DIFFUSION, ADOPTION, AND IMPLEMENTATION OF CORPORATE RESPONSIBILITY PRACTICES IN THE FOREST SECTOR: A PROPOSED FRAMEWORK

by

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ABSTRACT

The adoption of Corporate Responsibility practices is of strategic importance for the new social contract that the forest sector is seeking to establish. This sector has been increasingly under pressure to adopt responsible practices and show commitment to sustainability. However, Corporate Responsibility is not an easy concept for companies to implement. Identifying how this concept diffuses to companies, as well as the way forest companies understand and operationalize Corporate Responsibility practices, is an important first step to improve responsible practices in this sector.

This dissertation addressed these issues by proposing a framework explaining diffusion, adoption, and implementation of Corporate Responsibility practices in the forest sector. Content analyses of sustainability reports of the largest global forest companies evaluated this sector's understanding of concept. Grounded theory methodology was then used to develop a framework based on interviews with forest companies, non-governmental organizations, industry associations, and academics in Brazil, Canada, and the United States.

Results show that different factors influence the diffusion, adoption, and implementation of Corporate Responsibility practices in forest companies. While external factors influence the diffusion of Corporate Responsibility practices to companies, internal factors influence the adoption and implementation of these practices within companies. Context influences different aspects of these processes by shaping relevant Corporate Responsibility issues and stakeholder demands in varying places of operation. The diffusion, adoption, and implementation of Corporate Responsibility practices are cyclical and interconnected processes that require continuous improvement efforts.

These results advance knowledge on diffusion, adoption, and implementation of Corporate Responsibility practices, especially within the forest sector context. The identification of patterns in these processes should facilitate the management of companies' response processes for responsible and sustainable practices. For organizations interested in advancing the practice of Corporate Responsibility, understanding the diffusion process can help them to identify more effective means of communicating with potential adopters, as well as positively influencing the uptake of more responsible practices.

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CO-AUTHORSHIP STATEMENT

Four original manuscripts are presented in this dissertation. Two have been published in scientific journals and two have been submitted for publication. They were all written by Natalia Vidal in collaboration with Dr. Robert Kozak, Professor at the Faculty of Forestry, University of British Columbia. Dr. Gary Bull, Associate Professor at the Faculty of Forestry, University of British Columbia, collaborated in one manuscript (Chapter 4) and Dr. Eric Hansen, Professor at the College of Forestry, Oregon State University, was a collaborator in the manuscript presented in Chapter 5.

Natalia Vidal identified the research problem and methodologies and developed the research design under the guidance of Dr. Kozak. Natalia also collected the data and conducted the data analyses of all phases of this study as well as prepared all manuscripts. Dr. Kozak provided guidance and insightful suggestions in the data analyses for Chapters 3 and 4, especially regarding the proportion of change in Corporate Responsibility (CR) activities of forest companies. He also suggested the use of grounded theory methodology to address the objectives explored in Chapters 4 and 5, provided insights in the construction of the framework explaining the adoption and implementation of CR practices, and reviewed and edited several versions of all manuscripts.

Dr. Bull provided the contact information for some of the organizations that participated in this study and provided helpful insights in early versions of the manuscript presented in Chapter 4. Dr. Hansen provided contacts of potential participants. He also provided extremely valuable comments and suggestions for improvement of the manuscript presented in Chapter 5. Dr. Hansen reviewed several versions of the manuscript and significantly contributed in the development of the framework explaining the adoption and implementation of CR practices.

1. INTRODUCTION

How do responsible business practices diffuse to and within companies? Recently, this question has been commonly asked in the forest sector where pressures to adopt responsible practices and show commitment to sustainability have become increasingly important. Forestry operations have a direct impact on the natural environment and these direct links to environmental disturbances lead to public criticism of forest companies. Therefore, addressing public concern and being a sustainability leader are requirements if the forest sector wants to maintain its legitimacy. Understanding how responsible practices diffuse may provide clarity and the tools necessary to advance sustainability in the forest sector.

The adoption of responsible practices has, in fact, been a key goal of the global forest sector. This has been a direct response to a number of pressures, mostly in the last two decades: the commercial exploitation and extinction of some native forests; a lack of adequate reforestation, conflicting demands for forest resources (timber and non-timber values); public opposition to logging; and more stringent environmental regulations. In order to address these pressures, the forest industry has been forced to reconsider its norms and business strategies (ILO, 2001; Jenkins and Smith, 1999; Nasi et al., 1997). Forests remain high on the international agenda and the global forest sector has been seeking to establish a new social contract (ILO, 2001; Wang, 2005).

The concept of Corporate Responsibility (CR) is an important part of this new social contract for the forest sector, which requires that the sector maintains its supply of goods and services, while preserving forest ecosystems, engaging local communities, and being accountable to different stakeholder groups (Wang, 2005). The concept of CR encompasses all of these requirements by encouraging businesses to address the impacts of their operations on the natural environment, the economy, and society at large. These three dimensions of responsibility within the CR concept align with those of the sustainability concept, meaning that they are closely connected. However, these concepts have different origins; while CR was primarily concerned with social issues and emerged in the early 1950s, the sustainability concept was borne out of the environmental movement in the early

1990s (Carroll, 1999; Loew et al., 2004). These concepts merged in the 1990s and, since then, CR has been considered a tool for implementing sustainability into business activities (van Marrewijk, 2003).

Like sustainability, CR lacks a universally accepted definition and it is usually defined through its components, applications, and activities (White, 2005). Context accounts for part of the difficulty in defining CR. Each place of business operation has different political, cultural, social, economic, and environmental characteristics, which translate into different stakeholders with different expectations about responsible business behaviour (Strand, 1983). Additionally, social expectations also vary over time, adding yet another layer of complexity to the definition of CR (Carroll, 1979).

With the lack of a globally accepted definition, multiple dimensions, and a dependence on contextual characteristics, CR is a difficult concept for companies to implement. If the forest sector wants to improve its responsible practices, it is necessary to understand this concept within the context of this sector. As such, this research was partially framed by the following question: how do forest companies understand and operationalize CR? This question led to another one: how are CR practices diffused to forest companies? Restated, in order to comprehend how forest companies understand CR, it is first necessary to identify how companies learn about CR, the types of information that they receive about this concept, how it is transmitted, and who transmits this information to companies. These are the questions that framed this dissertation.

This introductory chapter includes an overview of the CR movement (Section 1.1), which places this research within the larger context of CR literature and focuses on aspects of CR that might influence the diffusion of these practices. A general summary illustrating how CR has manifested itself in the forest sector is provided in Section 1.2. This information also served as a departing point for the research design. Sections 1.3 and 1.4 present the research objectives and methods, respectively. The structure of this dissertation is presented in Section 1.5.

1.1. The Corporate Responsibility Movement

Research on responsible behaviour of businesses is far from a new topic, with peaks of high activities occurring in the late 1960s and 1970s and from the early 1990s to present day (Hummels, 2004; Vogel, 2005). One of the similarities between both periods of high activity is that they concentrated on how companies craft their responses to social expectations, rather than focusing on finding a common definition of the CR concept (Hummels, 2004). This process of businesses responding to social demands is called corporate social responsiveness and it refers to the implementation and operationalization of the CR concept (Frederick, 1994; Wood, 1991).

One of the most distinguishable differences between the current and earlier phases of CR research surrounds its diffusion around the world (Vogel, 2005). The growing importance of CR in the early 1990s can be explained, in part, by the expansion of global and national markets. Concern over the accountability of multinational corporations, whose power transcends borders and governments, has resulted in a variety of stakeholders across the globe (e.g. customers, NGOs, governments, etc.) requiring businesses to be more accountable and responsible (Vogel, 2005).

Even with the current global reach of business, specific differences in contexts still influence the choice of adopted CR practices. Social expectations vary from place to place, impacting the degree of importance placed on different social and environmental issues (Strand, 1983). Since CR was developed and shaped in North America and Europe, the concept tends to capture more accurately the perspective of developed countries (Hummels, 2004; Ward and Fox, 2002). Ward and Fox (2002) defended the need to bring the developing world perspective into the international CR agenda as a way of having more equitable CR practices that reflect different contexts. This would facilitate the adoption of CR practices in developing regions and foster the diffusion of CR practices worldwide.

While the emphasis is now on finding ways to operationalize and diffuse the CR concept (Hummels, 2004; Vogel, 2005), there is still a limited understanding about how these processes occur and relate to each other. We now know that CR is not a simple concept to understand and operationalize; it has multiple dimensions (i.e. social, environmental, and economic), requires firms to balance the interests of different stakeholder groups and prioritize activities, and is highly context-dependent. Diffusion of

CR practices is also poorly understood. The few studies that have been performed on this topic have concentrated on diffusion of environmentally responsible practices (see Corbett and Kirsch, 2001; Hoffman, 2001). Additionally, the connection between the operationalization of CR and the diffusion of CR practices has not yet been explored, even though understanding one might enhance our understanding of the other.

By delving into these processes, more effective ways of advancing knowledge transfer among and between countries and companies can also be identified. Additionally, knowledge about the diffusion process of CR can help companies to identify sources of information about general or specific aspects of the CR concept, whether they were exploring the topic for the first time or looking for help with specific challenges in implementation. For organizations interested in advancing the practice of CR, understanding its diffusion process can help them to identify more effective means of communicating with potential adopters, as well as positively influencing this process.

1.2. Corporate Responsibility in the Forest Sector

CR in the forest sector has largely taken the form of adoption of sustainable forest management practices and forest certification (UNECE, 2007). While forest certification is still an important mechanism for verifying the implementation of sustainable forest practices, it has its shortcomings. In most cases, forest companies have responded to public pressures for responsible practices by simply adding forest certification and/or environmental management system programs to their existing practices. This "add-on" approach to sustainability and CR is usually costly and financially inefficient for forest companies. Companies may acquire more benefits by integrating sustainability into their core business values, which requires more than merely adding a certification program (Johnson and Walck, 2004).

A more integrated approach to sustainability requires deeper changes in forest companies' practices that are not always acquired through the implementation of forest certification. Such practices might require rethinking and redesigning their business models in order to consider aspects like product life

cycles and the social and environmental impacts of their upstream global supply chains (Sharma and Henriques, 2005). Johnson and Walck (2004) identify steps for better integrating sustainability into core business values: (1) senior management leadership and commitment; (2) identification of how sustainability practices affect core business values and strategies; (3) development and implementation of a performance oriented management system; and (4) guaranteeing employee involvement. Through these activities, forest companies may be able to guarantee more consistent results from their sustainability efforts (Johnson and Walck, 2004).

