explain or justify to people with a legitimate interest in the company (i.e. to those who have a right to). Disclosing information regarding corporate social responsibility activities is seen as a necessity to develop a mutual and dialogue-based stakeholder relationship. On the other hand Gray et al. (1996) suggest that information is disclosed for strategic reasons, rather than on the basis of any perceived responsibilities.

2.4 Hypotheses Development

2.4.1 Research question(s)

Empirical research on the nature of corporate social reporting demonstrates that the common theories of social reporting (political economy theory: legitimacy theory and stakeholder theory) offer only a "partial explanation for the nature of corporate social reporting. The theories have limited explanatory power and there is no conclusive evidence in support of any one of them" (Adams, 2002, p 245). A number of factors of influence on the process of reporting and decision making are not captured by these theories. This becomes apparent as support of theories being tested depends on the variables being investigated (Adams and Harte, 1998). Therefore researchers tried to identify the factors which influence CSR reporting (Hooghiemstra, 2000). The factors that have received academics´ attention are categorized into three groups (Adams, 2002):

- Corporate characteristics (size, industry group, corporate age, financial/economic performance and share trading volume, price and risk)
- General contextual factors (country of origin, time, specific events, media pressure stakeholders and social, political, cultural, and economic context)
- Internal context (identity of company chair, social reporting committee, aspects of reporting process, attitudes to reporting, impacts, legislation and audit)

Still the list of identified variables is not complete. Surprisingly, organization type as a factor of influence on CSR reporting has received little scholarly attention. There are several types of organizations present in the marketplace. The predominant type of company is investor-owned. Other types of organizations are non-profit organizations and cooperative companies. Most studies conducted in the area of CSR reporting use a sample of public listed companies (plc). Plc´s are of course qualified as investor-owned, and are often used as object of research because relatively much (performance)information is publically available, mandatory as well as voluntary. In order to investigate the relationship between the role of organization type and CSR reporting, comparative research on CSR reporting between plc´s and cooperative companies will be conducted. The reason to choose the cooperative type is because there are indications that cooperative companies differ in their CSR reporting practices (e.g. Rabobank group´s award winning CSR reports supports this assumption) and although generally underestimated they have significant economic power (i.e. in some industries their strength is comparable with plc´s).

The following research question is formulated:

´To what extent is the organization type a factor of influence to the nature of corporate social responsibility reporting?´

The two pillars conceptualization of CSR, already mentioned in the introduction, enables us to start answering this question. The SER conceives CSR as "being responsible in a responsive way" (Pater & Lierop, 2006, p 340). Accordingly, the concept of CSR is built on the two pillars ´responsibility´ and ´responsiveness´ specified as follows:

1. Deliberately focusing the business activities to create value in three dimensions - people, profit, planet - and therefore also contributing to longer-term prosperity and welfare in society;
2. Maintaining relations with the various stakeholders on the basis of transparency and dialogue, answering justified questions that are raised in society.

The realization of the first pillar is shaped by the way the organization interacts with its stakeholders. In other words, companies need to engage in dialogue with their stakeholders to define their social responsibilities (i.e. the stakeholder issues they need to attend to). The specification of the two pillars given by the SER is helpful, because it gives all the ingredients we need to operationalize the ´nature´ of corporate social responsibility reporting. Three orientations are selected: *1) Which stakeholder groups are being attend to (i.e. mentioning issues of stakeholder concern in report)?; 2) Do co-operative and public listed companies attempt to enhance transparency? Transparent reports are important because it enables stakeholders to asses companies´ efforts and result; 3) Are CSR reports being used as means to enhance the degree of dialogue with stakeholders? Dialogical processes assure that stakeholders concerns are being voiced and heard.*

In order to find an answer to these three questions, hypotheses needs to be formulated and tested. To be able to take a stand more light has to be shed on the differences between cooperative and public listed companies. Because plc´s features are well known, the focus will be on the cooperative structure.

2.4.2 The ´cooperative difference´

In the introduction it is already said that the investor-owned company is the predominant organization in market economies. We can differentiate between private ownership and listed companies with shareholders. The business objective of the company with private ownership is maximizing profit and the objective for the listed company is maximizing market value (i.e. return on investment for the shareholder). But there are also other types of organization, like non-profit organizations and cooperative companies. The International Co-operative Alliance (ICA) employs the following definition of a cooperative organizations in the Statement on Cooperative identity (1995): ‘A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise’. Legal requirements for a cooperative organization are ownership by members instead of investors and democratic control by the principle of one-member-one-vote. Other aspects are not legally specified. According to Novkovic (2008) one other defining characteristic is ´that they all apply cooperative principles and rely on cooperative values (ICA, 1995) in their daily functions´. It is obvious that cooperatives companys have a unique membership structure (Hicks et al., 2007) which makes members key stakeholders because they interact with the cooperative company as owner, controller and economic participant (i.e. employee, customer, supplier).

Economic participation will be explained by discussing the different types of cooperative companies. Each form has different member characteristics and business objectives. There are consumer cooperatives which obviously are owned by their customers. For example, farmers are quite regionally restrained and if they have to buy their supplies by a monopolist than they will pay a higher price than in a competitive market situation. Therefore if farmers own the supply company by themselves then they would eliminate the problem of so called monopolistic pricing. Another type of cooperative company is the producer cooperative. The cooperative is collectively owned by its suppliers. For example, in a region where farmer can only sell their factor of production (e.g. milk) to a single buyer. This monopsonist pays a lower price than would be the case in a competitive market (Hansmann, 1999). The third types of organization is the workers cooperative and is collectively owned by its employees. These three types of cooperative companies have different objectives to some extent, but what they have in common in comparison with investor owned companies is that they do not only aim to maximize financial performance, but “they aim to create benefits for members who engage in collective action” (Jussila et al., 2007, p 37). Benefits that they could not possibly realize on their own. Striking is that the direct financial benefits depends on the members´ dealings/interaction with the cooperative (e.g. based on his supplies to the cooperative) and not say, to the amount of stock held. It could also be in the interest to member that the cooperative delivers higher quality goods or services. But member benefits are more comprehensive than these two examples. According to Michelsen (1994) cooperative companies pursue value-oriented goals that creates these benefits.

Tuominen et al. (2008) state that ´social responsibility has been an essential part of the cooperative philosophy throughout the history of cooperation´. They illustrate this by the cooperative values and principles that are formulated in The Statement on Cooperative Identity (ICA, 1995), which accordingly to Novkovic (2008) are voluntary applied (to some extent) by many cooperatives in their practices. The ICA (1995) articulates that ´Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others´.[6] The principles are the practical application of these values: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education training and information, cooperation among cooperatives and concern for the community. It is obvious that these values and principles connect with the ideas of corporate social responsibility.

For example, concern for the community is clearly a social goal and although investor owned company also make donations to charitable causes and support community projects the feeling is that it is more a means to an end. In case of a cooperative company it is possible to say that it is a goal that reflects the will of the members (Tuominen et al., 2008). According Davis (2001) the concern for the community principle is fulfilled by cooperative companies by sharing part of their surplus with their region and local communities. It is explained that although motivation could differ from investor owned companies the result could be the same. This is not entirely true, because in monopolistic/monopsony markets (i.e. imperfect competition) cooperative company could alter supply decisions and mitigates market failure. Founding a cooperative could also create socially optimal outcomes in case of severe asymmetric information between contracting parties (Hansmann, 1999). Other supply decisions that take concern for the community another step further is supplying product in an unprofitable region, or hire less productive labor, or buy locally produced products at a possible higher price. These are supply decisions that are deliberately altered in light social goals (Novkovic, 2008). It is naive to assume that all cooperative companies mitigate market failures (i.e. market power, market externalities), but this behavior fundamentally makes up the ´cooperative difference´ and constitutes the rationale behind choosing the cooperative structure.

Novkovic (2008) adds ´Co-operative companies reliance on the co-operative principles is rarely mentioned in the economic literature, probably because companies are not legally constrained to apply them. It has become increasingly evident, however, that the survival, competitiveness, and successes of co-operatives as a business form rest with the application of the principles´. Academics in contrary have voiced criticism and have claimed that cooperative companies are inefficient in

[6] http://www.ica.coop/coop/principles.html

comparison to investor owned companies. Most theories argues that cooperative companies are indeed inefficient, but the studies which have empirically studied this topic, have not unambiguously confirmed this premise (Nilsson, 2001). One explanation for this discrepancy could be that theories of inefficiency do not take into account these cooperative values and principles, and therefore neglect the value added. Borgen (2004) gives another explanation and argues that this discrepancy is due to the assumption that members behave as investors instead of users. Therefore decision making is not placed in the social context that suits users. Members may enjoy benefits that otherwise would not be available to them. It is clear that the cooperative philosophy, shaped by the cooperative values and principles, connect effortless with the concept of corporate social responsibility. Both constructs might be partially inspired by the same causes. Gray et al. (1995) states that CSR is ´motivated primarily by the market failures (especially injustices, anti-democratic tendencies, information assymetrics and ´externalties´) and desire to change current practice´. This corresponds to some of the elaborated rationale behind the cooperative structure.

“Given the duality of cooperative goals in combination with cooperative values like honesty and openness one could assume that CSR reporting differs significantly of that of investor owned companies” (Tuominen et al., 2008, p 478). In addition, we have seen that cooperative companies have an unique membership structure which makes the members key stakeholders of the company, as owner, controller and economic participant, and therefore primary user of (non)financial reports. Cooperative members need financial information because cooperatives are very tightly member-controlled. Members much more closely monitor their cooperative company than shareholders would do, because of two reasons: First, there is no market for control for cooperatives to discipline managers. Second, members are quite dependent for their economic livelihood (e.g. more than shareholders) of the cooperative companies´ performance (Hansmann, 1999). It is arguable that members are also very interested in nonfinancial information, because also need to be well informed about the quality of products, services, business actions and practices. These aspects make members the primary user of all kinds of cooperative reports. CSR reports are particularly convenient because the benefits that members seek are broader than the average investor and to inform their members, cooperative companies have to provide another kind of information.

2.4.3 Stakeholder engagement

The appropriate way to develop hypotheses is to refer to a theoretical framework. In paragraph 2.3 is already mentioned that there is not one generally accepted theory of corporate social reporting. A combination of legitimacy theory and stakeholder theory is mostly used to explain and comprehend CSR reporting (Gray et al, 1995). Those two ´overlapping´ perspectives on CSR reporting are set within the framework of the political economy. Paragraph 2.3 elaborates on both theories because they help to understand the nature and causes of social responsibility disclosure in general. However, whilst they may provide useful insight, academics consider this still an under-developed area (Gray, 2002), because empirical research in this area demonstrates that a number of factors of influence on the process of reporting is not captured by these theories. Only the stakeholder approach is used to identify the corporate characteristic ´organization type´ as a factor of influence (i.e. development of hypotheses) in this research context with cooperative companies and plc´s.

Paragraph 2.3.2 has elaborately discussed the stakeholder theory. The current paragraph will show that although the stakeholder approach can be considered as the basis of operations of any organization, it is often associated with cooperative companies (Gijselinckx, 2009). The reason for Harris (2004, p 1) to study the cooperative movement was the belief that “cooperatives offer a compelling alternative for conducting business in a more socially just way than other forms of enterprise”. According to him the appeal to the so-called ´cooperative difference´ has been essential to commit existing members and attract new members. This function is more important than ever because high and stable member commitment is eroding for several reasons (while strong commitment is a necessary ingredient for cooperative success). Unfortunately the appeal to social values is no longer exclusively associated with the cooperative movement, because other investor- and privately-owned companies are also engaged in integrating CSR practices into their business operations (Fulton & Gibbings, 2000). An alternative approach to the ´cooperative difference´ concept is to regard this feature as a outcome of the member structure instead of being a catalysts. According to Harris (2004, p 11) the “Cooperative opportunity lies within the notion of stakeholder engagement as a process to enhance a company´s social bottom line.” This paragraph will focus on the first part of the statement. Leys, van Opstal & Gijselinckx (2009) explain that a characteristic of the stakeholder approach is that it tries to integrate stakeholders into managerial decision-making and therefore is it possible to say that stakeholder management is more or less institutionalized in the cooperative structure.

It is obvious that identifying stakeholders and typifying their stakes is a primary step for any organization adopting a stakeholder approach. Whereas shareholders are considered as the primary stakeholders of public listed companies, the primary stakeholders of cooperative companies are its members. Members combine two economic functions because they are both user (i.e. natural stakeholder) and equity provider (i.e. stakeholder by design). The cooperative as member-based company creates a connection between utilization and ownership (e.g. by dividing surpluses pro rate the transactions volume) and therefore extents the scope of stakeholders with control power. Since cooperatives are locally based organizations, their members are often also member of the local community. The earlier described overlap in stakeholder functions results in the cooperative advantage to involve inherently at least two kinds of stakeholder categories to govern and control the cooperative. According to Leys et al. (2009) are public listed companies less inclined to adapt stakeholder management because the strict separation of economic functions results in a vast array of different stakeholder groups. Different stakeholders have different and opposing interests. From a managerial perspective the development of a consensus in this context becomes almost impossible and therefore the presence of contradictory stakes proves to be an obstacle to the involvement of stakeholders (Rasche & Esser, 2006).