At the global level, sound procurement practices have also been another important means of demonstrating responsibility in the forest sector. Codes of conduct and purchasing policies developed by industry associations are playing important roles in addressing public concerns about responsible practices of the sector worldwide (UNECE, 2007). This trend has been particularly prevalent in the European Union, where governments are starting to implement CR regulations that, among other demands, require companies to report on their CR practices (UNECE, 2007). This trend has also been growing in North America through requirements set by industry associations (UNECE, 2007; FPAC, 2007).

The information presented in this section provides an indication of how forest companies understand CR, how they have been acting on it, and what sorts of responsible behaviour are expected of them. These trends suggest that forest companies are adopting more comprehensive sustainability practices that are being better integrated into core business values (Johnson and Walck, 2004). Understanding how CR practices flow within this sector and how forest companies operationalize this concept is critical for further development and refinement of responsible practices that can be integrated into core business activities.

1.3. Research Objectives

The primary purpose of this study is to develop a framework that explains the diffusion of CR practices in the forest sector. The main question guiding this study is: how do corporate responsibility

practices diffuse to forest companies and how are they processed within them? Specific objectives are:

1. to identify how forest companies understand CR;

2. to identify the process by which CR practices are diffused within the forest sector and to forest companies; and

3. to propose a framework explaining the adoption and implementation of CR within forest companies.

Identifying how forest companies understand CR is a necessary first step to achieve the subsequent objectives of this study. Characteristics of the CR concept, such as the lack of a commonly accepted definition and its dependence on context, make it necessary to elucidate this concept within the context of the forest sector. The first objective was broken down into three questions to provide a more thorough understanding of CR in the forest sector. Therefore, the first objective looked at how forest companies understand CR, the role of context in how forest companies understand and operationalize this concept, and how CR has been evolving in the forest sector. The second objective seeks to identify how CR practices diffuse within the forest sector and to forest companies. By achieving this objective, it is hoped that knowledge transfer through the sector and among companies can be enhanced. The development of a framework explaining the adoption and implementation of CR practices is the third objective of this study. In order to advance the adoption of CR, it is necessary to understand how forest companies operationalize the concept and how this operationalization is connected to the process of diffusion of CR to companies.

1.4. Methods

The use of qualitative research methods is recommended for studies that explore topics or phenomena that do not have easily identifiable variables or that have intricate details that are difficult to communicate with quantitative methods (Cresswell, 1998; Strauss and Corbin, 1998). When studying quickly evolving concepts, such as sustainability and CR, qualitative methods are generally more appropriate than quantitative ones. Quantitative methods typically yield very precise results about a situation at one point in time. However, they do not yield enough information about general concepts and relations between concepts to allow for wider applications and generalizations of the results (Glaser and Strauss, 1967).

This study was conducted in two phases. The first phase addressed Objective 1 and consisted of content analysis of sustainability, CR, and annual reports of forest companies in order to identify how the forest sector understands CR. The second phase used grounded theory methodology to address Objectives 2 and 3. Sections 1.4.1 and 1.4.2 provide an overview of the methodology used in this dissertation. More detailed descriptions of how these methodologies were employed to achieve each objective are provided in the methodology sections of Chapters 2 through 5.

1.4.1. Phase 1 – Content Analysis

Content analysis methodology, "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the context of their use" (Krippendorff, 2004: 18), was used to address the first objective of this study, identifying how forest companies understand the concept of CR. Specifically, three research questions were addressed in this phase:

a. to identify how forest companies understand CR;

b. to identify the role of context in how forest companies understand and operationalize this concept; and

c. to identify how CR has been evolving in the forest sector.

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Two sets of content analyses were conducted to address these research questions. The first set of analyses addressed objectives (a) and (b) (reported in Chapter 2), while the second set of analyses addressed the objective (c) (Chapter 3).

The first step in a content analysis consists of identifying the variables that will be used in the analysis (Neuendorf, 2002). A comprehensive literature review on the definitions and activities of CR practices indicated that CR tends to be defined through its components, applications, and activities (White, 2005). Therefore, different types of CR practices that companies implement were used as variables in these content analyses.

In this study, the units of sampling were the annual, sustainability, or CR reports of the top 100 forest companies as determined by PricewaterhouseCoopers. These companies are the largest forest and paper companies in the world and many have annual reports that are published in English and available on-line. These companies are usually more vulnerable to public criticism and could be considered part of the group of early adopters of CR practices. Sampling these top producers provided relevant information on the definitions and activities of CR practices currently used by forest companies.

There is much discussion about the degree to which the content of CR or sustainability reports is actually true. The most common criticism is that companies reporting on their CR activities are only engaged in a public relations exercise. It is difficult to say if the companies selected for this study fall into this category, but to verify this claim before conducting this research would comprise another research project. Furthermore, the focus of this phase is to identify common definitions of CR and what companies say forms a basis for definitions and a common understanding of CR.

Most of the reports were found at an on-line directory of CR / sustainability reports called CorporateRegister.com. When the reports were not available from this registry, the company website was consulted. Reports were downloaded in Adobe® PDF format and converted to plain text format

(ASCII), this being the only format accepted by the two software packages (CATPAC and TEXTPACK) used in these analyses.

The two software packages used in these content analyses have different characteristics, and consequently, different purposes. CATPAC identifies the most frequent words in a text and determines how these words connect to each other based on the way they are used in the text in question (Woelfel, 1998). It identifies patterns of similarities between the most frequently used words using cluster analysis. Due to its ability to identify clusters of words that naturally emerge from the text, CATPAC was used primarily to identify the variables that were later used in TEXTPACK, as well as to provide additional support to the findings of TEXTPACK's analyses. CATPAC was used in first set of content analyses, which addressed objectives (a) and (b).

TEXTPACK is generally used for text classification (Mohler and Zuell, 2002). Creating a 'dictionary' of words that can be identified in the text is a necessary first step when using this software. Two 'dictionaries' were created for each content analysis conducted for this study. While the 'dictionary' created for the first analysis was based on results from the CATPAC analysis, the 'dictionary' developed in the second analysis was based on examination of the table of contents of sustainability reports used in the analyses. Two distinct 'dictionaries' were necessary for two reasons: (1) although all reports were from top 100 forest and paper companies from the PricewaterhouseCoopers' list, each set of analyses used different reports; and (2) each set of analyses had different purposes, requiring different 'dictionaries'.

The coding feature of TEXTPACK was used in both sets of analyses to classify text from the reports into the 'dictionary' categories. Word frequencies were then used as a way of indentifying the most frequent CR activities reported by forest companies. The second set of analyses used other TEXTPACK features, such as the occurrence of new words in a group when comparing two groups.

1.4.2. Phase 2 – Grounded Theory Methodology

Grounded theory is a research methodology that allows for the discovery of theory from systematically collecting and analyzing data (Glaser and Strauss, 1967; Goulding, 2002). In this methodology, theory is seen as sets of concepts and the relationships between and among them, which together form a framework explaining a phenomenon (Strauss and Corbin, 1998).

Grounded theory was used in this phase to address Objectives 2 and 3 of this dissertation. In grounded theory methodology, a partial framework of concepts "designating a few and principal or gross features of the structures and processes in the situation" should be used to initiate the grounded study (Glaser and Strauss, 1967:45). Cases are selected based on this initial framework followed by data collection and analysis, which in turn points to the next cases and data that should be collected. This process continues until theoretical saturation is reached, meaning that no new information is being added by that data being collected (Glaser and Strauss, 1967).

When applying grounded theory, it is recommended that researchers should not review the literature relevant to the field of study to allow for the broadest possible interpretation of the data and to minimize the limiting influence that pre-conceived notions might have on the emerging theory (Glaser and Strauss, 1967). Rather, a partial framework of concepts should guide the initial selection of cases and data collection. Based on this requirement, an important distinction was made regarding how grounded theory was used in this study. Data collection for developing a framework explaining adoption and implementation of CR practices within forest companies (Objective 3) followed these requirements and departed from a loosely arranged framework of concepts. However, data collection for identifying how CR diffuses through the forest sector and into companies (Objective 2) was guided by concepts and elements from the literature on diffusion of innovations (see Rogers, 2003). Diffusion has been a largely studied phenomenon (e.g. Abrahamson and Rosenkopf, 1993; Rogers, 2003; Strang and Meyer, 1993; Strang and Soule, 1998) and using this literature as a departing point provided a robust and well established framework for achieving this objective. Additionally, it provided an opportunity to verify whether diffusion theory holds true for the situation researched in this study (Strauss and Corbin, 1998). Except for these differences in developing the initial framework of

concepts, data collection and analyses for both objectives followed the standard requirements of grounded theory.

Theoretical, rather than statistical, sampling was used to select cases for this study, meaning that cases were selected based on their theoretical relevance (Glaser and Strauss, 1967). Additionally, both similar and dissimilar cases were selected. While similarities between cases help to verify the existence of categories, dissimilarities guarantee that the broadest possible range of data is being collected, generating theory that can be applied to wider contexts (Glaser and Strauss, 1967). Therefore, considering the importance of context for CR (Strand, 1983), forest companies operating in Brazil, Canada, and the United States were selected to participate in this study. While these countries provide dissimilar contexts, the selection of companies within each country focused on similarities of CR practices implemented.

Data were collected through in-depth, semi-structured personal or telephone interviews, company documents, and publicly available information (website material and sustainability, CR, environmental, and/or annual reports). Secondary data from company and publicly available documents were used to provide background information on the companies and to verify the emergent categories.

A total of 19 interviews with 10 companies were conducted between November 2006 and August 2008. These interviews collected data to support both Objectives 2 and 3, with the initial interview protocol concentrating on the following themes (see Appendix I): (1) identification of need to change; (2) definition of CR to specific contexts; (3) decision-making; (4) implementation; (5) external environment and drivers; (6) leadership; (7) change agents; and (8) diffusion / communication channels. These themes emerged from the CR literature (see Ackerman, 1973; Post, 1991; Sethi, 1975; Strand, 1983) and the diffusion literature (see Rogers, 2003). The interviews with Brazilian companies were conducted in Portuguese and the interview protocol was translated into this same language and sent to interviewees prior to the interviews.