The second step for organizations to engage in stakeholder management is to consider what form the relationship with a stakeholder should take. The primary goal of a public listed company is to maximize shareholder value. Management has to focus on short term profits because modern day shareholders with diversified portfolios are able to sell poorly performing stocks easily. In essence, plc´s have a market relationship with their owners (Tuominen et al., 2008). By definition, cooperative companies exist to meet the needs of their members. They focus on continuity of operations and continuity of member´s profession in the long run. Members cannot switch their stake in the cooperative as easily as shareholder, because there have made relationship specific investments and those are non-tradable. These limitations contribute to establishment of long-term relationships and avoid opportunistic investor behavior. The Green Book of the European Commission (2002, p 347) recognizes that co-operatives also structurally integrate other stakeholders and remarks that “an enterprise that is free from the primary need to provide a return to investors is also free to take a long-term view of the interests of its stakeholders, be they customers, employees or the wider community”. Gijselinckx (2009) compliments this remark and states that the purpose of cooperatives is to create value not only for the owners but for different stakeholder groups. Since member have a long term interests acquired in their cooperative company, they have a big incentive to get involved and make their claims known to management (Leys et al., 2009).

Therefore the third step for any organization adopting a stakeholder approach is to consider how stakeholder management should be linked to internal processes. Members have, because of the described overlap in stakeholder functions, the right to govern and control the cooperative. Their incentive to monitor is higher than shareholders for several reasons. One reason is their relationship specific investment. Another reason is that there is no market of ´corporate´ control to discipline cooperative´s managers. The third reason is that managerial performance is difficult to assess because the cooperative´s objective is to create just plain ´benefits´ for members (Jussila et al., 2007). In order “to discipline managers, members must know much more about the company and its services than shareholders of a business corporation must know” (Hansmann, 1999 p 398). To accommodate tight member control their involvement and participation is facilitated through the principle of democratic member control and other built-in governance mechanisms. The principle of democratic member control (i.e. voting rights are equal for all members) gives a member the opportunity to participate in setting policies and decision making. This involvement is conducted directly through participation in the general assembly and indirectly through the board of directors. Several election measures (e.g. decentralized forms of member participation) are applied to minimize the distance between the individual member and the cooperative company. These measures are necessary for larger cooperatives to ensure that members are able to identify with the cooperative and the cooperative values and principles, and to be more embedded in the local communities in which their members live. The natural inclination toward stakeholder engagement in cooperative companies is especially fostered when managers, board members and commissioners have a member relationship with the cooperative (Gijselinckx, 2009).

In this paragraph the first part of the following proposition “Cooperative opportunity lies within the notion of stakeholder engagement as a process to enhance a company´s social bottom line.” Harris (2004, p 11), is explained and confirmed. The unique cooperative member structure and the related characteristics such as: user-drive; merger of stakeholder functions; cooperative objectives; long-term contract relationship; democratic ownership and control; member involvement in setting policies and decision-making; could foster a higher level of stakeholder engagement than public listed companies. In the next paragraph the second part of the statement will be examined and subsequently three hypotheses will be formulated regarding the sub questions stated in 2.4.1.

2.4.4 Hypotheses

The previous paragraph explained that cooperative companies are given their nature organized in a way that differs profoundly from public listed companies and that member involvement is a core characteristic (Gijselinckx, 2009). Now the central question rises how stakeholder engagement improves a company´s social bottom line. Harris (2004, p 7) states that one leading approach to corporate social responsibility is the ´process approach´ (i.e. stakeholder engagement). According to him this approach “concerns the way in which organizations relate to and are accountable to their stakeholders”. In other words it considers CSR as the totality of stakeholder relations and especially the organization´s obligations to them. The form of this engagement could differ, because stakeholder engagement could evolve to stakeholder dialogue or stakeholder involvement. Involvement relates to the active participation of stakeholders in defining the organization´s strategic policy. Theoretically stakeholder involvement surpasses stakeholder dialogue (see hypothesis 3 for more elaborate information about stakeholder dialogue). Secchi (2006) proposes a merger of the two into one common meaning, namely stakeholder engagement. However, the line between dialogue, involvement and engagement is difficult to draw and is variously used by social reporters.

From the stakeholder engagement perspective social responsibility activities are useful to the company in developing and maintaining satisfactory relationships with its key stakeholders. In this light it emerges that CSR disclosure is a management tool for managing the informational needs of the various stakeholder groups. Managers show that they are conforming to the stakeholders´ expectations by disclosing information about their corporate social responsibility programs and activities. In this way information is used to manage or manipulate stakeholders in order to gain their support and approval, or to distract their opposition and disapproval. When we add the notion that the more important the stakeholder is to the company, the more effort will be exerted in managing this relationship. This might lead to the presumption that particular stakeholder groups can be more effective than others in demanding social responsibility disclosure. Neu et al. (1998) found support for this view.

Unlike plc´s, cooperative companies do not have investors unfamiliar with the organization (Tuominen et al. 2008). Instead they have the ´ultimate stakeholders´ and therefore in the first place an essential and powerful group of people to provide information with. Since members own, control and also participate to the operation of their cooperative company and therefore need information to see if the cooperative is managed according to their will, one could expect that the cooperative values and principles would be visible in cooperatives´ CSR reporting (Tuominen et al. 2008). Therefore the concern for the community principle (i.e. being involved in a great deal of local community matters) has to be reflected in cooperatives´ CSR report, by addressing local communities directly as an important stakeholder. Adherence to the principals is not in itself a sufficient condition but the cooperatives connection with the local community through ownership gives these stakeholders more control than in almost any public listed company (Harris, 2004). Cooperative management´s distinct perception of stakeholder importance in relation to the cooperative´s business as a whole results in a variation to the extent to which cooperative and public listed companies are directly engaging with their different stakeholder groups. Based on these studies the expectation is that cooperative companies address their CSR communication more directly towards other stakeholders than public listed companies. Therefore, the first hypothesis is:

H1: The type of organization has an effect on the stakeholder categories that receive attention in CSR reporting.

A good stakeholder relationship develops under conditions of fairness and openness (transparency). It is obvious that the usefulness of a CSR report depends of the quality of the information disclosed

(Novkovic, 2005). Transparency (i.e. credibly address issues of concerns to stakeholders) is synonymously for quality from shareholders´ perspective, because it enables them to see if the company is managed according to their will and thereby control management. Some criteria for transparency are relevance, objectivity, reliability, comparability and accountability (Clarkson, 2008).

It is already mentioned that cooperative companies have an unique membership structure which makes members key stakeholders of the company, as owner, controller and economic participant, and therefore primary user of (non)financial reports. Cooperative members demand true and relevant information because it enables them to monitor the cooperative closely. The fact that the cooperative philosophy officially encompass the ethical values of honesty and openness nurtures the idea that transparency is a natural element of cooperative´s self-presentation (Tuominen et al., 2008).

Because transparency is a composite measure a brief explanation is given of just two aspect of transparency; accountability and reliability, to endorse the idea of cooperative transparent reporting. The cooperative-member relationship is assumed to consist of a posture to explain and justify to members the risks, omissions, actions and dependencies for which management is responsible, therefore it is inevitable to engage members in organizational affairs. Consequently, cooperative companies are expected to disclose more often neutral and negative news (i.e. not only good news), although this is less desirable of a managers viewpoint (Gijselinckx, 2009). In order for users of (non)financial reports (e.g. CSR reports) to assess the companies credibility, third party verification is important because an un-audited CSR report leaves room for exaggerated claims (Idowu & Towler, 2004). Non-assurance will limit the usefulness of a CSR report from stakeholders perspective and diminishes corporation´s perceived accountability. Based on the stakeholder approach the expectation is that cooperatives disclose more true and relevant information about their corporate social responsibility activities. Therefore, the second hypothesis is:

H2: Co-operatives are more transparent in their CSR reporting than plc´s.

The following citation of WBCSD[7] highlights another aspect of CSR: "The essence of corporate social responsibility is to recognize the value of external stakeholder dialogue. Because of this, we place stakeholder engagement at the center of CSR activity. CSR means more than promulgating a company´s own values and principles. It also depends on understanding the values and principles of those who have a stake in its operations." In the previous paragraph is established that clear and transparent information is a crucial factor for CSR and related disclosures. Although Smith (2003)

[7] WBCSD, "Corporate Social Responsibility: Making Good Business Sense," report from World Business Council for Sustainable Development, January 2000, p. 22, <www.wbcsd.ch>.

agrees, he still places stakeholder dialogue at the heart of it. The Global Reporting Initiative (2002) states that a primary goal of CSR reporting is to contribute to an ongoing stakeholder dialogue. By stakeholder dialogue is meant that the organization tries to communicate with its counterparts and receive feedback. According to Gijselinckx (2009) dialogue is necessary condition for stakeholder involvement.

From a stakeholder perspective is CSR about a corporation´s obligations to its stakeholders. In paragraph 2.3.2. is already said that disclosing information regarding corporate social responsibility activities is seen as a necessity to develop a dialogue-based stakeholder relationship (Gray, 1996). Stakeholder dialogue implies a comprehensive stakeholder identification process and the development of platforms to facilitate stakeholder consultation, such as surveys, panels, town-hall meetings and focus groups. Perrini (2005) uses the stakeholder-based approach to describe an evolution from a ´trust me culture´, wherein stakeholders naively believe that companies will act in their best interests; to a ´tell me´ culture, wherein stakeholder needs to be reassured about corporations good intentions; while reaching an ´involve me´ stage, wherein companies ask their stakeholder to help them in understanding and inform them which activities a company should undertake of refrain from doing so (e.g. complex issues such as environmental protection, health and safety at work, relations with local communities, etcetera). CSR reports in the ´tell me´ phase are designed to inform and convince public about corporate legitimacy. (i.e. one-way communication to make stakeholders aware of corporate CSR efforts). The disadvantage of this situation from stakeholders´ perspective is the ´managerial capture´ of the social accounting process. Management is likely to disclose only the information it seems appropriate. Stakeholder dialogue breaches this capture and helps to balance the rules of the game (Rasche and Esser, 2006). Through the process of dialogue stakeholders and management together could identify relevant issues and thus determines the scope of accountability. Dialogue is thereby regarded as a precondition rather than an outcome of the overall accountability process (Rasche and Esser, 2006). Societal and stakeholders´ expectations changes and dialogue ensures that company stays in tune regarding CSR (and also influence those expectations). Real (i.e. two-way) dialogue also creates a situating in which management has to relinquish some power, because management becomes less capable of denying the relevance of issues and hiding information.

Information and especially CSR reports are a tool to manage stakeholder relations. Inconvenient is that different stakeholder groups demand different and even conflicting types of action and consequently different information. It is expected that public listed companies, with their heterogeneous stakeholder base, only mention their engagement in stakeholder dialogues in their CSR report, but do not elaborate about the issues being discussed and the measures being taken.

Harmonized stakeholder views, rather than conflicting are encountered in a more homogenous stakeholder base. Knowingly that cooperative companies have an unique member-ownership-structure with a more homogenous (e.g. background) and also more powerful stakeholder group, less conflicting demands are expected. Consequently, it is for cooperatives easier to meet those demands and therefore openly disclose the issues being discussed and the measures being taken. According to Hansmann (1999) is the management of a typical cooperative company is very attentive to the opinions of their members. Members´ claims are of course critical, because the are the very reason for the cooperative company´s existence. Therefore, according to Gijsselinckx (2009), is member-dialogue institutionalized in cooperative companies. In 2002 at the Cooperative Convention, the chairman of the European Commission recognizes that stakeholder dialogue is essential for the cooperative focus on social responsibility. Based on these studies the expectation is that cooperative companies elaborate more on the issue of stakeholder dialogue in their CSR reports then plc's. Therefore the third hypothesis is:

H3: Co-operatives engage more in dialogue with stakeholders through CSR reporting than plc´s.

3 RESEARCH DESIGN AND METHODOLOGY

The present study deals with a sample of European cooperative and public listed companies in the food and agriculture sector. Large companies of approximately the same size were chosen. A comparative research design is applied to observe the nature of CSR reporting across the two organization types. The content analysis includes annual reports and discrete reports (e.g. environmental reports, social responsibility reports, sustainability reports, etc.).

3.1 Sample Selection

The research sample consists of 122 large European companies, active in the food and agriculture sector. A purposeful sampling strategy is applied, in order to be as informative as possible and to control for the effects of confounding variables.

3.1.1 Selection process

The International Cooperative Alliance (ICA) published in 2008, for the third consecutive year, the Global300 list. This highlights the contribution of cooperative companies to the world economy and objects the tendency to marginalize the role of the cooperative sector. The third edition of the Global300 list contains the 300 largest cooperative companies in the world for 2006. It served as starting point for the sample selection, because cooperatives are generally not subject to database inclusion and analysis, and therefore it is hard to get a good overview of the cooperative movement. The list gave an insight in the geographical distribution and sector representation of the largest cooperative companies. Resulting in the discovery that in Europe the food and agriculture sector is not dominated by public listed companies presence unlike other sectors. Accordingly to the Global300 there were 70 large cooperative companies active in this sector in 2006. The latest reports available at January 2011 were reports published in 2010 giving account of 2009 (non)financial performance. After three years several cooperative companies where merged, dissolved and transformed; and less than 60 cooperative companies remained from the original list. Onno and Bekkum (2009) were helpful and gave insight in some of the latest developments in this area. By lowering the turnover threshold from 600 till 500 million and eventually till 250 million the sample size reaches 60+ again.