As part of these interviews, companies were asked to identify the drivers for the adoption of CR and their sources of information about CR. Based on their answers to these questions, a number of experts and expert organizations (i.e. industry associations, NGOs, and individuals) were identified as change agents in the diffusion of CR practices to these companies. The same data collection methods were used to collect data from these organizations (i.e. in depth, semi-structured personal or telephone interviews, documents, and publically available documents). A total of 10 interviews with 10 organizations were conducted between July 2008 and April 2009. The interview protocol focused on the following themes (see Appendix II): how these organizations obtain information about CR; how they disseminate information about CR to companies; how they choose the topics to be disseminated; and if and how they exchange information about CR with other expert organizations.

When using grounded theory, it is suggested that data collection, coding, and analysis occur simultaneously (Strauss and Corbin, 1998). Three types of coding were used to analyze the data: (1) open coding; (2) axial coding; and (3) selective coding (Strauss and Corbin, 1998). Open coding is usually done first and consists of coding the transcribed interviews in order to create as many categories as possible. Axial coding consists of putting the data back together in different ways by grouping the categories found in open coding. After axial coding, the conceptual findings are organized into a framework including categories and subcategories. Finally, selective coding is used to select core categories, and analyze the relationship between categories in order to form the grounded theory (Strauss and Corbin, 1998).

Secondary data were coded with the same procedures used to code interview transcripts. Coding of these documents started after the interviews had been analyzed and was done with the purpose of verifying categories. Data collection stopped when, after analyzing all interviews and secondary data, no new information was found and data saturation was reached. NVivo 8, a qualitative analysis software tool, was used to facilitate data analysis.

1.5. Structure of the Dissertation

The next five chapters of this dissertation address the objectives and research questions that were introduced in this chapter. Figure 1.1 presents a summary of the structure of this dissertation. Chapters 2 and 3 provide some context for this research by exploring how the forest sector understands the concept of CR. More specifically, Chapter 2 investigates how forest companies understand CR and the role of contextual characteristics in the way they understand this concept. Chapter 3 examines the recent evolution of CR practices in the forest sector, with the aim of identifying CR trends in this sector and providing some evidence of these practices changing over time.

Chapters 4 and 5 address the central questions of this study about the diffusion, adoption, and implementation of CR practices in the forest sector. Chapter 4 concentrates on the sector level, while Chapter 5 focuses on the organizational level. Chapter 4 explores how CR practices flow within this sector and into forest companies. Although a grounded approach is used, this chapter relies largely on diffusion theory as a departing point to explore this problem. Chapter 5 analyzes what happens after information about CR has been diffused into companies and focuses on the processes of adoption and implementation of CR practices. The dissertation concludes with Chapter 6 providing a discussion of the findings, the practical and theoretical implications of these findings, research limitations, and suggestions for future research.

Central Research Question
How do corporate responsibility practices diffuse to forest companies and how are they processed within them?

Objective 1
- How forest companies understand CR

Objective 2
- Diffusion of CR within the forest sector and into forest companies

Objective 3
- Framework explaining adoption and implementation of CR within companies

Chapter 1
- Introduction

Chapter 2
- Understanding of CR
- Role of context

Chapter 3
- Evolution of CR

Chapter 4
- Diffusion of CR within the forest sector and to companies

Chapter 5
- Adoption and implementation of CR within companies

Chapter 6
- Conclusion

Content Analysis

Grounded Theory

FIGURE 1.1: Structure of the dissertation.

1.6. References

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2. CORPORATE RESPONSIBILITY PRACTICES IN THE FOREST SECTOR: DEFINITIONS AND THE ROLE OF CONTEXT[1]

2.1. Introduction

Interpreting and understanding what is meant by Corporate Responsibility (CR) is a necessary step prior to its implementation in any organization. Although this concept lacks a broadly accepted definition (Morimoto et al., 2005), organizations have been practicing CR for decades. However, CR can be complex and difficult to understand. The problem is that society is far from being uniform and homogeneous in its needs, wants, and opinions, meaning that a common understanding of CR is oftentimes mired in complexity and multidimensionality. While some of the basic premises of CR are normative and likely universally applicable, they too may need to be adapted within specific contexts.

Several factors can contribute to the different ways that companies interpret, understand, and implement CR practices, including the industrial sector within which they operate. In this study, we have decided to focus on only one industry, the forest products industry, in order to enable a more in depth analysis. The aim of this study was to gain insight into the components that constitute a definition of CR within specific contexts. Specifically, we aimed to: (1) explore how top forest companies worldwide understand CR and the language that they use to describe CR activities; (2) better understand the types of CR strategies and activities being incorporated by these forest companies; and (3) determine whether or not there is a relationship between context (i.e. company size, location, etc.) and how companies understand and describe CR.

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2.2. Background

2.2.1. Components of Corporate Responsibility Definitions

> "…the total CSR of business comprises distinct components that, taken
> together, constitute the whole" (Carroll, 1991).

Definitions are statements used to clarify the meaning of a word or concept that already exists (Klenk, 2008; Jax, 2007) and, over the years, several authors have attempted to provide definitions of Corporate Responsibility, each viewing the concept in a slightly different manner. Generally, variations in the definitions of CR revolve around one characteristic or topic being emphasized more than others, a dimension being added or removed, different theories being used to provide a foundational framework, or several activities being described as essential parts of operationalizing this concept. While there has been much discussion about whether or not a generally accepted definition of CR is essential for the future survival of this concept, the main objective of this study was not about adding to this discourse, but rather to better understand the language that forest companies use to describe CR. That said, a brief review of CR definitions is presented below to provide a common understanding of CR practices used in the forest and other industrial sectors.

Deconstructing CR into its components, applications, and activities has been an important means of making sense of this concept (White, 2006). Frequently cited components of CR include:

- 'Beyond profit' and 'beyond legislation' motives – Responsible businesses should incorporate activities that go beyond profit and legal motivations (see Davis, 1960; Davis and Blomstrom, 1966; Davis, 1973; McGuire, 1963). However, economic (i.e. profit) and legal components are still considered to be essential parts of the CR concept in some of these definitions (see Backman, 1975; Carroll, 1979; Frederick, 1960; Johnson, 1971; Steiner, 1971).

- Impact of operations on society – Businesses should take the impacts of their operations on society into consideration at some level (see Davis and Blomstrom, 1966; Davis, 1967; Eells and Walton, 1974; Eilbirt and Parket, 1973; Epstein, 1987; Fitch, 1976).

- Types of CR activities – There is a wide range in the types of activities that companies choose to pursue and implement in order to be considered responsible. These can extend from positively influencing politics to improving the quality of life of society at large (Backman, 1975; Eilbirt and Parket, 1973; McGuire, 1963; Carroll, 1979).

Choosing the right combination of CR activities represents one of the major challenges in implementing this concept. This topic has been widely discussed in the literature and suggestions for firms include:

- Choosing CR activities that have strategic importance – These activities should be congruent with the firms' past experiences on such issues. They should emphasize long-term profit maximization and/or generate the greatest good to the greatest number (Johnson, 1971);

- Prioritizing CR issues based on importance – Firms should first identify the existing problems and then decide which ones to attack in a logical manner (Fitch, 1976);

- Prioritizing CR issues based on stakeholder impact – Firms should choose those activities that generate more benefits than harm to pertinent corporate stakeholders (Epstein, 1987; Adizes and Weston, 1973; Carroll, 1991; Dalton and Daily, 1991; Johnson, 1971);

- Adopting CR voluntarily – Firms should not be forced into adopting CR practices, but should do so because it makes strategic sense (Eilbirt and Parket, 1973; Jones, 1980; Walton, 1967);

- Being aware of changing stakeholders' expectations – Time is an important dimension of CR, given that societal expectations change temporally (Carroll, 1979).

While the multitudes of models and definitions of CR may comprise different elements, they make it possible for practitioners and researchers to further their understanding of this complex concept (Panwar et al., 2006). In fact, using different components of CR definitions to better understand its operationalization is not a new idea. Previous studies have aimed to provide a better understanding of the concept by exploring topical areas that companies have reported on (Bowman and Haire,

1975), statements about firms' perceptions of CR (Holmes, 1976), classifications of responsible behaviour (Abbott and Monsen, 1979), and analyses of companies' CR policies (Whitehouse, 2006).

Recently, CR has been closely connected to the concept of sustainable development, or more generally, sustainability. The specific practices are typically categorized into three dimensions, corresponding with most current definitions of sustainability: economic; social; and environmental (Karna et al., 2003; Peattie, 1995; van Marrewijk, 2003).

2.2.2. The Role of Context in Understanding and Defining Corporate Responsibility

> "…an evaluation of corporate social performance that ignores its cultural and sociopolitical environment is fraught with conceptual and methodological dangers" (Sethi, 1975).

An underlying assumption of CR is that businesses should adapt their behaviour to societal expectations (Bowen, 1953; Davis, 1960; Sethi, 1975). Complications arise from the fact that these societal expectations vary according to the context within which businesses operate. Contextual characteristics refer to the geographical, social, cultural, political, and economic characteristics of the places where companies operate. These characteristics play a large role in determining businesses' responsibilities, and consequently, their responses to CR issues (European Commission, 2002; Strand, 1983; Ward et al., 2002).

Choosing which of many CR activities to adopt and implement (see previous section) is a necessary part of establishing responsible behaviour, but businesses need to establish priorities (Epstein, 1987; Fitch, 1976; Johnson, 1971). However, these priorities will change depending upon the contextual characteristics within which businesses operate. In fact, cultural and social contexts can influence and constrain several aspects of business organizations, including the rationales for their existence, their goals and objectives, and the human resources and processes that shape their products and services

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(Strand, 1983). The choices of which social and environmental issues to be addressed by businesses will also vary according to the industry sector in which they operate (Carroll, 1979).

Company-specific characteristics constitute another important level of analysis for understanding CR, with company size being one of the most studied variables. Larger companies tend to be engaged in a broader range of CR activities than smaller ones (Eilbirt and Parket, 1973). However, this does not preclude smaller companies from developing formal responsible behaviours (Bowen, 2002; European Commission, 2002). The activities of smaller companies depend largely on visibility issues and the ethical considerations of the owners / managers (European Commission, 2002). Other company-specific characteristics that are often considered germane in the choice of responsible activities include leadership and organizational culture (Zadek, 2004).

2.3. Methods

Content analysis methodology, "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the context of their use" (Krippendorff, 2004: 18), was used to address the objectives of this study. Content analysis of annual reports has been a widely used means of studying issues related to CR (Wolfe, 1991).

The forest sector was our sector of choice. This sector has a global significance, in terms of both industrial and subsistence uses. With respect to CR, the forest industry provides a relevant example of the variability of definitions that can exist within an industry sector, with different approaches to resource management, land ownership, government regulations, stakeholder engagement, and manufactured products being some of the common factors that contribute to this variability. Additionally, as a sector whose operations have a direct impact on the natural environment, forest companies are easy targets of public criticism, and consequently, CR is gaining increased currency in this sector as a means of maintaining legitimacy and mitigating against these threats. Finally, the forest sector has a multiplicity of varying and often conflicting stakeholder pressures (Sharma and Henriques, 2005), providing yet another incentive for investment in CR.

In this study, the units of sampling were the annual, sustainability, or CR reports of the top 100 forest companies as determined by PricewaterhouseCoopers. These companies are the largest forest and paper companies in the world and many have annual reports that are published in English and available on-line. The reason for selecting the largest forest products companies in the world is that they are considered business leaders, are generally more vulnerable to public criticism, and could potentially be early adopters of CR practices. To that end, understanding what constitutes CR practices for these top producers should provide useful insight into the definitions that guide and activities that relate to CR among most forest companies.

Sustainability or CR reports address topics related to companies' responsible behaviour and/or sustainability activities. When companies report about their commitment to CR or sustainability, the topics that they choose to address reflect their levels of understanding regarding this concept or how they feel this concept should be manifested in practice. A content analysis of these reports should serve to uncover the most common topics addressed by forest companies in their CR reports. These topics, in turn, will reflect how these companies understand CR, and thus, how they are defining it.

Two software packages were used to conduct this analysis: CATPAC and TEXTPACK. Both programs require some degree of data preparation prior to analyses.

2.3.1. Data Preparation

Most reports were found at an on-line directory of CR / sustainability reports called CorporateRegister.com. When reports were not available here, the company website was consulted. Fifty-one of the top 100 forest and paper companies listed by PricewaterhouseCoopers had reports available on-line and in English. The latest reports (ranging from 2000 to 2005) for each of these companies were downloaded in December 2005. Sustainability reports, CR reports, environmental reports, and environmental and/or CR chapters of an annual report were considered to be valid sample units for this study. They are herein all referred to as sustainability reports.

All reports were obtained in Adobe® PDF format. Upon downloading them, each file was converted to plain text format (ASCII), this being the only type of files that CATPAC and TEXTPACK can read. The

files were then checked for typing, grammatical, and other errors. Most figures, tables, and footnotes were lost during the conversion of files and were thus removed from the analyses.

2.3.2. CATPAC Analyses

CATPAC has been successfully used within a forestry context, for example, in a collaborative research project with the Wet'suwet'en First Nation of British Columbia to define key concepts of sustainable forest management (Allen, 2005). CATPAC identifies the most important words in a text and determines how similar they are based on the way they are used in text (Woelfel, 1998). It uses cluster analysis as a means of identifying patterns of similarities between the most frequently used words in the text. In this way, the results of each analysis not only show what the most frequent words are, but also reveal how closely they are connected to other words within the text. Due to its ability to identify clusters of words that naturally emerge from the text, CATPAC was used primarily to identify the variables that were later used in TEXTPACK.

The CATPAC analyses were conducted in three different phases. First, each report was individually analyzed. This allowed us to identify a broader array of words being used by these companies to describe their sustainability activities. It also allowed us to gain a greater sense of the variation inherent in these reports. Next, all reports were aggregated into one file and one analysis was performed for all of the reports taken together. It was hoped that this phase would serve to narrow the number of important concepts / words identified in the reports. The last phase comprised of grouping the reports according to region of operation and company size. Reports were first grouped into six regions: Europe, North America, Latin America, Asia, Africa, and Oceania. After running these analyses, companies were grouped into four size categories according to their net sales. The goal of this last phase was to identify how certain contextual characteristics influence definitions of CR.

2.3.3. TEXTPACK Analyses

TEXTPACK performs several tasks in computer text analyses, but it was primarily designed for processes of text classification (Mohler and Zuell, 2002). In this study, we used the coding features of

TEXTPACK to identify the words / concepts used by companies to describe the CR activities described in their sustainability reports.

In order to run the analyses, a TEXTPACK 'dictionary' had to be created containing the words that we wanted TEXTPACK to identify in the reports. This file was based on the CATPAC results and contained 23 categories of words. Table 2.1 shows all 23 categories and the words contained within each one of them. The program accepts word stems, single words, and strings of words. In Table 2.1, an asterisk next to a word indicates a word stem, while some of the possible uses of those word stems are indicated parenthetically.

While grouping words into categories simplifies the interpretation of the results, it is by no means a simple task. Some words may belong to more than one category and it is not always possible to create mutually exclusive categories. In this study, most categories overlapped to some degree with at least one other category. Arguments for and against the use of mutually exclusive categories have been previously debated (Wolfe, 1991; Weber, 1984; Weber, 1985), but because of the qualitative nature of this study, we did not make mutual exclusivity a requirement, and assumed that topics that form one category will be somewhat connected with other categories. The decision criteria for the creation of these categories were simple: a new category was considered necessary whenever a category became too large or another relevant category was identified.

After creating the dictionary, each company was analyzed individually. Each TEXTPACK analysis gave us the number of times words from each category occurred within the text (e.g. frequency). These frequencies were obtained for each company and entered into a spreadsheet. Descriptive statistics were used to further analyze this information.

The reports were then aggregated by region of operation (i.e. Europe, North America, Latin America, Asia, Africa, and Oceania) and four company size categories based on net sales. The frequency of words for each dictionary category was then found for each of these sub-groups. Again, these data were analyzed with descriptive statistical methods after being entered into a spreadsheet.

Category	Words in each Category			
(Forest) Certification	• Forest certification • Certif(ication) (ied) (ying) (y)* • FSC [Forest Stewardship Council]	• PEFC [Programme for the Endorsement of Forest Certification] • CERTFOR [Chilean System for Sustainable Forest Management Certification] • CERFLOR [Brazilian Program of Forest Certification]	• CSA [Canadian Standards Association] • ISO [International Organization for Standardization]	• Standard • Indicator
Recycling	• Recycl(ing) (ed) (e)* • Recovered paper • Recovered fiber	• Recycled fiber • Wastepaper • Wastewater	• Waste* • Waste management	• Residue • Packag(e) (ing)*
Sustainable Forest Management (SFM)	• Forest(s) (ed)* • Forest management • SFM • Sustainab(ility) (le) (ly)*	• Environment (al) (ally)* • Forest conservation • Conservation	• Habitat • Wildlife • Biodiversity conservation	• Ecolog(y) (ically)* • Natur(e) (al)* • Plantation (s)*
Research and Development (R&D)	• R&D	• Research and development	• Research (ed) (ing) (er)*	
Air	• Emission(s)* • Pollut(ion) (ed) (ing)* • Carbon	• Carbon storage • Carbon emission • Carbon emissions	• CO • CO_2 • Climate change	• Green house gas emission • Green house gas emissions • GHG (s)*
Energy	• Energy	• Energy efficiency		
Water	• Water	• Water treatment	• Water recovery	• Water preservation
Procurement	• Procurement			
Transportation	• Transport(ation) (s) (ing) (ed)*			
Electricity	• Electricity			
Consumption	• Consumption			

Category	Words in each Category			
Accountability	• Audit • Report(ed) (ing) (s)* • Accountab(ility) (le)* • Regulation	• Compliance • Polic(y) (ies)* • Ethic(s) (al)*	• Ethics code • Risk(s) (y)* • Environmental risk	• Social risk • Commit(ment) (ting) (ed)* • Responsib(ility) (le)*
Safety	• Health and safety • Safe(ty)*	• Safety standard	• Accident(s) (al)*	• Incident (al)*
Health	• Health(y)*	• Medic(al) (icine) (s)*	• Hospital(s) (ized)*	
Communities	• Communit(y) (ies)* • Community relations	• Development • Community development	• Partner(s) (ship)* • Community support	• Neighbor(s) (hood)*
Employment	• Employ(ee) (ees) (ement)*	• Personnel	• Job(s)*	• Work(er) (ers) (ing) (ed)*
Indigenous Peoples	• Aborigin(al) (als)*	• Aboriginal community • Aboriginal communities	• Indigenous community • Indigenous communities	• First Nation • First Nations
Human Resources (HR)	• Human rights	• Human resources		
Education	• Educat(ion) (e) (ing) (ed)* • School(s)*	• Universit(y) (ies)*	• Training	• Scholarship
Child Care	• Child care			
Stakeholders	• Stakeholder(s)*			
Cultural	• Cultur(e) (al)*			
Philanthropy	• Donation (s)*	• Philanthrop(y) (ic)*		

2.4. Results

The CATPAC analysis of aggregated company reports provided us with the types of CR activities that are being implemented by top forest companies. The TEXTPACK analyses showed us which of these activities are being more frequently used by forest companies (according to how many times they were mentioned in sustainability reports). Table 2.2 summarizes the descriptive statistics for all 23 of the dictionary categories. The minimum and maximum values show a high degree of variation – while some categories were frequently mentioned by some companies, other companies hardly mentioned them at all in their reporting. For this reason, the summed frequency of words (by all forest companies) was used to compare the types of CR activities being implemented.

TABLE 2.2: Descriptive statistics of the TEXTPACK dictionary categories.