The sample of public listed companies was selected accordingly the same criteria. The companies needed to be large (turnover >250 million[8]), European and active in the food and

[8] As measured in the year 2009.

agriculture sector. These criteria are further explained in paragraph 3.1.2. The Orbis database[9] was used as a tool to put together a group containing the largest European public listed companies operating in the food and agriculture sector. Lowering the initial 600 million turnover threshold till 250 million added twenty plc´s to the total sample of 60 public listed companies. In some cases the Global300 list and the Orbis database where inconsistent in labeling the companies as cooperatives or not. If there was no indication that the company has changed his legal form (e.g. corporate website, study Onno and Bekkum (2009), annual account) in the period 2007 till 2010 than the Global300 list´s choice prevailed.

3.1.2 Selection criteria

As mentioned above three selection criteria were used in the sample selection: 1.) Size 2.) Business sector and 3.) Region. These are common proxies for explanatory factors related to company characteristics and according to Deegan (2002) they have an significant impact on reporting.

Size – for both samples the largest companies (if other criteria were met) were chosen, as they have te largest societal impacts. Company size is therefore used as a proxy for visibility. Since large companies enjoy higher visibility, they are subject to greater public pressure to exhibit social responsibility than smaller companies. According to Adams, Hill and Roberts (1998), who studied corporate social reporting practices in Western Europe, larger companies disclose more than smaller companies. Apart from controlling effects the use of a sample of large companies is appealing because it is more likely to capture corporate social responsibility disclosure and identify distinct practices. It is also appealing because other studies use large companies samples and this means a greater potential for comparability of results. Finally it is also more easy to obtain the public reports from large companies. The surrogate of corporate size is typically turnover, although the number of employees and capital employed is also possible. In this study turnover is used. The sample companies are called ´large´ but what does it mean? The abbreviation SME (i.e. small and medium businesses) occurs commonly and the European Union standard determines that medium businesses refer to those with a turnover < 50million and fewer than 250 employees. In contrast, in the US, medium-sized business of the refers to those with fewer than 500 employees. Large companies are organizations whose turnover and headcount falls above this limit. Even when maintaining the US standard all companies in the samples belong to this category.

Sector – type of industry has also an impact on reporting (Deegan, 2002). Researchers have consistently speculated that sensitive industries disclosure more information about their CSR

[9] http://www.bvdinfo.com/Products/Company-Information/International/ORBIS.aspx

activities. Industry affiliation is thought of as another surrogate for visibility. Companies in sectors with larger potential social and particularly environmental impact or less favorable public images are found to disclose more social responsibility information (Adams et al. 1998). Another effect is that companies tend to provide information that is related to issues in their industries (Dye and Sridhar, 1995). For instance, labor intensive industries will probably disclose more on employees compared to companies in the chemical industry. Chemical companies are, in their turn, likely to disclose more environmental information to radiate sensitivity to their particular problems (Haniffa & Cooke, 2005). To control for the potential influence (i.e. inter-industry variation) on CSR reporting the sample is composed of companies with the same industry affiliation. To ensure that the selected samples are homogenous and large enough, a sector has to be chosen were cooperative companies are not dominated by others in numbers and size. The Global300 list gave an indication that what they call the ´food and agricultural´ sector meets those requirements. The ICA gave no explanation if and which industry classification system they used to categorize food and agriculture. While researching their set of cooperative companies in Orbis it became clear that the Global 300 list merges the Standard Industrial Classification (SIC) codes 0700-0900 with the SIC codes 2000-2099 (except the categories beverages and soft drinks) and some food wholesale activities (e.g. SIC 5140). Those discoveries made it possible to select public listed companies in Orbis with the same classification. Despite the different classifications there is one denominator, according to Orbis all companies are covered by the industrial blanket.

Region – Only European companies are selected for the samples. The focus is on Europe because unfortunately no country alone contained enough large cooperative companies. Several studies have shown that country have an impact on reporting (e.g. Deegan, 2002). Some say this is also true for regions. Europe is a defined area whereof Perrini (2005) believes that there is a strong uniformity in how they report their corporate social responsibility activities. CorporateRegister.com goes a step further and claims there his 2010 Global Winners & Reporting Trends publication ´Europe has always taken the lead in CR reporting, and the reporting gap continuous to widen´. Golob and Bartlett (2007) conclude that social expectations are different in different regions around the world due to a comparison of Australian and European surveys. Resulting in different emphases on social responsibility issues in different parts of the world.

3.2 Data Collection

Following the example of most studies content analysis is used to examine CSR in annual reports and stand-alone reports. Content analysis is a research technique ´that consists of codifying qualitative information …. into categories in order to derive qualitative scales of varying levels of complexity´

(Abbott and Monsen, 1979, p 504). Many studies of CSR disclosure use annual reports as the only source for gathering data. They argue that the annual report is the most important document reaching the public domain or grant this report the highest degree of credibility. This approach is a bit outdated because the last decade companies produced stand-alone reports on a large scale and exclusion of these sources of company information may result in an incomplete picture of disclosure practices. In order to produce helpful, relevant or reliable results this comparative study includes reports other than annual accounts report: *Stand-alone reports* know a long list of report types (ICA, 2010 Global Winners & Reporting Trends) which can be reduced to a few main groupings. Corporate non-financial reporting has developed from single-issue (e.g. social or environmental), into multi-issue reports. ´Corporate Social Responsibility´ and Sustainability´ are at the moment the most important report types. An *´Integrated report´* combines financial and non-financial reporting in a single document and it make sense to communicate both financial and non-financial issues in a unified report. Whereas corporate *annual reports* differ from a pure financial representation; a brief mentioning of CSR; or annual reports devoting a section for the social responsibility activities. All those appearances do not qualify as ´integrated´ because that means a true integration and balance of financial and non-financial issues (integration does not mean a CSR representation in a few pages and footnotes).

The database from the website CorporateRegiser.com[10] was used as a starting point to find out if a company publishes a sustainability, CSR, social, environmental, integrated or annual report which includes a CSR chapter. If not, the corporate website was being searched for a stand- alone report. In case of a negative result, the annual report was downloaded from the corporate website or Company.Info´s[11] database to see if the company devotes a section of its annual report to sustainability, CSR, environment or social reporting. Stand-alone reports were selected first and when not available the annual report were selected. The inclusion was exclusive. Only one report was studied and in case of the presence of stand-alone reports, those prevailed annual reports. This was done because CSR information in annual reports is more summarized and comprised information in comparison to the disclosures in stand-alone reports. Annual reports without any trace of CSR disclosure were also included because this fact gives also an indication of the nature of CSR reporting. Fortunately most companies publish their reports on-line in pdf-format. Those documents are easily downloaded and assessed. It wasn´t necessary to request hard-copy reports, because there

[10] http://www.corporateregister.com/ CorporateRegister.com is the global corporate responsibility (CR) resources website and hosts the world's most comprehensive directory of corporate non-financial reporting.
[11] http://company.info/

wasn´t a single company which didn´t provided their report online and instead offered to send a printed edition. Without mentioning and offering (to download or request) a company´s report on-line those sample cases were conceived as non-disclosures because information wasn´t made publicly available. Suggestions (e.g. hyperlinks) that more information could be found on the corporate website were ignored because when information is perceived by companies to be important, it would likely have been reported in the main report (i.e. materiality principle).

3.3 Variables

A comparative research design is applied to observe the nature of CSR reporting across the two organization types. In chapter 2 three orientations are selected to approach this concept: 1) Which stakeholder groups are being attend?; 2) Do co-operatives and public listed companies attempt to enhance transparency? 3) Are CSR reports being used as means to enhance the degree of dialogue with stakeholders? The 'nature´ of CSR-reporting is operationalized in mentioned stakeholder categories, transparency and degree of dialogue.

3.3.1 Dependent variables

- Stakeholder categories

The subdivision in various kinds of organizations is used to verify whether different weighting in stakeholder relationships might also cause differences in CSR disclosure. According to Secchi (2006, p 143) a majority of the reports structures information by following a stakeholder approach. He describes this approach as ´relationships between the environment and the organization are classified as a function of isolated classes of stakeholder´. As a result the classes of stakeholders serve as a basis for data presentation. Secchi´s (2006) approach is copied. He distinguishes eight stakeholder categories. Those categories emerged during the analysis of several social reports. In this study the same stakeholder categories are used, namely:

1. customers
2. suppliers
3. members/shareholder
4. financial institutions
5. local community
6. employees
7. associations or lobbies
8. future generations/environment

It is clear that the stakeholder category ´shareholders/members´ refers with the first term to cooperatives and with the second to public listed companies. The list does not include the government in correspondence to Freeman´s (1984) list.

The simplest form of content analysis (i.e. detecting the absence or presence of information), does not enable the measurement of the extent of information and therefore the coded data does not reflect the emphasis that companies attach to each stakeholder category. Counting words is the appropriate method to do so in CSR disclosure research. At first the method was to consider only those sections of reports which headings mentioned a stakeholder category and although it would enable each individual stakeholder to recognize his role and weight within the company´s operations in one glance, not much reports served this demand. To broaden the scope all sections with stakeholder-based themes (e.g. the environment category comprises sections covering ´energy, ´environmental policy´, etc.) and headings directed at one stakeholder class were also included in the analysis (the sections needed to be defined). The ´checklist´ of stakeholder themes composed by Perrini (2005) was used as a directive. An important condition for the assessment of annual reports was that information outside the defined environmental/social/sustainability/CSR section was not considered. When reports mentioned stakeholder or employee information inside and outside the CSR section it became clear that the information outside the CSR section had nothing to do with corporate social responsibility activities. Most pdf-files are assessable in Adobe Pro and in combination with PDF Word Count & Frequency Statistics Software it is a powerful tool to count the words automatically and securely.

- Transparency

In chapter 2 is already mentioned that transparency is a composite measure. A brief explanation is given of two aspect of transparency; accountability and reliability. Other aspects are relevance, objectivity and comparability. For every aspect is one single indicator determined (Table 1). In contrary to the previous analysis the simplest form of content analysis is now applied. An equal-weighted index is used which assigns a point for each indicator present in the report under investigation. Those scores for each reports are added and not weighted, because it is assumed that each indicator is equally important (Ghazali, 2007). This means that a dichotomous procedure is applied, a 1 if an indicator is encountered and a 0 if an indicator is not found. The maximum score attainable is 5. This score (0-5) represent the dependent transparency variable in this study. In order to be able to give an reasonable assessment of the level of transparency, the presence of indicator 2 – 5 is observed for just one material issue of concern (indicator 1).

Indicator	Scoring
1. Product safety and quality	0= no 1= yes
2. Quantitative performance targets	0 = no 1 = yes
3. Bad news	0 = no 1 = yes
4. Benchmarking	0 = no 1 = yes
5. External audit	0 = no 1 = yes

Table 1. Overview of indicators relating to aspects which composite the variable 'Transparency'.

Ad. 1) Companies are supposed to address the information needs and concerns of all interested parties. Disclosing relevant (and true) information about corporate behavior is important to enable stakeholders to determine the company´s attitude to environmental, social and ethical issues. To measure if our sample companies does focus on material issues in their reports, one main issue is selected and has to be addressed. Within one industry it is expected that organizations would see the same issues as material. Food manufacturing is the primary activity for all companies active in the food and agricultural sector. The central issue of concern is ´product safety and health´ in this industry. Product safety and health is a label for company´s commitment to create those products that actually protect the consumer. In this heading are subsumed more detailed matters such as product/service information and labeling, nutrition, hygiene, safety, diet (decrease fats, sugars, salt, etc.), address obesity and diabetes, resist genetically-modified foods, etc.

Ad. 2) This indicator refers to hard, objective targets of performance for product safety and health issues in corporate reports. Quantitative targets which stakeholders can use to measure performance against. Companies can significantly enhance the ease of understanding what is being reported if they report what the targets were and what actual performance is. An example of reporting actual performance against a stated target in this context is the reduction of sugar content of a particular product to around 30%. Without quantitative target (say 60%) it is not possible to judge company´s performance objectively. The aim of this indicator is that companies cannot make soft and unverifiable claims (Clarkson, Li, Richardson & Vasvari, 2008).

Ad. 3) The indicator for the aspect accountability is the disclosure of ´bad news´. According to Ghazali (2007) companies tend to disclose only favorable aspects of social responsibility behavior. He mentioned the results of a study which examined news-type disclosure and this study found that only 2 percent of the sample companies had negative-news disclosure. If most of the information is about good performance then information about customer complaints, fines, penalties, recalls and product failures to meet standards is expected to be omitted and not reported. If one of those ´bad-news´ items is actually reported than it demonstrates the willingness to give an true account to those who have a legitimate interest in the company.

Ad. 4) Information about a company´s corporate social responsibility performance is perceived more meaningful when it is per example compared to another organization´s performance. A measure of comparability is obtained when social and environmental performance (improvements) is benchmarked against industrial averages or best practices. Benchmarking is not a popular tool used by corporations to enhance their CSR reporting practices. Even the Global Reporing Initiative (GRI) standard, a complex and extensive framework, does not include guidelines on benchmarking.