Category	n	Minimum	Maximum	Sum	Mean	Standard Deviation
SFM	51	3	562	7149	140.18	116.64
Accountability	51	8	261	3517	68.96	58.68
Employment	51	4	261	2890	56.67	53.71
Recycling	51	0	295	2178	42.71	53.94
Certification	51	0	219	2156	42.27	42.62
Community	51	1	133	1787	35.04	32.32
Air	51	0	105	1452	28.47	28.73
Safety	51	0	135	1315	25.78	32.64
Education	51	0	90	999	19.59	21.34
Water	51	0	91	831	16.29	20.03
Energy	51	0	78	823	16.14	19.44
Health	51	0	40	506	9.92	10.56
Stakeholders	51	0	48	291	5.71	10.08
Consumption	51	0	39	280	5.49	7.66
R&D	51	0	26	262	5.14	6.27
Transportation	51	0	24	194	3.80	6.48
Electricity	51	0	35	188	3.69	6.67
Procurement	51	0	23	161	3.16	5.10
Cultural	51	0	17	125	2.45	3.68
HR	51	0	21	115	2.25	4.12
Philanthropy	51	0	8	57	1.12	1.86
Indigenous Peoples	51	0	8	27	0.53	1.59
Child Care	51	0	2	3	0.06	0.31
Valid n (listwise)	51					

Figure 2.1 shows the number of times that each category of words appeared in the company reports analyzed. Sustainable forest management (SFM) was, by far, the most mentioned CR activity in

these companies' reports. Rounding out the other top five were accountability, employment, recycling, and forest certification.
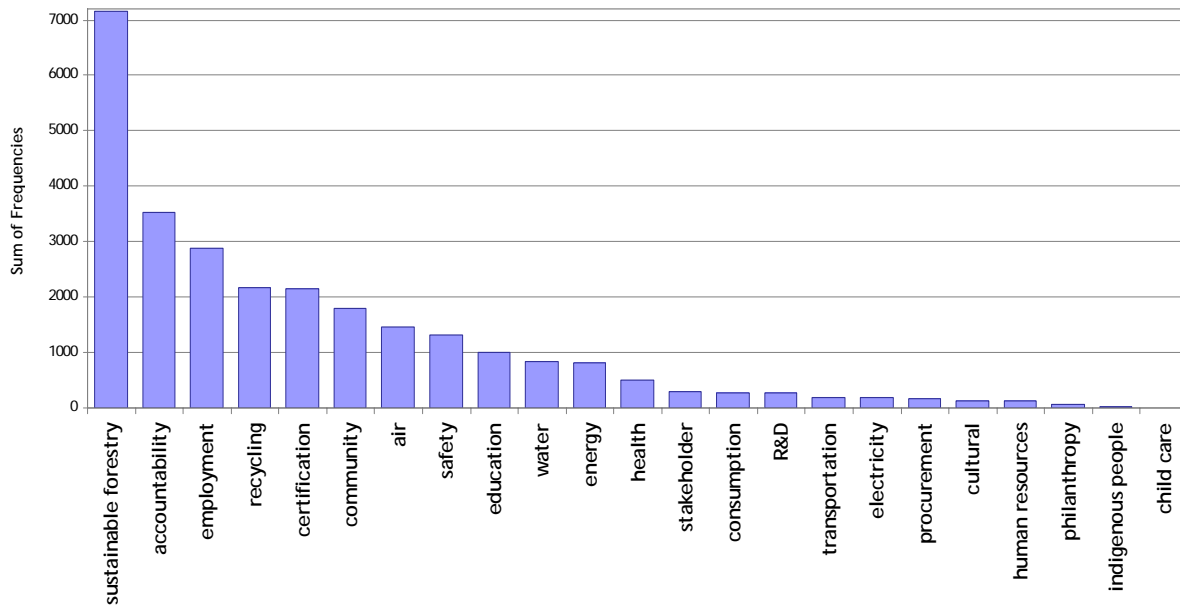
FIGURE 2.1: Frequency of CR activities reported by top forest companies.

2.4.1. Contextual Analyses

In order to determine if contextual characteristics play a role in the types of CR activities implemented, reports were grouped by the companies' regions of operation and by company size. These sub-groupings of reports were first analyzed through CATPAC, which allowed us to identify differences between groups. The CATPAC analyses were again useful in complementing the subsequent TEXTPACK analyses which provided more specific, numerically-based results.

Tables 2.3 and 2.4 summarize the main results from the CATPAC analyses by region and company size, respectively. Several key trends are evident from Table 2.3, a listing of the types of CR activities implemented by forest companies in different operating regions. African and Latin American companies tend to focus on social activities. In Africa, forest companies are especially concerned with health programs primarily aimed at educating the community and employees about HIV / AIDS. Community development, education, and training programs are the focus of Latin American companies. Forest companies operating in Asia are more concerned with the environmental

performance of their industrial operations. For these companies, activities such as the control of air emissions, energy efficiency, and recycling programs are of great importance. European companies had the broadest array of activities. However, their focus seemed to be more on environmental activities rather than on social ones. Companies operating in Oceania tend to focus on environmental management activities. Finally, forest companies operating in North America are concerned largely with issues related to sustainable forest management.

TABLE 2.3: Most common CR activities of top forest companies by region of operation (CATPAC results).

Africa (n = 2)	Asia (n =5)	Europe (n = 19)	Latin America (n = 5)	Oceania (n = 2)	North America (n = 16)
- Health	- Emissions control	- Certification	- Community development	- Environmental performance	- Sustainable forestry
- Education	- Energy efficiency	- Energy efficiency	- Training for employees	- Certification	- Safety
- Training	- Recycling	- Emissions control	- Education	- Stakeholders	- Compliance
- Risk mitigation		- Recycling	- Environmental management system (EMS)	- Landscape values	
		- SFM			
		- Employment opportunities			

The results from CATPAC were corroborated by the TEXTPACK analysis. Here, the average frequency was used to compare differences due to the different number of companies occurring in each region; Figure 2.2 shows these results. Asian companies emphasize activities related to recycling, control of air emissions, and energy efficiency. Latin American companies focus on community development and education activities. Companies operating in Africa also emphasize education activities as well as safety programs. Companies from North America are especially concerned with sustainable forest management and activities that demonstrate their accountability efforts. Offering employment opportunities is also important for these companies. European companies focus on recycling, control of air emissions, and energy efficiency. Companies operating in Oceania are mostly concerned with activities related to forest certification.
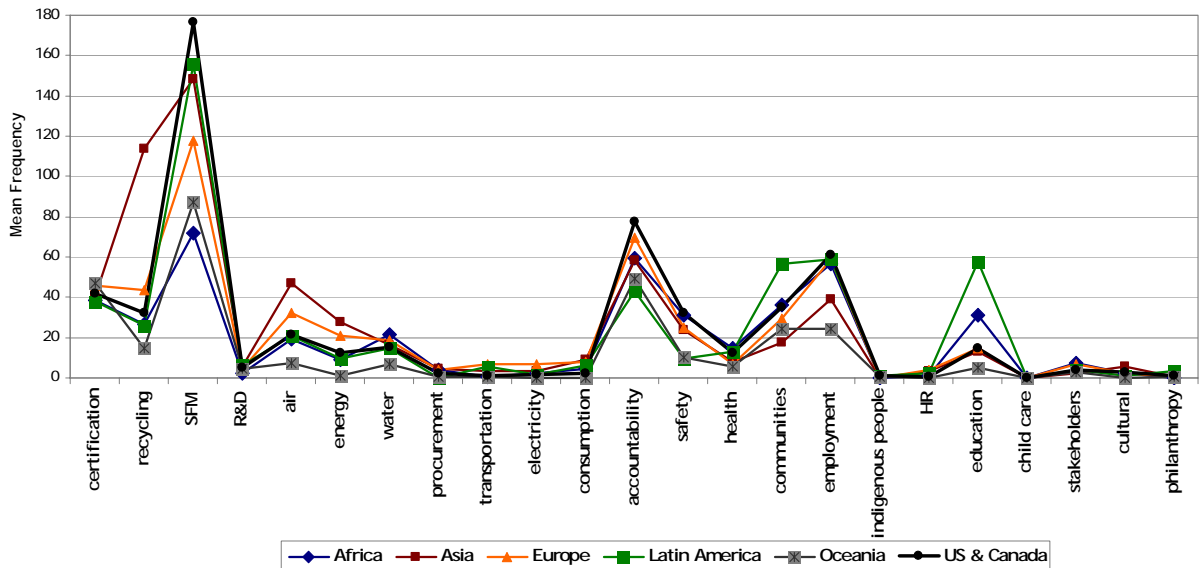
FIGURE 2.2: CR activities of top forest companies by region of operation (TEXTPACK results).

In an attempt to determine whether or not company size influences the types of CR activities implemented by top forest companies, CATPAC was rerun by creating four discrete sub-groups of company size (as measured by net sales). Table 2.4 shows the key CR activities that these four groups of companies are engaged in. Size 1 companies (net sales of $999,000,000 and below) emphasize activities related to sustainable forest management, forest certification, and compliance. Companies of Sizes 2 (net sales of between $1,000,000,000 and $4,999,000,000) and 3 (net sales of between $5,000,000,000 and $9,999,000,000) tend to focus on similar social and environmental activities, with emphases on community development. Companies of Size 4 (net sales of $10,000,000,000 and above) seem to incorporate all of the CR activities seen in each of the other size categories. While these results were helpful in pointing out the types of activities that companies of varying sizes implement, there was no way to compare the actual amount of effort that each group is putting into any one of these activities.

TABLE 2.4: Most common CR activities of top forest companies by company size (CATPAC results).

Size 1 (999 and below)* (n = 7)	Size 2 (1,000 - 4,999)* (n = 32)	Size 3 (5,000 - 9,999)* (n = 3)	Size 4 (10,000 and above)* (n = 8)
- SFM	- Community development	- Community development	- Certification
- Certification	- Employment opportunities	- Safety	- Emissions control
- Compliance	- Safety	- Stakeholders	- Recycling
- Safety	- Recycling	- Energy efficiency	- Energy efficiency
- Employment opportunities	- Water treatment	- Recycling	- Water treatment
	- Energy efficiency	- Water treatment	- Local development
			- Safety

* in $US millions.

The TEXTPACK analyses not only reinforced these results, but allowed for greater resolution in comparing the degrees of emphases that companies in each size category are placing into CR activities. Figure 2.3 compares the results for all four size categories. Again, the average frequency was used to compare these groups due to the different number of companies occurring in each group. Companies of Size 4 seem to put greater emphases on several activities, including forest certification, recycling, sustainable forest management, control of air emissions, energy efficiency, accountability, safety, and the provision of employment opportunities. Even though companies of Sizes 2 and 3 seem to focus on similar activities, companies of Size 2 tend to put higher degrees of emphases on certification, recycling, sustainable forest management, and employment opportunities than companies of Size 3. On the other hand, companies of Size 3 tend to be more involved in community development activities relative to companies of Size 2. Companies of Size 1 follow the same general patterns of those of Sizes 2 and 3. However, they seem to be somewhat more committed to issues related to SFM, while investing less in activities like accountability, community involvement, and employment opportunities.
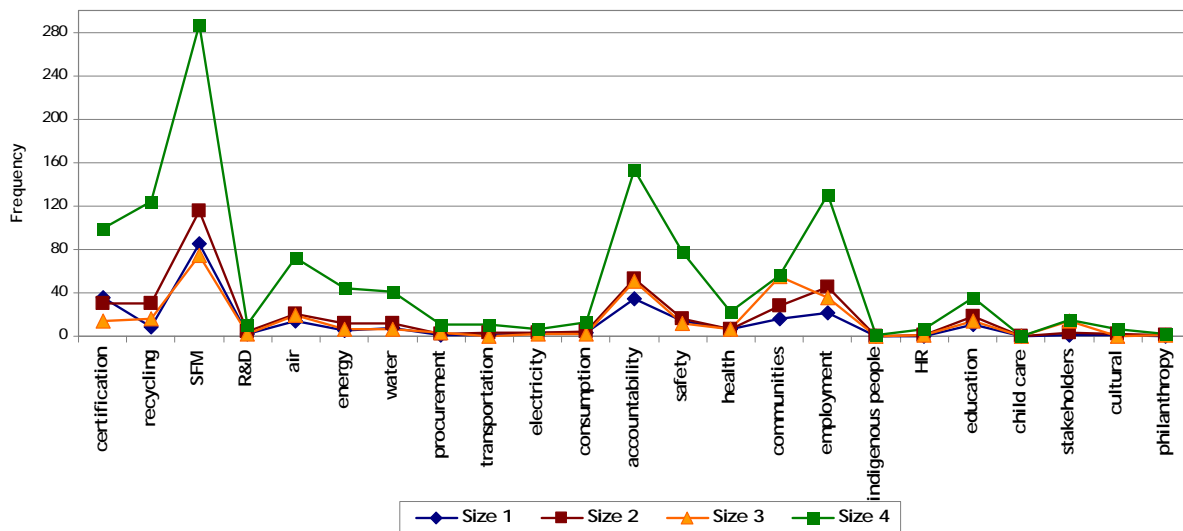
FIGURE 2.3: CR activities of top forest companies by company size (TEXTPACK results).