Ad. 5) The usefulness of a report is limited when there is room for companies to make exaggerated claims. Reliability is enhanced if CSR reports are professionally and independently assured. Presently the majority of social responsibility reports are not assured, not even partially. The question, who would value a financial report which is unaudited, puts this situation in perspective. Therefore the value of corporate social and environmental performance information must be treated with skepticism. To convince stakeholders that the organization´s decision makers practice what they preach is to have their CSR report audited by an independent consultant (Birth et al., 2006).

- Degree of dialogue

By stakeholder dialogue is meant that the organization tries to communicate with its counterparts and receive feedback. The dialogical process in this study discerns three consecutive stages (Table 2).
1) The mentioning of dialogue between the company and stakeholder.
2) Companies have to mention which subjects (e.g. stakeholders issues or concerns) were discussed.
3). To complete the dialogical process a company has to disclose which actions have been attempted following the dialogue.

In correspondence to the previous analysis the same form of content analysis is applied and the same dichotomous procedure is followed. An equal-weighted index is used which assigns a point for each phase in the dialogical process present in the report under investigation. Those scores for each reports are added and not weighted, because it is assumed that each indicator is equally important. Unlike the ´transparency´ measure there are no independent indicators but consecutive stages. It is theoretically impossible to score a 1 for the second stage and a 0 for the first. The maximum score attainable is 3. This score (0-3) represent the dependent dialogue variable in this study.

Indicator	Scoring
1. Dialogue with stakeholders	0= no 1= yes
2. Topic of conversation	0 = no 1 = yes
3. Resulting actions	0= no 1= yes

Table 2. Overview of the indicators that form the variable 'Degree of dialogue'.

3.3.2 Independent variable

- Organization type

Surprisingly, organization type as a factor of influence on CSR reporting has received little scholarly attention. There are several types of organizations present in the marketplace. In order to investigate the relationship between the role of organization type and CSR reporting, comparative research on CSR reporting between cooperative and public listed companies will be conducted. Although there are various types of organizations that disclose about their CSR activities, only those two types are compared. The reason to choose those two organization types is because there are indications (see Chapter 2) that cooperative corporate social responsibility reporting practices differ positively.

3.3 Research Methods

The collected data will be quantitatively analysed with the use of the Statistical Package for Social Sciences (SPSS) 17.0. To detect input errors and other irregularities in the data, the first step will be the data inspection. Second, the descriptive results will be produced in order to create an comprehensive picture of the composition of the sample. And third the actual analyses will be executed. Different research methods are used for every hypothesis.

- *H1: The type of organization has an effect on the stakeholder categories that receive attention in CSR reporting*

The subtotal words counted for every stakeholder category is divided by the total words spent on all stakeholders together. First an Independent-Samples T-Test compared the subsample means of total words spent on the combined stakeholder categories. Second, eight different Independent-Sample T-Tests compared the mean amount of words spent on the separate stakeholder categories.

- *H2: Co-operatives are more transparent in their CSR reporting than plc´s.*

With an Independent-Samples T-Test is tested if cooperative companies differ significantly from public listed companies on the total score on ´Transparency´. In addition five separate Independent-Samples T-Tests compared the mean scores of cooperate and public listed companies on the separated indicators.

- *H3: Co-operatives engage more in dialogue with stakeholders through CSR reporting than plc´s.*

In order to test hypothesis 2 an Independent-Samples T-Test is used on the total score on ´dialogue´. Three separated Independent-Samples T-Tests compared the mean scores of cooperative and public listed companies on the consecutive stages of the dialogical process.

4 RESULTS

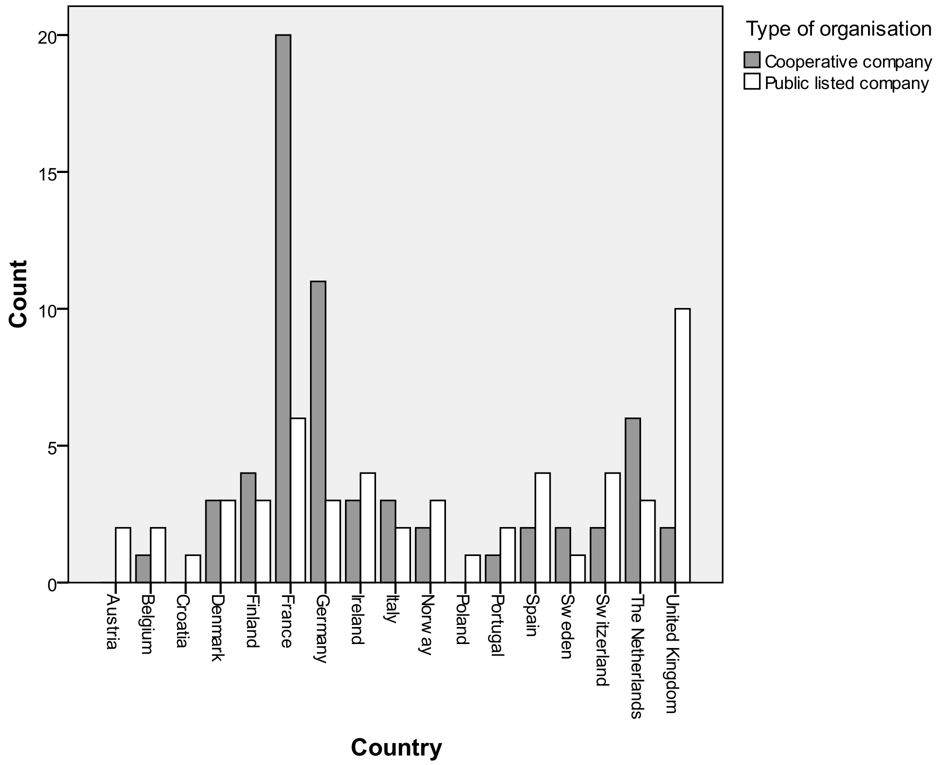
This chapter presents the results. First a summary of the descriptive statistics is presented in which background information is given about country of origin, size and report type of the companies in the sample. The second part gives an elaboration on the analysis of the three hypothesis.

4.1 Descriptive statistics

4.1.1 Origin

The research sample consist of 122 companies (see Appendix I). This contains 62 (51%) cooperative companies and 60 (49%) public listed companies (plc). These cooperatives and plc´s operate in the sectors Agriculture (11%), Food producing and processing (68%) and Wholesale (21%). The selected companies come from 18 different European countries. The distribution of the sample companies over these countries is presented in Figure 1. The graph shows the following remarkable results: Compared to plc's, cooperative companies are more frequently represented in France, Germany and The Netherlands. This in contrary to the situation in the United Kingdom; here the amount of cooperative companies is relatively small compared to the amount of plc´s (Figure 1).

Figure1: Distribution of countries of origin



4.1.2 Size

Among the companies there is a variation of size. In the current research turnover, assets, profit and employees are used as size indicators of the companies size. A comparison between the subsamples cooperative companies and plc´s concerning these indicators has been made (Table 1). In Table 1 the following descriptive statistics are presented:

N; the number of valid and missing observations for the sample population
Mean; the arithmetical mean
Median; the value of the middle observation
St. Deviation; the standard deviation
Minimum; the lowest observation
Maximum; the highest observation

Type of organisation			Turnover	Profits	Assets	Employees
Cooperative company	N	Valid	62	51	48	61
		Missing	0	11	14	1
	Mean		2,06E9	28952184,96	1,39E9	5257,98
	Median		1,62E9	19151000,00	9,76E8	3525,00
	Std. Deviation		1,801E9	7,336E7	1,492E9	5285,135
	Minimum		382003000	-342000000	152494000	615
	Maximum		8187000000	276400000	7397500000	24274
Public listed company	N	Valid	60	60	60	59
		Missing	0	0	0	1
	Mean		3,59E9	2,31E8	3,64E9	15957,78
	Median		1,09E9	16753511,00	7,69E8	5604,00
	Std. Deviation		1,034E10	9,860E8	1,078E10	43129,074
	Minimum		259828842	-219700000	77448222	593
	Maximum		70453199880	6826794480	72612268560	278000

Table 1. Comparison between cooperatives and plc's on four size indicators.

Table 1 points out that the relative differences in mean between cooperative company's and public listed companies is larger than the relative differences in median between the two company types. This possibly indicates outliers within the subsample of the plc's. Besides are the maximum turnover, profits, assets and employees at least ten times higher for public listed companies compared to cooperative companies. This also suggests that outliers are present under the plc's. To check for outliers, boxplots were made for turnover, profits, assets and employees (see Appendix II). These boxplots show that the large differences are mainly attributable to four outliers: 1. Nestlé, 2. Associated British Foods, 3. Danone and 4. Unilever. Because the results of earlier studies concerning corporate social disclosure show that size is an important factor (e.g Adams, 1998), these outliers were deleted from the sample. This makes the two subsamples cooperative companies and plc´s more similar to each other. An overview of the mean turnover, profit, assets and employees with and without outliers is given in Table 2 (see Appendix III for more extended information about the size indicators without outliers).

Indicator	Mean	Cooperative company	PLC
Turnover	outliers included	2,06E9	3,59E9
	outliers excluded	2,06E9	1,41E9
Profit	outliers included	2,90E7	2,31E8
	outliers excluded	2,90E7	3,31E7
Assets	outliers included	1,39E9	3,64E9
	outliers excluded	1,39E9	1,27E9
Employees	outliers included	5257,98	15957,78
	outliers excluded	5257,98	5877,85

Table 2. Comparison per organization type on company size indicators

4.1.3 Report type

The subject of research is the nature and extent of Corporate Social Responsibility reporting. Companies have different ways to report their financial and non-financial information. The four main categories of reports are 1. Annual reports without CSR section (Annual -), 2. Annual reports with CSR section (Annual +), 3. Integrated reports and 4. Stand Alone reports (See Chapter 2 for more extensive information about the report types). Table 2 gives an overview of the report types per organization type in the current research sample.

Report type	Cooperative companies	Public listed companies
Annual -	21%	16%
Annual +	37%	52%
Stand Alone	19%	28%
Integrated report	2%	4%
Missing	21%	-
Total	**100%**	**100%**

Table 3. Report types per organization type

What becomes clear from the overview in Table 3 is that at first sight plc's seemed to have more high quality CSR report types then cooperative companies do. The percentages of Annual reports with CSR section (Annual +), Stand alone and integrated reports is higher for plc's compared to cooperatives. In contrast, the percentage of Annual reports without CSR section (Annual -) is lower for plc's. Finally plc's appeared to have no missing reports, where the percentage of missing reports in Cooperative companies is about 1/5th of the total subsample. According to these facts, one would likely suspect that the nature of the CSR disclosure will probably also differ between cooperative companies and plc's.

4.2 Empirical analyses

4.2.1 Correlations

To test on linear dependency between the three independent variables ´dialogue´, ´transparency´ and ´stakeholder categories´, the Pearson correlation coefficients were calculated. There appeared to be positive correlations between these three variables (See Table 4 and Appendix IV for more extended information). This means in other words that if a company has a high score on one of the variables, the score on the other two variables is presumably also high.

Correlations				
		Dialogue Total score	Transparency Total score	Stakeholder Total score
Dialogue Total score	Pearson Correlation	1	,352**	,644**
	Sig. (2-tailed)		,002	,000
	N	78	77	66
Transparency Total score	Pearson Correlation	,352**	1	,380**
	Sig. (2-tailed)	,002		,002
	N	77	77	66
Stakeholder Total score	Pearson Correlation	,644**	,380**	1
	Sig. (2-tailed)	,000	,002	
	N	66	66	67
**. Correlation is significant at the 0.01 level (2-tailed).				

Table 4. Correlation matrix of independent variables (total scores)

4.2.2 Hypotheses

The main question in the present research is: ***"To what extent is organization type a factor of influence to the nature of CSR reporting?"*** In order to answer this question, three hypotheses were made. With these hypothesis cooperative companies and plc's were compared to each other on respectively: Stakeholder category, Transparency and Dialogue. Because each hypothesis involves a comparison between the mean of two independent subsamples, the Independent-Samples T-Test is used several times. The null hypothesis for the Independent-Samples T-test is that the mean score of sample X (cooperative companies) is equal to the mean score of sample Y (public listed companies): *H0:* $\mu 1 = \mu 2$

H1: The type of organization has an effect on the stakeholder categories that receive attention in CSR reporting

For the companies in the sample that give information about their stakeholders is counted how many words are spent on each category. Then the percentage of words compared to the total amount of words spent on stakeholders has been calculated for the eight categories. The mean percentages of words spent on each stakeholder category is shown in Table 5.

Stakeholder categories	Cooperative company (N = 18)	Public listed company (N = 32)
Customers	18%	14%
Suppliers	6%	5%
Shareholders/members	8%	1%
Financial institutions	0%	0%
Local community	5%	15%
Employees	25%	28%
Associations or lobbies	0%	1%
Future generations/environment	38%	36%
Total	**100%**	**100%**

Table 5. Mean percentages of words spent on the stakeholder categories

What becomes clear from Table 5 is that Employees and Future generations/ Environment receive relatively the most attention in the CSR disclosure. The observable relative differences between cooperative companies and plc´s are found in the category of Shareholders/ members and Local community. The other categories are approximately similar for the two company types.

To test Hypothesis 1, first an Independent-Samples T-Test compared the subsample means of total words spent on the combined stakeholder categories. Then eight different Independent-Samples T-Test t-tests compared the mean amount of words spent on the separate stakeholder categories. There appeared to be one significant result: plc´s spent significant more words in their CSR reporting on Local Community´s then cooperative companies ($t(66)=-2,226$, $p<.05$). The other results were not significant (see Appendix V). Therefore hypothesis 1 is partly rejected.

H2: Cooperative companies are more transparent in their CSR reporting than plc´s

To test Hypothesis 2, first an Independent-Samples T-Test is used on the total score on Transparency. Then five separate Independent-Samples T-Tests compared the mean scores of cooperative companies and plc´s on: 1. The issue of food safety and health addressing, 2. Assurance of information, 3. Included quantitative performance indicators, 4. Benchmarked information and 5. Bad news. The results show that there are no significant outcomes (See Appendix V). Hypothesis 2 is therefore rejected.

H3: Cooperative companies engage more in dialogue with stakeholders through CSR reporting than plc´s

Table 6 gives an overview of the scores on engagement in dialogue for both cooperative companies and plc´s. This shows that even though about 50% of the companies reports about dialogue with stakeholders, a considerable smaller part of the companies mentions the subjects that are being discussed. An even smaller percentage of companies reports about the action following the dialogue with the stakeholders.

	Dialogue with stakeholders		**Topic of conversation**		**Resulting actions**	
	Cooperative	PLC	Cooperative	PLC	Cooperative	PLC
No score	47%	52%	60%	73%	87%	87%
Score	53%	48%	40%	27%	13%	13%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Table 6. Distribution of the scores on engagement in dialogue per organization type

In order to test Hypothesis 3 an Independent-Samples T-Test is used on the total score on Dialogue. Then three separate Independent-Samples T-Tests compared the mean scores of cooperative companies and plc´s on: 1. Dialogue with stakeholders, 2. Topic of conversation and 3. Resulting action. The results were again non-significant and therefore presented in Appendix V. Hypothesis 3 is rejected as well.

5 CONCLUSION

The concluding chapter gives an overview of the present research and formulates an answer on the main research question. In addition some limitation of this thesis and some suggestions for future research are being presented.

5.1 Overview

The subject of research in this thesis was triggered by some remarkable events and comments in the year of 2008. While the tumult in the banking industry started in the summer of 2007, the chairman of the Rabobank talked solemnly laudatory about the bank´s performance in that crisis year. He spoke of sustainability and profitability that went hand in hand naturally, while other banks were struggling for survival at the same moment. The contrast couldn´t have been bigger. To substitute the spokesman´s claims the Rabobank enjoyed an award-winning sustainability rating in economic, environmental and social aspects at the time and in the year 2008 won the Dutch ´Transparantiebenchmark 2007´ for corporate social responsibility disclosure. The explanation given for those remarkable and seemingly linked results was that the Rabobank explained that the cooperative roots guided the company's strategy to financial and socially responsible continuity. In January 2009, the President of the European Commission, Joe Manuel Barroso, confirmed this explanation and stated that "Cooperative businesses that have stayed faithful to cooperative values and principles…have generally been able to resist the crisis very well"[12]. Now, more than two years later, while the effects of the crisis are still visible, academics are beginning to strike a balance. the Dutch paper the ´financieele dagblad´ of 16 may 2011 published an article about the revival of Dutch cooperative companies in the Netherlands. According to the interviewee Ruud Galle[13], the increased popularity of the cooperative organization form is due to the increased appreciation, since the credit crisis, for companies who act social responsible. He takes the view that cooperative companies are considerate and do not favor short-term performance. Thanks to these remarkable results in a distressful time, a discussion elaborates on whether a cooperative would be a better organization form to support sustainability (economically, socially and environmentally).

To assess whether an organization acts in a socially responsible way is more difficult than the measurement of a company´s financial performance, even for an insider and especially for an outsider. Whereas CSR reports may be seen as accounts of companies´ social performance, the study

[12] http://www.coopseurope.coop/spip.php?article686

[13] director of the ´Nationale Coöperative Raad voor land en tuinbouw´ (NCR) and considered to be *the* expert on the Dutch cooperative movement

of social responsibility disclosure is used as a derivate measure. Legitimacy theory, a common theory of corporate social reporting, explains that CSR reporting aims at positively influencing stakeholders´ and society´s perceptions about the legitimacy of organization´s operations by means of providing information in such a way that the company is regarded as social responsible (Hooghiemstra, 2000). Lindblom (1994) discerns four broad disclosure strategies to achieve this goal, and only one of them is showing to its stakeholders about organization's intentions to really change activities and improve performance. Since the point is made that it is all about perception then it is also possible to gain legitimacy even though companies do not change their activities. Using CSR reporting as a tool to asses a company´s social performance is therefore not valid. Rabobank´s award-winning corporate social responsibility disclosure practice leads to the speculation that there exists a relationship between organizational form and reporting. Surprisingly, organization type as a factor of influence on CSR disclosure has received little scholarly attention (Tuominen et al., 2008). In order to investigate this relationship, comparative research on CSR reporting between cooperative and public listed companies is conducted in this thesis. Although there are other types of organizations that disclose about their CSR activities, only those two types are compared. The reason to choose those two organization types is because there are indications (see previous remarks) that cooperative corporate social responsibility reporting practices differ positively and in some situations their economic significance is equivalent to public listed companies. When social responsibility reporting is seen as one type of social responsibility activity (Roberts, 1992), then this study still contributes to literature on corporate social responsibility.

The main question formulated in this thesis is ***´to what extent is the organization type a factor of influence to the nature of corporate social responsibility reporting?´.*** Because ´nature´ is a indistinct and broad term, three orientations are selected to approach this concept: 1) Which stakeholder groups are being attend?; 2) Do co-operative and public listed companies attempt to enhance transparency? 3) Are CSR reports being used as means to enhance the degree of dialogue with stakeholders? In other words the 'nature´ of CSR-reporting is operationalized through the concepts: mentioned stakeholder categories, transparency and degree of dialogue. The three formulated orientations are discussed separately.

5.2 Discussion

The appropriate way to study a suspected relationship is to refer to a theoretical framework on this topic. It is already explained that the there is not one generally accepted theory of corporate social reporting. Legitimacy theory can be considered as a common perspective, but stakeholder theory is also used. Gray et al. (1995) argues that it might be useful to adopt more than one theory while analyzing corporate social reporting. A nuisance is that both bodies of theory focus on different core concepts (Branco, 2006), therefore is making a combination not as easy as it seems. Even though legitimacy theory helps to understand the nature and causes of social responsibility disclosure in general and sometimes in specifics, it proves not very helpful in explaining a number of factors of influence on the process of reporting. Only the stakeholder approach is used to identify the corporate characteristic ´organization type´ as a factor of influence in the current research context.

5.2.1 Stakeholder categories

This paragraph focuses on the relationship between organization type (cooperative and public listed companies) and the disclosure of stakeholder issues of concern. Since CSR reporting is voluntary and not mandatory in Europe, companies have the freedom to decide if they communicate the social and environmental effects of their economic actions to particular interest groups within society (Gray et al. 1987).

The stakeholder approach establishes the importance of stakeholder relationships. Those relationships are essential to the successful functioning of a organization (i.e. to realize the company´s objectives) because these stakeholders provide resources and determine the business environment. From a managerial perspective social responsibility activities are useful to the company in developing and maintaining satisfactory relationships with its key stakeholders. In this light it emerges that CSR disclosure is a management tool for managing the informational needs of the various stakeholder groups. When we add the notion that the more important the stakeholder is to the company, the more effort will be exerted in managing this relationship, then this might lead to the presumption that particular stakeholder groups can be more effective than others in demanding social responsibility disclosure (Neu et al., 1998).

Whereas shareholders are regarded as the primary stakeholders of public listed companies, the primary stakeholders of cooperative companies are its members. By definition, cooperatives as member-based organizations exist to meet the needs of their members. Therefore members are regarded as important stakeholders theoretically, but practically because the cooperative structure (Hicks et al., 2007) makes members key stakeholders since they interact with the cooperative company as owner, controller and economic participant. Members combine two economic functions because they are both user and investor at the same time. The cooperative extents the scope of stakeholders with control power to at least two kinds of stakeholder categories. Since cooperatives are locally based organizations, their members are also member of the local community. This relationship explains why concern for the community is an important cooperative principle and reflects the will of the members. A statement of the European Commission (2002) emphasizes that cooperative companies aim at creating welfare for other stakeholder as well. They claim that “an enterprise that is free from the primary need to provide a return to investors is also free to take a long-term view of the interests of its stakeholders, be they customers, employees or the wider community”. Cooperative companies focus on continuity of operations and continuity of member´s profession in the long run. Members do not have a volatile market relationship like shareholder have. Their relationship specific non tradable investments contribute to the establishment of a long-term relationship and avoid opportunistic investor behavior. Since members have a long term interests vested in their company, they have an incentive to get involved and make their claims known to management (Leys et al., 2009). Cooperative management´s distinct perception of stakeholder power, importance and interests in relation to the cooperative´s business as a whole results in a variation to the extent to which cooperative and public listed companies are focused on the stakeholders issues of concern. Based on these studies was expected that cooperative companies address their CSR communication more directly and towards other stakeholders than public listed companies. Therefore, the first hypothesis is: ***H1: The type of organization has an effect on the stakeholder categories that receive attention in CSR reporting.*** In general the result of the applied tests did not support the formulated hypothesis. When looking at the separate stakeholder categories ´local community´ appeared to be significantly more addressed by plc´s. This outcome differs from what was expected in advance.

Several explanations are worth considering. The statistical results showed that cooperative companies do not focus more or less on stakeholder issues of concern in general than public listed companies. One explanation could be that public listed companies have their own incentives to report information such as corporate social responsibility and to report as active as cooperative companies. According to Tuominen et al. (2008, p 485) it is not simply the case of different voluntary reporting strategies, but “public limited companies have been legally obligated to provide stakeholders with certain information that has not been required from cooperatives”. Bijman & Ruben (2005, p 8) offered an alternative explanation. They stated that market conditions in the food and agriculture industry have changed and therefore “cooperatives are required to become more customer-oriented an can no longer focus only on members´ interests”. To complement this kind of reasoning Tuominen et al. (2008) state that a cooperative, just as a plc, have a wide array of stakeholders to legitimize to in order to do well in competition. Another explanation could be that although Gijselinckx (2009) and Brown and Hicks (2007) learned that member involvement is important for cooperatives (i.e. constitute the cooperative difference) this does not mean that member or stakeholder involvement influences reporting practices. Accordingly to Adams (2002) it is not clear how and in some cases *if* stakeholder involvement influences the identification of stakeholder issues. Managers may be tempted to publish information on the issues of social responsibility that they conceive as important, issues they identify with in ignorance of stakeholder concerns (Morsing and Schultz, 2006). In chapter 2 is already emphasized that stakeholder dialogue could mitigate this problem.

Those alternative explanations do explain why organization type does not affect disclosure on stakeholder issues of concern in general, but the do not explain why public listed companies actively disclosure more on local community issues than cooperative companies. An explanation could be given by extending Patten´s (2002) reasoning. He argued that socio-political theories (e.g. legitimacy theory) predict a negative association between actual performance and the level of disclosure in this regard. The underperformers have incentives to increase disclosure as a legitimizing strategy to avoid a legitimacy gap. Inherent to this situation are ´soft´ performance indicators, because they cannot substantiate their claims with verifiable and hard measures. The underperformers in this line of reasoning are the plc´s because it is extensively argued that cooperative companies (inherently) serve the interests of local communities. This explanation is only speculative because this thesis does not have information to prove this allegation.

Because most results were not significant, hypothesis 1 is partly rejected. Cooperative companies do not address their CSR reports more directly towards certain stakeholders categories than public listed companies. The only exception is that public listed companies disclose significantly more on local community issues than cooperative companies.

5.2.2. Transparency

This paragraph focuses on the relationship between organization type (cooperative and public listed companies) and the level of transparency of CSR reports. The usefulness of a CSR report depends obviously on the quality of the information disclosed. Transparency (i.e. credibly address issues of concerns to stakeholders) is synonymously for quality from a stakeholder´s perspective.