2.5. Discussion and Conclusions

2.5.1. Towards a Definition of Corporate Responsibility in the Forest Sector

According to the results of this study, large forest companies – presumably the innovators of CR in the sector – understand and define CR largely based on activities related to sustainable forest management (SFM) and accountability. Sustainable forestry practices incorporate the 'sustainability' concept into the management of forest resources by attempting to balance economic, social, and environmental dimensions inherent in the extraction of goods and services from forested landscapes. Given the strong association between sustainability and CR (Karna et al., 2003; Peattie, 1995; van Marrewijk, 2003), it is not particularly surprising that SFM is an important component of how this sector understands and practices CR. In addition, activities related to accountability are also important determinants of how forest companies define CR. For the most part, these activities speak to the sector's concerns with public opinion. What is unknown is whether these accountability measures were adopted proactively or as a response to stakeholder pressures. Regardless, their importance in defining CR indicates that forest companies are compelled to convey their actions transparently and to show that they are acting in the interests of the public.

In defining CR, the top forest companies in this study also place importance on employment, recycling materials, and certifying their operations as sustainable. Forest companies perceive the employment opportunities that they provide to be one of their main social contributions. Clearly, this is an important contribution, but it is not sufficient in and of itself; some critics have commented that forest companies have weak social practices because they place too much emphasis on employment at the expense of activities related to community involvement and stakeholder consultation (Brearton et al., 2005; Paldanius, 2004). Forestry operations have a direct impact on the natural environment, which has likely led this sector to give precedence to environmental over social issues when selecting CR activities. Certification can be divided into two distinct types – certification of forest operations and certification of industrial operations. While both pertain to sustainable practices, the first is very much related to the notion of SFM. Both forms also have components of accountability built into them, as certificates are only given to companies that have been audited by an independent third-party and certification criteria are generally the result of extensive public processes with a variety of stakeholders. Lastly, the use of a certain amount of recycled content in the production of forest products, especially pulp and paper, is becoming an increasingly common practice in the forest sector. This shows a concern with and a commitment to maintaining the natural environment and a willingness to adapt operations to improve their environmental practices accordingly (Collins, 2007).

2.5.2.   The Role of Context in Defining Corporate Responsibility in the Forest Sector

This study has shown that context – notably, region of operation and company size – plays a significant role with respect to how companies understand and practice CR. Forest companies operating in different global regions tend to emphasize some CR activities more than others. While companies operating in Latin America and Africa are more concerned with socially related activities, companies operating in Asia, Europe, and Oceania put more emphasis on environmental practices. This reinforces the notion that the sociopolitical and cultural aspects of the place of operation shape companies' activities and behaviours (Strand, 1983). Latin America and Africa have acute social problems and issues relative to other, more developed regions of the world. Therefore, it should not

come as a surprise that companies operating in these regions place a higher priority on these matters.

While there are some general similarities between different regions, specific CR activities differ as a result of the varying sociopolitical landscapes found within each region. For instance, Latin America and Africa are both concerned with social issues, but while Latin American companies tend to concentrate their efforts on education and community development activities, African companies emphasize educational activities about general health and safety issues, and more specifically, the prevention of HIV / AIDS. This same general pattern holds true for companies operating in Asia, Europe, and Oceania. While each region tends to emphasize issues related to environmental performance, the specific activities that companies in each location engage in vary. This shows that various layers should be analyzed when studying the role of context in CR practices.

The results here indicate that company size also plays a role in influencing CR practices of top forest companies, and in particular, how much effort companies put into CR activities. Larger companies tend to emphasize a broader range of activities when compared to smaller companies, a result which is congruent with the findings of Eilbirt and Parket (1973). They made one of the first attempts to connect CR with organizational characteristics and found that 'giant firms' are engaged in a broader range of CR activities than smaller ones. The reasons cited for this revolve around the vulnerability to public criticism and concerns with public images that larger companies face (Eilbirt and Parket, 1973). Following their lead, we could also speculate that these results are due to the exposure of these 'giant' companies to public criticism. However, it should be noted that all of the companies in this study belong to the top 100 forest companies, and thus, are considerably large. That said, some notable trends between the larger and smaller companies in this study were observed. In particular, smaller companies tend to emphasize fewer CR activities. However, they are still engaged in the same general types of activities as the 'giant' companies, albeit at a smaller scale. The results do not indicate why this sort of discrepancy would be occurring, but it can be speculated that smaller companies have less in the way of financial and human resources available to them to invest in CR activities.

2.5.3. Summary and Implications for Further Research

This study helped us to gain insight into how Corporate Responsibility is defined by the global forest sector. A 'definition' of CR *per se* has not been provided in this analysis, nor was this the intent. Rather, in systematically understanding the way in which top forest companies understand and implement CR, we were able to identify differences in their CR practices. As other authors have pointed out (Brearton et al., 2005; Paldanius, 2004), this sector has a stronger record of environmental performance than of social performance and this study seems to have confirmed this finding. It should be noted that one limitation of this study is that only forest companies situated in the top 100 producers were considered in this analysis. The reasoning here was simply that their exposure to public criticism and scrutiny is more intense, and thus, their impetus to be responsible corporations is stronger. That said, the results here in no way preclude the very real possibility that smaller forest companies are also innovators with respect to the adoption of CR practices.

A key finding in this analysis is that there is a vast array of CR practices that a forest company can be engaged in. As a result, companies generally have to prioritize the types of CR activities that they implement (Epstein, 1987; Fitch, 1976; Johnson, 1971). Understanding how forest companies do this helps us to understand how their responsible behaviour is being shaped by public pressures. The need to prioritize activities is due to a number of reasons, not the least of which is limited financial resources. As the results have shown, larger firms have incorporated a broader spectrum of CR activities. However, increasingly intense stakeholder pressure on forest companies of all sizes to behave even more responsibly is very much a reality (Collins, 2007; Sharma and Henriques, 2005). Further research is needed on how companies can adopt a broader range of CR activities given the constraints within which they operate and increased levels of public scrutiny.

Another point that warrants further investigation relates to the influence of company size on the choice of CR activities. Only the top 100 forest companies in the world were considered in this study. This means that even the smallest companies in this sample are still relatively large. Investigating a

broader range of company sizes to also include small and medium enterprises (SMEs) would likely provide richer insight on how company size influences choices related to CR activities.

Lastly, this study has shown that different contexts can influence how companies prioritize their CR activities. As stated previously, CR tends to be sector specific (Carroll, 1979), meaning that a general model applicable to all sectors simply does not work. However, the industrial sectors in which companies operate represent just one of the many layers of context that can influence CR practices. For instance, while different regions may focus on similar general areas of CR, each tends to focus on specific and varying activities. While not explicitly studied here, it is likely the case that this variation exists in even more scaled-down contexts, such as countries, provinces / state, regions, communities, and companies. At the very least, this notion of delving further into how specific contexts influence CR activities warrants further investigation. Context not only plays a role in determining issues that should be addressed, but also who the stakeholders are. This reinforces the notion that companies will formulate their CR strategies based on a systematic consideration of the relevant priorities (Adizes and Weston, 1973; Carroll, 1979; Dalton and Daily, 1991; Epstein, 1987; Fitch, 1976; Johnson, 1971). In an increasingly globalized economy, companies are likely to implement more complete sets of CR activities, but the degree to which they emphasize certain activities will still vary according to the specific contexts within which they operate and the ensuing priorities that they establish.

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3. THE RECENT EVOLUTION OF CORPORATE RESPONSIBILITY PRACTICES IN THE FOREST SECTOR[2]

3.1. Introduction

Extractive industries – mining, fishing, forestry, and so on – have a direct impact on the natural environment, and consequently, there is a pressing need for companies engaged in these sectors to incorporate socially and environmentally responsible practices into their core business strategies. The forest sector is by no means immune to this rapidly evolving movement; its links to environmental disturbances are direct and visible, and companies are easy targets of public criticism. In order to maintain their legitimacy, forest companies need to address public concerns and aim to be sustainability leaders.

Corporate responsibility (CR) is a dynamic concept that is difficult to define and is extremely dependent on contextual characteristics (Vidal and Kozak, 2008). As it changes and evolves over time, organizations must continually adapt their practices. This paper discusses how the recent evolution of CR practices has manifested itself in the global forest sector.

CR is not a new concept. While some CR practices date back more than a century, several authors have noted that they have tended to occur in cycles during this period (Carroll, 1999; Hummels, 2004; Vogel, 2005; White, 2005; White, 2004). One of the major resurgences of CR occurred in the 1960s and 1970s when important strategies to hold businesses accountable for their actions, such as voluntary codes of conduct and assessments and ranks of corporate social and environmental performance, were developed (Vogel, 2005; White, 2005). However, by the mid 1980s, it became clear that CR was not addressing important social issues in the way that it was expected to. If normative questions regarding social and environmental behaviours of businesses were to be addressed, they would have to be done so through public policy. This change in strategy did not

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[2] A version of this chapter has been published. Vidal, N.G. and Kozak, R.A. (2008). The recent evolution of corporate responsibility practices in the forestry sector. *International Forestry Review*, 10(1): 1-13.

produce the expected results and CR practices faded for some time (Hummels, 2004). Hummels (2004) believes that the current phase of CR – its characteristics, development, and criticisms – resembles the resurgence of CR witnessed in the 1960s and 1970s. Currently, debates commonly revolve around the most effective ways of promoting CR, as well as the best ways of implementing CR practices into core business strategies (Hummels, 2004).