While studying the body of literature on CSR reporting some potential explanations and predictions can be given. According to the stakeholder approach tight member-control is one reason to expect that cooperatives disclose more true and relevant information about their corporate social responsibility activities. Cooperative members need transparent information (relevant, objective, reliable, comparable and accountable) because it enables them to see if the cooperative is managed according to their will. According to Hansmann (1999) cooperatives are much more closely controlled than public listed companies. Shareholders have little influence over the selection of a company´s managers and policies, while a cooperative´s unique internal governance mechanisms (e.g. members of the board are chosen by region, members of the board are required to be also a member of the cooperative, cooperative ´s directors are not to be hired managers) tend to foster member influence. Gertler (2001, p 12) thinks that cooperatives as locally controlled organizations have less reason to conceal product and business information. He said that "member can be confident that they are not being misled". Hansmann (1999) gives several other explanation for tight member-control. First, member transactions with the cooperative represent a high portion of the member´s income. Second, there is no market corporate control to discipline cooperative´s managers. Third, the cooperative´s objective to create ´benefits´ for members (Jussila et al., 2007). Managerial performance is therefore difficult to assess and in order ´to discipline managers, members must know much more about the company and its services than shareholders of a business corporation must know´ (Hansmann, 1999, p 398). Novkovic (2008) point to the cooperative values and principles which are voluntary applied by many cooperatives in their practice. Those value-oriented goals reflect the will of the members (Michelsen, 1994). Especially the fundamental cooperative values of ´honesty´ and ´openness´ in combination to member´s drive to be well-informed give cooperative companies the reason to lead the way in CSR reporting. There are other indications that cooperative companies need to report more transparent information. (Gijselinckx, 2009) report that member-involvement is considered to be crucial for a cooperative´s long term success. Develtere & Raymaekers (2005) found that sufficient, clear and transparent information is essential to maintain member involvement in the first place. Therefore it is emphasized that member accountability seems central to cooperative CSR reporting (Tuominen et al., 2008). Accountability is about providing an account of reckoning of those actions for which one is responsible (Gray et al. 1996). A real account includes inevitable unfavorable information and therefore a completely positive CSR report needs therefore to approached with skepticism. Cooperative companies are expected to disclose more often negative news, although this is less desirable of a managers viewpoint. Based on these studies It is expect that cooperatives disclose more true and relevant information about their corporate social responsibility activities. Therefore, the first hypothesis is: ***H2: Co-operatives are more transparent in their CSR reporting than plc´s.***

The result of the statistical test (Chapter 4) do not support the formulated hypothesis. There is no prove that organization type is a factor of influence on the level of transparency in CSR reporting. Not in general and not for one of the distinct aspects of transparency. Several explanations are worth considering. One explanation could be in the line of reasoning that strict member-control is not a driver for public information disclosure at all. Studies examining ownership structures in public listed companies in Malaysian (Ghazali, 2007) and Hongkong and Singapore (Chau & Gray, 2002) found evidence that for closely-held companies public accountability is less of an issue. Those studies suggest that the demand for public information disclosure is relatively weak. Although those findings comes from large and actively traded stocks in Asia and it is therefore dangerous to generalize those result in the context of plc´s with cooperative companies, they give reason to doubt the previously made allegations. Greenwood (2007) offers an alternative explanation. She questions the line of reasoning that the more an companies engages with its stakeholders, the more accountable that company is towards his stakeholders. She refutes the assumption that member involvement fosters transparent CSR disclosure. Because the results were not significant, hypothesis 2 is rejected. Cooperative companies do not have a superior level of transparency compared to public listed companies.

5.2.3 Dialogue

This paragraph focuses on the relationship between organization type and the centrality of stakeholder dialogue in corporate social responsibility disclosure. The question is of CSR reports are being used as means to enhance the dialogical process to assure that stakeholder concerns are being voiced and heard.

While looking at the literature on CSR reporting and stakeholder dialogue some predictions can be made. The Global Reporting Initiative (2002) states that a primary goal of CSR reporting is to contribute to an ongoing stakeholder dialogue. By stakeholder dialogue is meant that the organization tries to communicate with its counterparts and receive feedback. Accordingly to Gijselinckx (2009) dialogue is essential for involvement. Morsing and Schultz (2006) explain that the possibility to participate and co-construct a company´s CSR message increases the likelihood that a stakeholder positively identify with the company. Stakeholder dialogue also helps to identify and understand stakeholder issues of concern, preventing managers to publish information on the issues of social responsibility that they conceive as important, issues they identify with in ignorance of stakeholder concerns (Morsing and Schultz, 2006). The dialogical process in this study discerns three consecutive stages: 1) Just mentioning the engagement of dialogue between the company and stakeholder. 2) Companies have to mention which subjects (e.g. stakeholders issues or concerns) were discussed. 3). To complete the dialogical process a company has to disclose which actions have been attempted following the dialogue. With commenting the second and third stage in a CSR report, the company demonstrate that they really involve stakeholders and take their interests to heart.

In cooperative companies, ownership rights and control power are assigned to the stakeholder category which also participants in cooperative business activities. This unique member-structure in combination with the cooperative governance mechanisms assures that cooperatives are highly responsive to their individual members. Hansmann (1999: 397) remarks that "the board of directors of a typical cooperative, no matter how large the company is, is commonly very well informed about, and very attentive to, the opinions of the cooperative´s members". According to Hansmann (1999) cooperative managers have to be well-informed in order to be able to meet the qualitative and value-oriented needs of cooperatives´ members. Another argument that speaks for an advanced level of stakeholder dialogue in cooperatives is that those companies encounter a homogenous vital stakeholder category. The development of a consensus proves to be a difficult and an therefore an obstacle to stakeholder involvement (Rasche and Esser, 2006). The stakeholder approach states that management seeks to manage conflicting stakeholder relationship. Different stakeholder groups have different interests, different issues of concern and demand different types of information. Morsing and Schultz (2006) point out that dialogue is a just a tool, while agreement and consensus form the preconditions for decision making. Cooperative companies have an unique member-ownership-structure were harmonized stakeholder views, rather than conflicting are encountered because of a homogenous stakeholder base. From a cooperative´s management perspective is it harmless to disclose stage two and three of the dialogical process. Based on these studies it is expect that cooperative companies elaborate on the issue of stakeholder dialogue in their CSR reports, the third hypothesis is: ***H3: Co-operatives engage more in dialogue with stakeholders through CSR reporting than plc´s.***

The results of the applied statistical tests concerning this hypothesis do not support the formulated hypothesis. There is no prove that cooperative companies disclose more information on dialogue about the CSR issues with stakeholders´ than public listed companies, not in general and not for one of the consecutive stages of stakeholder dialogue. One explanation could be in the line of reasoning that the assumptions of a well-defined membership base in cooperative companies is not valid anymore. According to Bijman and Ruben (2005) is heterogeneity of member interests increasing. The ability of cooperative companies to meet the needs of all members is therefore decreasing. An alternative explanation is that a growing number of companies apply frameworks and standards for recording and presenting their social performance. The most widely accepted standard is the Global Reporting Initiative (GRI). Other well known principles, guidelines and standards are ISO 1400, Accountablity AA1000, SA8000, etcetera. Standard indicators facilitate comparability across companies. The potential side effect for the current research is that potentially organization type specific priorities become marginalized. Tuominen et al. (2008, p.484) have noted that “on a wider scale, issues that become emphasize in CSR reports are not so much related to different organization types. The distinct values and principles of different organization types are not the major definers of the reporting issues, but the current world events and common concern as well as reporting standards”. In this context the variety in reported information is explained by the presence of different reporting methods, styles and guidelines. A third explanation for the non-significant results might be that the difference between the cooperative and the public listed organization type is not static anymore. In chapter 3 it was mentioned that the Global300 list and the Orbis database were inconsistent in labeling the companies as ´cooperative companies´ or ´public listed company´. This inconsistency might indicate that the cooperative structure is fluid and cannot be regarded anymore, by definition, as a polar form of organization in relation to the public listed company (investor-oriented company). Chaddad and Cook (2004) introduces several cooperative models. New cooperative organizational models differ in how ownership rights are assigned to their agents. In other words, they implement investor-owned companies characteristics in their cooperative structure and becoming and behaving more alike plc´s. Because the results were not significant, hypothesis 3 is rejected. There is no evidence that organization type is a factor of influence on the disclosure of stakeholder dialogue in CSR reporting.

5.3 Conclusion

The central question formulated in this thesis is ***´To what extent is the organization type a factor of influence to the nature of corporate social responsibility reporting?´.*** Because the word ´nature´ is a indistinct and broad term, three subsidiary questions are formulated to accommodate an effectual examination and to give a meaningful answer to this question. The three interpretations of the word ´nature´ selected in this research are: mentioned stakeholder categories, transparency and degree of dialogue. The following three subsidiary questions are derived from the main questions and those three given interpretations: 1) Which stakeholder groups are being attend to?; 2) Do co-operative and public listed companies attempt to enhance transparency? 3) Are CSR reports being used as means to enhance the degree of dialogue with stakeholders? In the previous paragraphs the subsidiary questions have been discussed extensively. The observation was that no statistical significant differences were found between cooperatives and plc´s concerning the variables ´stakeholder categories´, ´transparency´ and ´dialogue´. The main conclusions are therefore:

1) Cooperative companies do not address their CSR reports more directly towards certain stakeholders categories than public listed companies. The only exception is that public listed companies disclose significantly more on local community issues than cooperative companies.
2) Cooperative companies do not mind a superior level of transparency in their reports compared to public listed companies.
3) There is no evidence that organization type is a factor of influence on the disclosure of stakeholder dialogue in CSR reporting.

The conclusion of this research is therefore that organization type appears not to be a factor of influence on the nature of CSR reporting. Further research on this topic is highly recommended.

5.4 Research limitations and recommendations

This research is subject to several limitations which can be addressed in future research. Limitations are identified in the area´s: region versus country, content analysis, missings and other disclosure types

Region versus country - European companies were selected for the samples. The focus was on Europe because unfortunately no country alone contained enough large cooperative companies. Several studies have shown that country have an impact on reporting (e.g. Deegan, 2002). Although some say this is also true for regions. Europe is a defined area whereof Perrini (2005) believes that there is a strong uniformity in how they report their corporate social responsibility activities. Other studies mean with ´Europe´, continental European countries. The United Kingdom belongs to a different institutional context, that of the Anglo-Saxon countries. In the Anglo-Saxon context is for instance the pressure of financial markets more intensive than that of continental Europe (Surroca & Tribó, working paper). In the present research are companies from the United Kingdom included. Another drawback of selecting European companies in general is that several countries (e.g. France, Denmark, Sweden) have, although limited, legal backing for environmental reporting (Owen, 2003). According to Gray (2001) most studies have failed to distinguish between voluntary and mandatory disclosures. When studies actually have reckoned with this factor, they have experienced mixed results with regard to the influence on research findings.

Content analysis - Content analysis was used to examine CSR in annual reports and stand-alone reports. Content analysis is a research technique "that consists of codifying qualitative information …. into categories in order to derive qualitative scales of varying levels of complexity" (Abbott & Monsen, 1979, p 504). The data collected using content analysis should meet several criteria. Those criteria's (e.g. objective, systematic and reliable) can only be met when systematic criterion rules are made to enable independent parties to identify and codify qualitative information the same way (Branco, 2006). Chapter 3 describes the data collection process thoroughly, but the enormous variation in disclosure practices makes it almost impossible to enable independent parties to perform similarly. The codifying process in the present research study is done by one person therefore the data capture process was highly subjective. Another limitation was the form of content analysis used. The data collection process for the first hypothesis used the extent of information disclosed as a indication for stakeholder importance. The quality of disclosure was not assessed only mere volume was used. The usefulness of the separated transparency and dialogue categories was also limited because, for instance, the indicator ´quantitative performance targets´ didn´t differentiate between disclosing one target or a comprehensive performance table. The assignments of heavier weightings would have been more informative.

Missings - Adams (1998, p 5) recognizes that "the choice of sample is dictated both by the specific objectives of the study and the more pragmatic consideration of data availability." European companies were selected for the sample and therefore this research became a cross cross-country study. The recognition and wide use of English as an international language in all aspects of normal life led to the expectation that large companies, cooperative and public listed alike, would provide translated reports in English or even communicate in English primary. Unexpectedly and unfortunately this was not the case for all sample companies. Especially the companies originating from the larger European countries have the tendency to report exclusively in their own language. Due to language constraints, only English language reports were analyzed. The reports which could not adequately be analyzed were logged as missing.

Other disclosure types - In this research only annual accounts and stand-alone reports were analyzed. Companies disclose corporate social responsibility information in various other ways. Other information channels in reporting on CSR matters are web related disclosures and in-house magazines. Those expressions are not included and accounted for in this research.

It is recommended that future research improves the explanatory power by applying a longitudinal study to measure long term effects of corporate social responsibility reporting. It is expected that longitudinal studies might identify and explain social disclosure patterns, because of the following two reasons. One reason is that according to Gray (2001) the production of discretionary reports is subject to formal decision-making. Since disclosures in this regard are periodically examined, it might be possible that relationships between corporate characteristics (e.g. organization type) and the nature of CSR reporting might only be revealed over time. The second reason is that cooperative specific accounting practices are emerging according to Hicks et al. (2007) and longitudinal analyses should capture this development if they are right.

For future research it could be interesting to incorporate small and medium businesses (SME) instead of large companies to enhance the level of findings. In the method chapter it was determined that the European Union standard determines that medium businesses refer to those with a turnover less than 50 million and fewer than 250 employees. Although it is needed to keep in mind that SME´s have limited reporting resources and expertise available, there could be some opportunities. Especially in the case of cooperative companies it is likely that smaller means also more traditional. Traditional cooperative have to take account of their specifics. Cooperative characteristics such as differences in cooperative identity and purpose might relate through social relationships, community involvement and commitment to traditional cooperative ideals and become visible.

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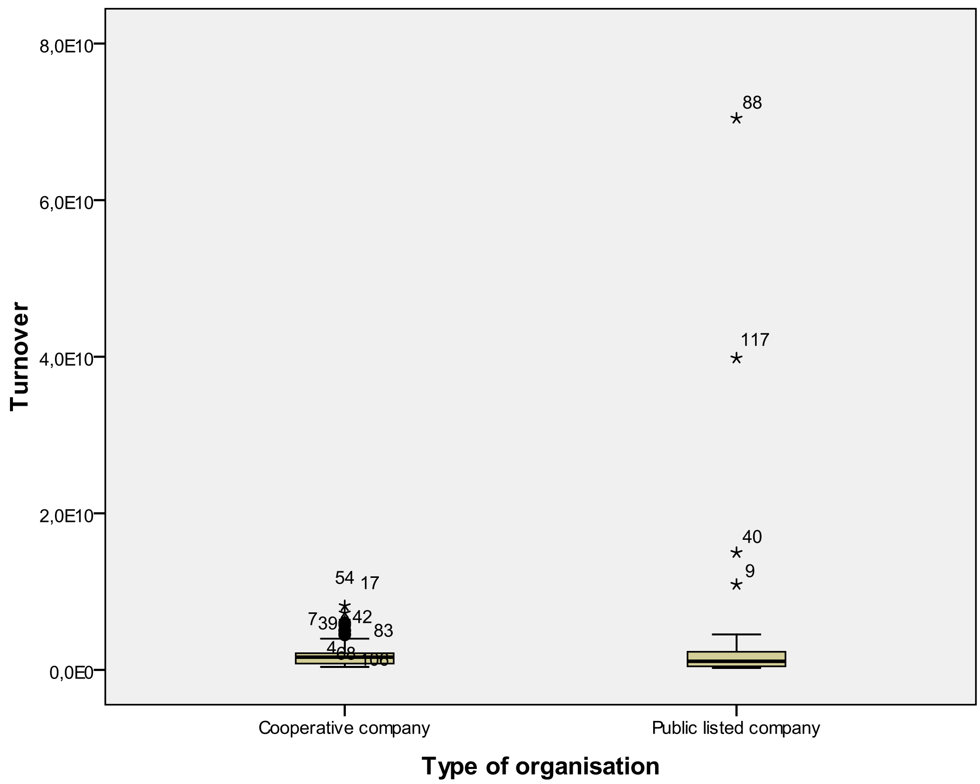
APPENDIX I: SAMPLE COMPANY OVERVIEW

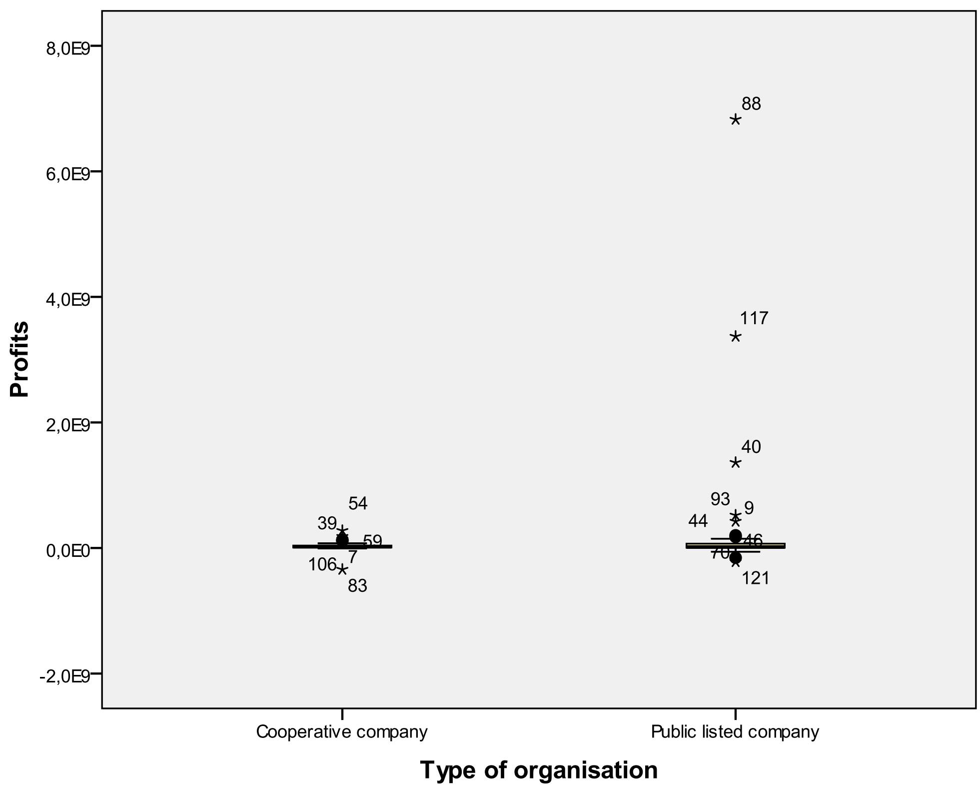
	Organisation	Report Type	Organization type
1	3A Groupe	No report available	Cooperative company
2	AAK	Sustainability Report	Public listed company
3	Agrana	Annual Report +	Public listed company
4	AGRAVIS Raiffeisen	Annual Report -	Cooperative company
5	Agrial	Annual Report +	Cooperative company
6	Agrifirm	Corporate Responsibility Report	Cooperative company
7	Arla Foods	Corporate Responsibility Report	Cooperative company
8	Aryzta	Annual Report +	Public listed company
9	Associated British Foods	Corporate Responsibility Report	Public listed company
10	Atria	Corporate Responsibility Report	Cooperative company
11	Avebe	Annual Report +	Cooperative company
12	Axereal	Annual Report +	Cooperative company
13	Bakkavör	Annual Report +	Public listed company
14	Bäko-Zentrale Süddeutschland	No report available	Cooperative company
15	Barry Callebaut	Annual Report +	Public listed company
16	Bayernland	No report available	Cooperative company
17	BayWa	Annual Report +	Cooperative company
18	Berglandmilch	No report available	Cooperative company
19	Bonduelle	Sustainability Report	Public listed company
20	Bongrain	Annual Report +	Public listed company
21	Campofrio	Annual Report +	Public listed company
22	CAMST	Social Report	Cooperative company
23	Capsa	Annual Report +	Cooperative company
24	Carr's Milling Industries	Annual Report +	Public listed company
25	CECAB	No report available	Cooperative company
26	Cermaq	Integrated Report	Public listed company
27	Champagne Cereales	Annual Report +	Cooperative company
28	Chr. Hansen	Annual Report +	Public listed company
29	Ciccolella	Annual Report -	Public listed company
30	Cooperl Hunaudaye	No report available	Cooperative company
31	Coren	No report available	Cooperative company
32	Corticeira Amorim	Sustainability Report	Public listed company
33	Cosun	Environmental Report	Cooperative company
34	Cristal Union	Annual Report -	Cooperative company
35	CSM	Corporate Responsibility Report	Public listed company
36	Dairy Crest	Corporate Responsibility Report	Public listed company
37	Dairygold	Annual Report -	Cooperative company
38	Danisco	Sustainability Report	Public listed company
39	Danish Crown	Annual Report +	Cooperative company
40	Danone	Sustainability Report	Public listed company
41	Devro	Corporate Responsibility Report	Public listed company
42	DLG	Annual Report -	Cooperative company
43	EAC	Annual Report +	Public listed company
44	Ebro Puleva	Sustainability Report	Public listed company
45	Emmi	Annual Report +	Cooperative company
46	ENCE	Sustainability Report	Public listed company

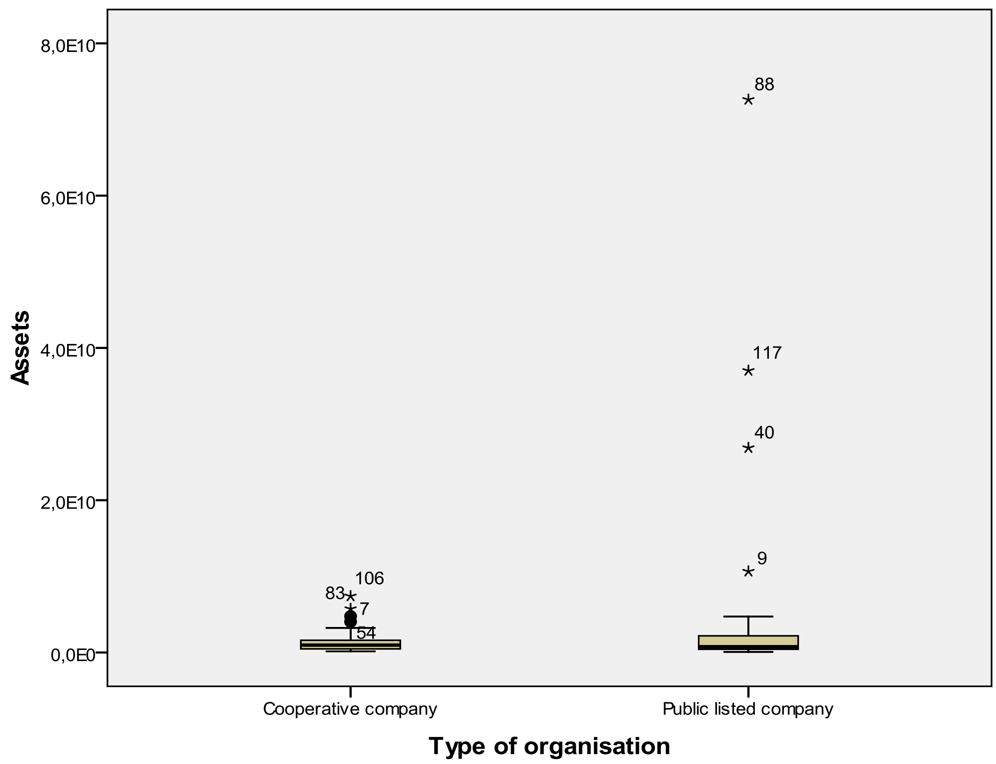
47	Euralis	Annual Report +	Cooperative company
48	Eurial	No report available	Cooperative company
49	Even	Annual Report -	Cooperative company
50	Fenaco	Annual Report -	Cooperative company
51	First Milk	Annual Report +	Cooperative company
52	Fleury Michon	Annual Report +	Public listed company
53	FloraHolland	Social Report	Cooperative company
54	FrieslandCampina	Corporate Responsibility Report	Cooperative company
55	Frosta	Annual Report -	Public listed company
56	Fyffes	Annual Report +	Public listed company
57	Givaudan	Sustainability Report	Public listed company
58	GLAC	No report available	Cooperative company
59	Glanbia	Annual Report +	Cooperative company
60	Gouessant	No report available	Cooperative company
61	Granarolo	Annual Report -	Cooperative company
62	Granlatte	Social Report	Cooperative company
63	Granswick	Annual Report +	Public listed company
64	Greencore	Annual Report +	Public listed company
65	Hochwald	Annual Report -	Cooperative company
66	Humana Milchunion	Annual Report -	Cooperative company
67	Icelandic	Annual Report -	Public listed company
68	Invivo	Annual Report +	Cooperative company
69	Irish Dairy Board	Annual Report +	Cooperative company
70	Kerry	Annual Report +	Public listed company
71	KWS Saat	Sustainability Report	Public listed company
72	Lactogal	No report available	Cooperative company
73	Landgard	Annual Report -	Cooperative company
74	Lännen Tehtaat	Annual Report +	Public listed company
75	Lantmännen	Integrated Report	Cooperative company
76	LDC	Annual Report -	Public listed company
77	Limagrain	Annual Report +	Cooperative company
78	Lindt & Sprüngli	Annual Report +	Public listed company
79	Lotus Bakeries	Annual Report +	Public listed company
80	LSO Osuuskunta	Annual Report +	Cooperative company
81	Maïsadour	Corporate Responsibility Report	Cooperative company
82	Marine Harvest	Sustainability Report	Public listed company
83	Metsaliitto	Annual Report +	Cooperative company
84	Milcobel	No report available	Cooperative company
85	Milk Link	Annual Report +	Cooperative company
86	Moksel	Annual Report +	Public listed company
87	Nastra	Annual Report -	Public listed company
88	Nestlé	Corporate Responsibility Report	Public listed company
89	Nordmilch	Sustainability Report	Cooperative company
90	Northern Foods	Annual Report +	Public listed company
91	Nortura	Annual Report +	Cooperative company
92	Nutreco	Sustainability Report	Public listed company
93	Parmalat	Annual Report +	Public listed company
94	PKM DUDA	Annual Report -	Public listed company
95	Podravka	Annual Report +	Public listed company
96	Pöyry	Annual Report +	Public listed company