This current phase of CR has introduced unique characteristics that were not present before. Most notably, CR is now very closely aligned with the sustainability movement. However, both concepts developed along separate tracks and have only recently become integrated. While the sustainability concept was borne out of the environmental movement, CR emerged in the early 1950s and was primarily concerned with social issues (Carroll, 1999; Loew et al., 2004). The current notion that environmental protection is interconnected with social well-being and economic development was introduced as a guiding principle for society as a whole in the early 1990s and began to be adapted to the private sector during the mid-1990s. The publication of the Brundtland report in 1987, which introduced the concept of sustainable development, is usually considered a landmark of this current phase (Loew et al., 2004). Like sustainability, current CR practices are often categorized into three dimensions of responsibility: economic; social; and environmental. As these dimensions coincide with most proposed definitions of sustainability (Karna et al., 2003; Peattie, 1995), CR has therefore been viewed as a tool to implement sustainable practices into business activities (van Marrewijk, 2003). The current resurgence of CR is also more institutionalized than before, with new focuses on geographical scope and global reach (Vogel, 2005).

Different terms can be used to describe the concept of business responsibility. While 'corporate social responsibility', or its acronym CSR, may be better recognized, the term 'corporate responsibility' was considered to be more appropriate for the purposes of this study. Although both terms refer to social, environmental, and economic responsibilities of businesses, 'CSR' might give the erroneous impression that social aspects are being emphasized. The term 'corporate responsibility' provides more clarity in so much as it implies that all three dimensions are being taken into account.

3.2. Corporate Responsibility in the Forest Sector

Several factors make CR a pressing topic for the forest sector. First and foremost, forests have always provided a multitude of services to humanity, from cultural and religious significance to a wide range of economic and environmental services. More recently, increasing societal expectations regarding the use of forest resources and the growing trend towards consolidation and globalization of the forest industry have been powerful drivers of CR in this sector (Panwar et al., 2006). Adoption of CR practices serves to legitimize forest companies by demonstrating their commitment to sustainability. It also minimizes the risks related to public criticism, a lack of transparency, and a loss of market share in some markets (Jenkins and Smith, 1999).

It is now becoming abundantly clear to the forest industry in many parts of the world that societal expectations and stakeholders' demands cannot be ignored. However, it is no simple task to determine what these expectations and demands are. They are moulded by the cultural and sociopolitical context (Sethi, 1975; Vidal and Kozak, 2008), and consequently, change over time and vary for different industry sectors (Carroll 1979). Juslin and Hansen (2002) argue that, in the case of the forest sector, societal demands have focused primarily on environmental issues. This is not particularly surprising as the sector is generally considered to have high environmental impacts (Scott, 2006). This may also explain why priority seems to be given to environmental issues over social issues. Table 3.1 summarizes the evolution of these environmental issues in the forest industries. In addition to these issues, other environmental concerns in the forest sector can range from energy efficiency and responsible procurement of raw materials to the more intangible values of forests and forested landscapes (Panwar et al., 2006).

TABLE 3.1: Evolution of environmental issues in the forestry sector.

Time Period	Environmental Issue(s)
1970s	Emissions to water and air
Mid 1980s	Recycling
Late 1980s	Chlorine bleaching
Early 1990s	Forestry and forest management
Mid 1990s	Forest certification
21st Century	Global climate change and the role of forests

Source: Juslin and Hansen, 2002.

The forest sector has made some strides towards more responsible practices, but there is still room for improvement. Sharma and Henriques (2005) found that forest companies have gone beyond the initial requirements of sustainability performance (i.e. pollution control and eco efficiency), but still "have barely begun to make fundamental changes in their business models". Brearton et al. (2005) conducted a study ranking Canadian companies according to their CR performance. The forest sector received an average rating, which means that the sector has generally demonstrated progress, but work related to CR is incomplete. The highest scores in the forest industry were obtained in the corporate governance area, followed by the environment. The lowest scores were in the areas of community and society. Problems that still needed to be addressed include: consultation at the community level, emissions from pulp mills and manufacturing operations, and the lack of policies, programs, or systems to address human rights in operations in developing countries (Brearton et al., 2005). This echoes the work of Paldanius (2004) who examined the CR orientations of forest companies worldwide and found that the social aspects of CR were less emphasized than economic and environmental issues.

Practical applications of responsible practices are currently manifested in activities related to the procurement of raw materials and third party forest certification (UNECE, 2007). Responsible raw material procurement in the forest sector has been a commonly addressed issue in the past few years. Concerns about the origins and legality of raw materials used in the forest industry have generated action from industry associations and governments around the world. These actions usually take the form of industry associations implementing sets of principles and codes of conducts and/or governments enacting new policies and regulations (UNECE, 2007).

Forest certification has been considered one of the most effective mechanisms for conveying the forest sector's responsible practices. Forest certification is a third party verification mechanism that certifies socially and environmentally responsible forest practices, commonly known as sustainable forest management (SFM) practices. SFM attempts to reconcile the different interests of forests and stakeholders through the application of criteria and indicators, including: the extent of forest resources; forest health and vitality; productive functions of forests; biological diversity; protective

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functions of forests; socio-economic benefits and needs; and legal, policy, and institutional

frameworks (Rametsteiner and Simula, 2003). However, as the UNECE (2007) states, "while it [forest

certification] is not the only way of demonstrating responsibility with respect to environmental and

social impacts, it remains an important means of verifying responsible behaviour, legality, and claims

of sustainable practice". Forest certification has also received a number of criticisms, not the least of

which is that it is simply an 'add on' approach to sustainability. In other words, forest companies have

been adding certification programs to their existing practices without making changes to their core

business values. Additionally, certification approaches have been criticized for being too expensive to

implement, not generating the desired financial benefits, and not being particularly effective in

integrating sustainability into the core business values and strategies of forest companies (Johnson

and Walck, 2004).

A prominent recent development is that social issues related to the forest sector have been gaining

increasing media and public attention (Panwar et al., 2006). Traditionally, employment, health and

safety, and community relations have been social priorities in the forest sector (Vidal and Kozak,

2008). However, current discussions have increasingly elevated the role of forests as poverty

alleviation mechanisms. Ninety percent of the world's poorest people depend entirely or partially on

forest for their livelihoods and indigenous and other forest communities own or administer at least a

quarter of the forests in developing countries (Scherr et al., 2004; White and Martin, 2002). Scherr et

al. (2004) argue that businesses can play a crucial role in improving market access for low income

forest products producers through strategic business agreements.

Recent increased attention to social and environmental responsibilities in the forest sector suggests

that societal demands are changing with respect to the world's forest resources. Wang (2005)

discusses this changing social contract for the forest sector in terms of the need to adhere to three

key principles: (1) maintaining a non declining level of the services and goods provided by forests; (2)

protecting the integrity of forest ecosystems; and (3) working towards sustainable forest economies

and communities. Additionally, this new social contract requires layers of accountability to local

communities, regional economies, and future generations. These additional layers of accountability

reflect the need for acceptance from a wide range of stakeholders, including shareholders, communities, jurisdictions (i.e. regional economic development initiatives), and society at large level (i.e. consumers, civil society, and future generations) (Wang 2005).

A changing social contract implies a necessary process of adaptation for the forest sector. This study investigated this evolution, and in particular, the changes in responsible practices by top forest companies over a five year period (2000 to 2005). The specific research objectives were: (1) to identify recent trends in CR practices in the global forest sector; and (2) to discuss future directions / trends of CR practices in this sector.

3.3. Methods

To meet the objectives of this study, content analysis methodology was employed. Content analysis is "a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the context of their use" (Krippendorff, 2004). The top 100 forest and paper companies (as determined by PricewaterhouseCoopers) that had published sustainability reports in both 2000 and 2005 were the units of sampling. Only 20 companies from this list fitted these criteria. These companies are listed in Table 3.2 along with information on their global ranks, locations, and products manufactured. Choosing only those companies that had published sustainability reports in both years allowed for a more robust comparison of trends between 2000 and 2005. It is worth noting that content analysis of such corporate reporting has been a widely used means of studying issues related to CR (Wolfe, 1991; Vidal and Kozak, 2008).

Most of the reports were found at an online directory of CR / sustainability reports called CorporateRegister.com. When the reports were not available from this registry, the company website was consulted. Reports were downloaded in May 2005.

First, a general analysis of each of the reports was performed by manually searching for information pertaining to: (1) the number of pages dedicated to the topics of social, environmental, and economic

responsibilities; (2) the type of report (i.e. annual, environmental, corporate responsibility, or sustainability report); and (3) the topics being addressed by each company in 2000 and 2005. The latter was achieved by consulting the tables of contents of each report and served the purpose of guiding the creation of a 'dictionary' for the subsequent coding process.

Second, content analyses were performed on reports from each year using the TEXTPACK software package. All reports were obtained in Adobe® PDF format. Upon downloading them, each file was converted to plain text format (ASCII), this being the only type of files that TEXTPACK can read. The files were then checked for typing, grammatical, and other errors. Most figures, tables, and footnotes were lost during the conversion of files and were, thus, removed from the analyses.

TEXTPACK performs several tasks related to computer text analyses, but it was primarily designed for purpose of text classification and coding (Mohler and Zuell, 2002). In this study, the coding features of TEXTPACK were used to identify the words / concepts used by companies to describe the CR activities in their sustainability reports. In order to run the analyses, a TEXTPACK 'dictionary' had to be created containing the words that TEXTPACK should identify in the reports. This file was based on the information from the manual analysis of the tables of contents. Table 3.3 shows all 24 categories that form the 'dictionary' file used for these analyses. These categories and the words contained within each reflect the possible CR activities that forest companies may undertake. When constructing a 'dictionary', it is possible to enter word stems, single words, and strings of words. In Table 3.3, an asterisk next to a word indicates a word stem, while some of the possible uses of those word stems are indicated parenthetically.