97	Premier Foods	Annual Report +	Public listed company
98	Raisio	Integrated Report	Public listed company
99	Rieber & Søn	Annual Report +	Public listed company
100	Robert Wiseman Dairies	Environmental Report	Public listed company
101	RWZ	Annual Report +	Cooperative company
102	Sachsenmilch	Annual Report -	Public listed company
103	Sodiaal Union	Annual Report +	Cooperative company
104	Sodra Skogsagarna	Annual Report -	Cooperative company
105	Sonae Indústria	Sustainability Report	Public listed company
106	Südzucker	Annual Report -	Cooperative company
107	Tate & Lyle	Annual Report +	Public listed company
108	Ter Beke	Annual Report +	Public listed company
109	Tereos	Annual Report +	Cooperative company
110	Terrena	Annual Report -	Cooperative company
111	The Greenery	Sustainability Report	Cooperative company
112	Tine	Annual Report +	Cooperative company
113	Total Produce	Annual Report +	Public listed company
114	Toupargel	Annual Report +	Public listed company
115	Triskalia	No report available	Cooperative company
116	Uneal	Annual Report +	Cooperative company
117	Unilever	Sustainability Report	Public listed company
118	Uniq	Annual Report +	Public listed company
119	Valio	Sustainability Report	Cooperative company
120	Vermandoise de Sucreries	Annual Report -	Public listed company
121	Wessanen	Corporate Responsibility Report	Public listed company
122	Wynnstay	Annual Report -	Public listed company

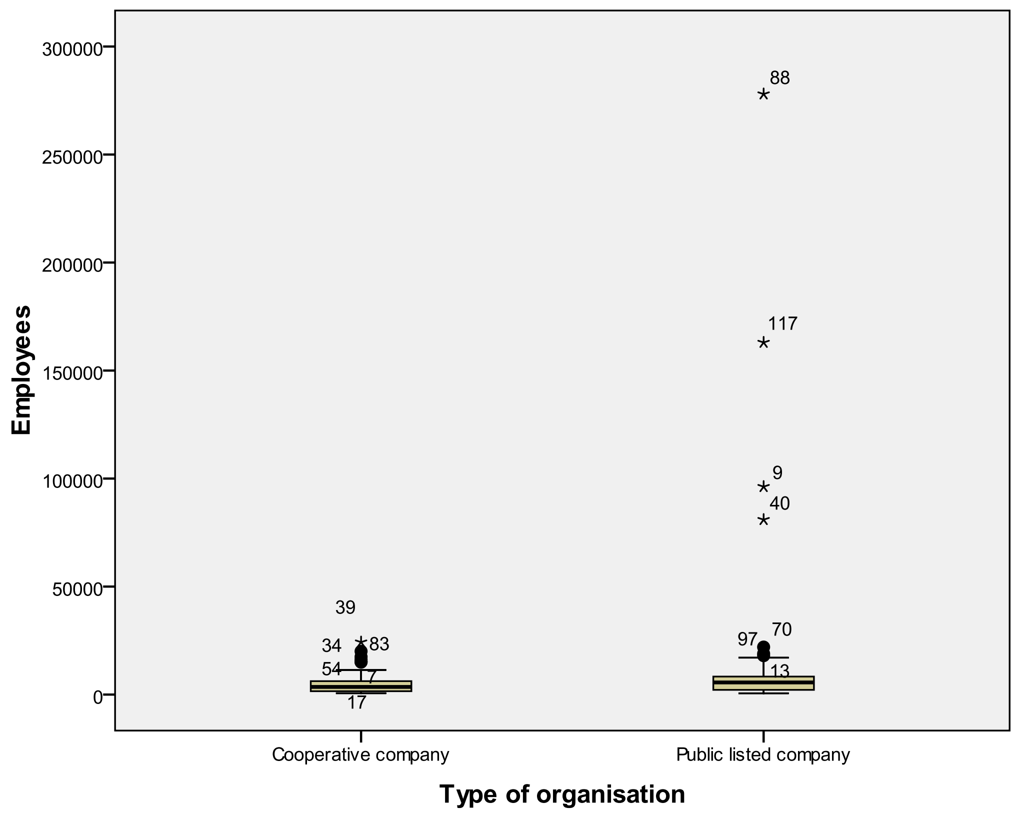
APPENDIX II: BOXPLOTS OF COMPANY SIZE INDICATORS







Assets
8,0E10
6,0E10
4,0E10
2,0E10
0,0E0
88
117
40
9
106
83
7
54
Cooperative company
Public listed company
Type of organisation



Employees
300000
250000
200000
150000
100000
50000
0
88
117
9
40
39
34
83
54
7
17
97
70
13
Cooperative company
Public listed company
Type of organisation

Appendix III: COMPARISON PER ORGANIZATION TYPE ON COMPANY SIZE INDICATORS (Outliers excluded)

Type of organisation			Turnover	Profits	Assets	Employees
Cooperative company	N	Valid	62	51	48	61
		Missing	0	11	14	1
	Mean		2,06E9	28952184,96	1,39E9	5257,98
	Median		1,62E9	19151000,00	9,76E8	3525,00
	Std. Deviation		1,801E9	7,336E7	1,492E9	5285,135
	Minimum		382003000	-342000000	152494000	615
	Maximum		8187000000	276400000	7397500000	24274
Public listed company	N	Valid	56	56	56	55
		Missing	0	0	0	1
	Mean		1,41E9	33099463,98	1,27E9	5877,85
	Median		9,98E8	14379500,00	6,79E8	4947,00
	Std. Deviation		1,183E9	9,527E7	1,239E9	4975,138
	Minimum		259828842	-219700000	77448222	593
	Maximum		4520746000	521500000	4714301130	21997

APPENDIX IV: CORRELATION MATRIX OF INDEPENDENT VARIABLES

		Dialogue with stakeholders	Topic of conversation	Resulting actions	Food safety	Assurance	Quantitative performance indicators	Bench Marking	Bad news	Customers	Suppliers	Share-holders/ Members	Financial institutions	Local community	Employees	Associations / Lobbies	Future generations/ Environment
Dialogue with stakeholders	Pearson Corr	1	,687**	,383**	,270*	,287*	,227*	-,116	,180	,189	,290*	,030	.[a]	,247*	,463**	,241*	,336**
	Sig. (2-tailed)		,000	,001	,017	,011	,047	,314	,117	,129	,017	,811	.	,044	,000	,050	,005
	N	78	78	78	77	77	77	77	77	66	67	67	67	67	67	67	67
Topic of conversation	Pearson Corr	,687**	1	,558**	,238*	,212	,062	-,080	,113	,338**	,408**	-,120	.[a]	,381**	,602**	,307*	,540**
	Sig. (2-tailed)	,000		,000	,037	,064	,591	,492	,327	,005	,001	,332	.	,001	,000	,012	,000
	N	78	78	78	77	77	77	77	77	66	67	67	67	67	67	67	67
Resulting actions	Pearson Corr	,383**	,558**	1	,237*	,176	,196	-,044	,173	,360**	,501**	-,095	.[a]	,353**	,488**	,127	,574**
	Sig. (2-tailed)	,001	,000		,038	,126	,088	,702	,131	,003	,000	,443	.	,003	,000	,304	,000
	N	78	78	78	77	77	77	77	77	66	67	67	67	67	67	67	67
Food safety and health	Pearson Corr	,270*	,238*	,237*	1	,069	,237*	,070	,250*	,300*	,138	,138	.[a]	,212	,272*	-,043	,155
	Sig. (2-tailed)	,017	,037	,038		,550	,038	,544	,028	,014	,264	,265	.	,085	,026	,728	,210
	N	77	77	77	77	77	77	77	77	66	67	67	67	67	67	67	67
Assurance	Pearson Corr	,287*	,212	,176	,069	1	,176	-,033	,020	,237	,241*	-,065	.[a]	,196	,312*	,410**	,335**
	Sig. (2-tailed)	,011	,064	,126	,550		,126	,773	,864	,055	,050	,603	.	,112	,010	,001	,006
	N	77	77	77	77	78	77	77	77	66	67	67	67	67	67	67	67

Quantitative performance indictors	Pearson Corr	,227[*]	,062	,196	,237[*]	,176	1	-,044	,394[**]	,213	,240[*]	,065	.[a]	,026	,110	,218	,079
	Sig. (2-tailed)	,047	,591	,088	,038	,126		,702	,000	,086	,050	,599	.	,836	,376	,076	,523
	N	77	77	77	77	77	77	77	77	66	67	67	67	67	67	67	67
Bench marking	Pearson Corr	-,116	-,080	-,044	,070	-,033	-,044	1	-,047	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]
	Sig. (2-tailed)	,314	,492	,702	,544	,773	,702		,686	,000	,000	,000	.	,000	,000	,000	,000
	N	77	77	77	77	77	77	77	77	66	67	67	67	67	67	67	67
Bad news	Pearson Corr	,180	,113	,173	,250[*]	,020	,394[**]	-,047	1	,282[*]	,176	,006	.[a]	,002	,120	-,004	,225
	Sig. (2-tailed)	,117	,327	,131	,028	,864	,000	,686		,022	,153	,959	.	,988	,333	,976	,067
	N	77	77	77	77	77	77	77	77	66	67	67	67	67	67	67	67
Customers	Pearson Corr	,189	,338[**]	,360[**]	,300[*]	,237	,213	.[a]	,282[*]	1	,541[**]	-,017	.[a]	,406[**]	,493[**]	,142	,433[**]
	Sig. (2-tailed)	,129	,005	,003	,014	,055	,086	,000	,022		,000	,890	.	,001	,000	,251	,000
	N	66	66	66	66	66	66	66	66	67	67	67	67	67	67	67	67
Suppliers	Pearson Corr	,290[*]	,408[**]	,501[**]	,138	,241[*]	,240[*]	.[a]	,176	,541[**]	1	-,027	.[a]	,465[**]	,436[**]	,309[*]	,331[**]
	Sig. (2-tailed)	,017	,001	,000	,264	,050	,050	,000	,153	,000		,829	.	,000	,000	,010	,006
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68
Shareholders/ members	Pearson Corr	,030	-,120	-,095	,138	-,065	,065	.[a]	,006	-,017	-,027	1	.[a]	-,053	,005	,040	-,057
	Sig. (2-tailed)	,811	,332	,443	,265	,603	,599	,000	,959	,890	,829		.	,667	,970	,748	,643
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68
Financial institutions	Pearson Corr	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]	.[a]
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68

Local community	Pearson Corr	,247*	,381**	,353**	,212	,196	,026	.[a]	,002	,406**	,465**	-,053	.[a]	1	,544**	,282*	,449**
	Sig. (2-tailed)	,044	,001	,003	,085	,112	,836	,000	,988	,001	,000	,667	.		,000	,020	,000
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68
Employees	Pearson Corr	,463**	,602**	,488**	,272*	,312*	,110	.[a]	,120	,493**	,436**	,005	.[a]	,544**	1	,454**	,680**
	Sig. (2-tailed)	,000	,000	,000	,026	,010	,376	,000	,333	,000	,000	,970	.	,000		,000	,000
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68
Associations/ Lobbies	Pearson Corr	,241*	,307*	,127	-,043	,410**	,218	.[a]	-,004	,142	,309*	,040	.[a]	,282*	,454**	1	,429**
	Sig. (2-tailed)	,050	,012	,304	,728	,001	,076	,000	,976	,251	,010	,748	.	,020	,000		,000
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68
Future generations/ Environment	Pearson Corr	,336**	,540**	,574**	,155	,335**	,079	.[a]	,225	,433**	,331**	-,057	.[a]	,449**	,680**	,429**	1
	Sig. (2-tailed)	,005	,000	,000	,210	,006	,523	,000	,067	,000	,006	,643	.	,000	,000	,000	
	N	67	67	67	67	67	67	67	67	67	68	68	68	68	68	68	68

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

a. Cannot be computed because at least one of the variables is constant.

Appendix V: Non-significant results

Hypothesis 1:

	t-test for Equality of Means						
						95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Stakeholder Totalscore	-,370	65	,713	-364,71238	986,61957	-2335,12773	1605,70297
Customers	,547	65	,586	116,654	213,379	-309,493	542,802
Suppliers	-,258	66	,797	-29,350	113,856	-256,670	197,971
Shareholders/members	,712	66	,479	25,889	36,368	-46,721	98,500
Local community	-2,226	66	,029	-241,787	108,597	-458,609	-24,965
Employees	-,901	66	,371	-235,300	261,268	-756,939	286,339
Associations/Lobbies	-1,733	66	,088	-53,651	30,954	-115,452	8,150
Future generations/ Environment	,199	66	,843	100,533	506,118	-909,963	1111,029

Hypothesis 2:

	t-test for Equality of Means						
						95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Transparency totalscore	-,682	75	,497	-,14583	,21381	-,57175	,28009
Food safety and health	-1,098	75	,276	-,116	,105	-,325	,094
Assurance	-1,137	76	,259	-,071	,062	-,195	,053
Quantitative performance indictors	,161	75	,872	,013	,080	-,147	,172
Benchmarking	-,775	75	,441	-,021	,027	-,074	,033
Bad news	,570	75	,571	,047	,083	-,118	,213

Hypothesis 3:

	t-test for Equality of Means						
						95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Dialogue totalscore	,840	76	,404	,21250	,25305	-,29149	,71649
Dialogue with stakeholders	,460	76	,647	,054	,118	-,180	,289
Topic of conversation	1,185	76	,240	,129	,109	-,088	,346
Resulting action	,106	76	,916	,008	,079	-,149	,165