Most categories created for this 'dictionary' are not mutually exclusive. In general, they overlap with at least one other category. There is much discussion about the necessity for mutually exclusive categories (Wolfe, 1991). Some researchers consider mutually exclusivity essential for maximizing validity and for further statistical analyses (Weber, 1984; Weber, 1985), while others believe that creating mutually exclusive categories results in the loss of valuable information (Scherl and Smithson, 1987). Mutually exclusive categories were not made a requirement in this study for two reasons. First, this is a qualitative study that does not require further statistical analyses. Second, the

topic being studied (i.e. sustainability / CR) implies that social, environmental, and economic aspects of companies' operations are necessarily connected. Therefore, categories describing these aspects are most likely going to overlap with one or more categories.

Reports from each company were aggregated into two groups (2000 and 2005) that were analyzed separately. Each TEXTPACK analysis provided us with the number of times that words from each category occurred within the text (i.e. frequency of occurrences). These frequencies were obtained for each group and entered into a spreadsheet. Descriptive statistical methods and graphing tools were used to further analyze this information.

TEXTPACK also allows for other types of analyses, one being the occurrence of new words in a group when comparing two groups. To that end, reports from 2000 and 2005 were compared to identify whether there were any words from our dictionary that appeared only in the reports from 2005.

3.4. Results

A general analysis was done prior to analyzing the content of reports. First, information on the companies selected for this study was summarized (Table 3.2). Fifteen of the 20 companies selected are in the top 50 global forest and paper companies as specified by PricewaterhouseCoopers in 2000 and 2005, with approximately one-third being in the top 10. Most of the companies are located in North America (10) and Europe (8). The majority of the companies (17) manufacture two or more types of products, with paper (15) and solid wood products (12) being the two most common classes of products.

Additionally, the types of reports companies published in 2000 and 2005 were manually assessed (Table 3.3). While the majority of reports published in 2000 were environmental reports, 2005 saw a shift towards sustainability reports. Moreover, the number of pages dedicated to the topic of sustainability increased from 361 pages in 2000 to 746 pages in 2005.

TABLE 3.2: Forest companies selected for this study.

Company [1]	Rank[2]	Country	Products				
			Pulp	Paper	Packaging	Solid Wood Products	Other [4]
International Paper	1	US	✓	✓	✓	✓	✓
Stora Enso	4	Finland	✓	✓	✓	✓	
Kimberly-Clark	5	US		✓			
Svenska Cellulosa	6	Sweden	✓	✓	✓	✓	
UPM	7	Finland		✓		✓	
Nippon Unipac	8	Japan		✓	✓		
Boise Cascade	14	US	✓		✓	✓	
PaperlinX	19	Australia		✓	✓		
Norske Skog	23	Norway		✓			
Temple Inland	24	US			✓	✓	
Canfor	28	Canada	✓	✓		✓	
Bowater	29	US	✓	✓		✓	
DS Smith	33	UK		✓	✓		
West Fraser Timber	49	Canada	✓	✓		✓	
Myllykoski	50	Finland		✓			
Mayr-Melnhof Karton	51	Austria		✓	✓		
Norbord	56	Canada				✓	
NorskeCanada[3]	57	Canada	✓	✓			
Interfor	88	Canada				✓	
ENCE	92	Spain	✓			✓	✓

[1] Selected from PricewaterhouseCoopers top 100 forest and paper companies – 2005
[2] Companies were ranked according to their net sales in 2004 (US$ millions)
[3] NorskeCanada was renamed Catalyst Paper in 2005.
[4] Other products may include: forestry consultancy service provider, hunting and leasing, land sales, sustainable forest technologies, nurseries and orchards, and mineral resources.

A 'dictionary' was then created by consulting of the tables of contents of the 2000 and 2005 reports (Table 3.4). It should be noted that the last category (i.e. 'sustainability') is not independent of the other categories. In actuality, this category encompasses all others since the concept of sustainability comprises the components and activities present in all of the other categories. This category was included as a means of verifying whether there was any change in companies embracing the general concept of sustainability over time. The 'stakeholder' category was included for a similar reason. Clearly other categories like 'human resources', 'employment', 'health and safety', 'communities',

'education, and 'indigenous communities' relate to one or more stakeholder groups. However, the category 'stakeholder' was included as a means of verifying the degree to which this term has been embraced by companies.

TABLE 3.3: Types of reports published in 2000 and 2005.

	2000	2005
Environmental Report	13	3
Annual Report	7	5
Sustainability Report	0	10
Accountability Report	0	1
CR Report	0	1

Many of the categories in the dictionary align well with topics that are generally reported on in CR reports. These include, but are not limited to: core labour standards (diversity, equal opportunities, human rights, collective bargaining, freedom of association); occupational health and safety; employee training; community involvement (school / education programs, employee volunteering, health and HIV / AIDS programs); philanthropy; economic performance (sales, profits, tax payments); economic impacts on society; supply chain issues; greenhouse gas emissions; energy efficiency; governance; stakeholder engagement; recycling; and waste management (KPMG 2005). However, certain topics, such as sustainable forest management and forest certification, are specific to the forest sector.

Figure 3.1 presents the frequencies of words in each category for 2000 and 2005 that resulted from the coding process of the content analysis. Increases in the frequency of mentions were observed over time in almost all of the categories, with the exceptions of 'waste', 'transport', and 'indigenous communities' which were approximately equal in both years. In 2000, the most frequently mentioned categories were 'sustainable forestry', 'certification', and 'waste', while in 2005, the top three most frequent categories were 'sustainable forestry', 'economic', and 'human resources'.

Percentages of the total frequencies of mentions for each year were also calculated for all of the categories. Plots of the differences between these proportions from 2000 and 2005 (Figure 3.2) provided a better sense of the changes that occurred in each category during this time period.

Overall, categories that saw the greatest increases in 2005 address social issues, like 'human resources', 'employment', 'health and safety', 'communities', 'education', 'philanthropy', and 'stakeholders'.
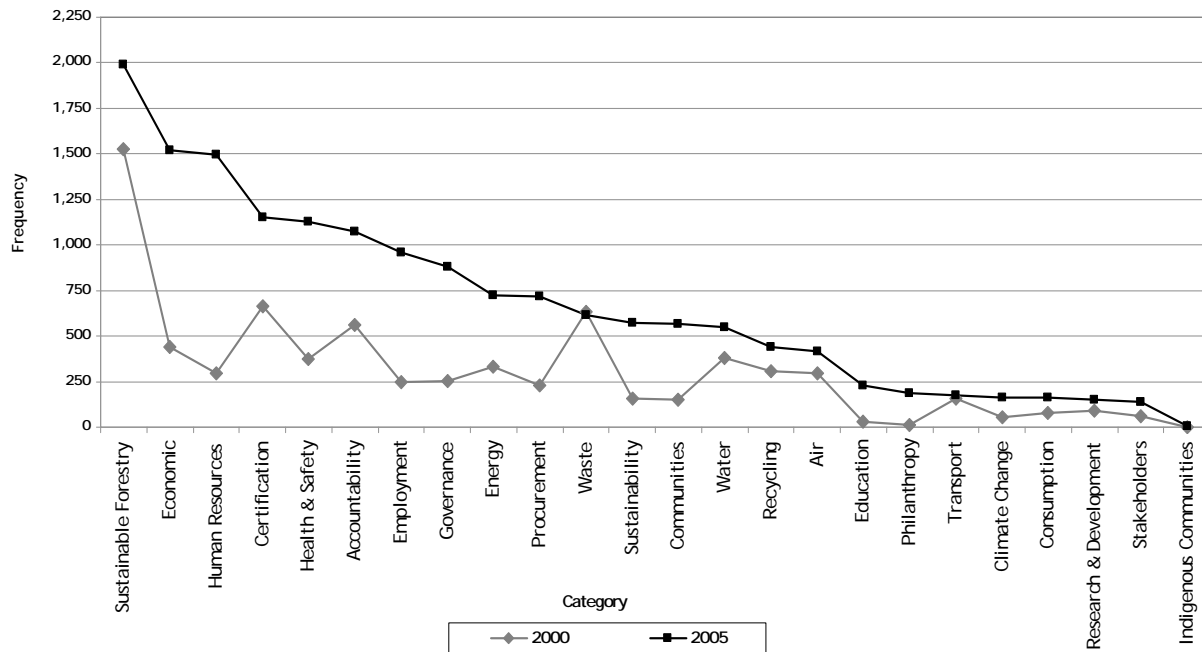
FIGURE 3.1: Frequencies of words in dictionary categories for 2000 and 2005.

In order to better understand the increases noted in the top four categories (i.e. 'human resources', 'economic', 'employment', and 'health and safety'), reports from 2000 and 2005 were revisited to provide further resolution on the main topics addressed within each of these categories. Tables 3.5a, 3.5b, 3.5c, and 3.5d show the proportions of companies addressing specific topics within each of the four categories in 2000 and 2005.

The main 'human resources' topic addressed in 2000 was personnel training and development (55%), with a heavy emphasis on training for health and safety and environmental programs (Table 3.5a). In 2005, the proportion of companies providing information on training and development increased (75%), but a higher proportion (80%) emphasized employee consultation programs within the company. Approximately half of the companies provided information on employee participation in

TABLE 3.4: Categories and words that form the dictionary for the TEXTPACK analysis.

Major Categories	#	Category	Words in each Category				
Economic	1	Economic	• Econom (ic) (y) • Efficien (cy) (t) • Consumer	• Savings • Cost savings • Cost optimization	• Customer (s) • Customer satisfaction • Responsible marketing	• Competitive (ness) • Wealth creation • Finance(e)	• Invest (or) (ment) (ments) • Job (s) creation • Growth
Human Resources	2	Human Resources	• HR • Human rights • Benefit(s)	• Human resources • Personnel • Employee	• Training • Training and development • Well being • Recruitment	• Motivation • Freedom of association • Strike • Diversity	• Union • Labour union • Equal opportunities • Health care
	3	Health and Safety	• Health and safety • H&S	• Safety standard • Safe (ty)*	• Accident (s) (al)* • Health	• Ergonomic (s)	• Incident (al)*
	4	Employment	• Employment*	• Job (s)*	• Work		
Environment	5	Sustainable Forestry	• Forest management • Sustainable forest management	• Environment* • Forest conservation • SFM	• Habitat • Wildlife • Biodiversity conservation	• Conservation • Sustainable forestry • Biodiversity	• Ecolog(y) (ically)* • Natur(e) (al)* • Plantation (s)*
	6	Certification	• Forest certification • Certif(ication)(ied) (ying)(y)	• PEFC • CSA	• FSC • ISO • PEFC	• EMS • Environmental management system	• Standard • Indicator
	7	Water	• Water	• Water treatment	• Water recovery	• Effluent (s)	
	8	Air	• Emission (s)*	• Pollut(ion) (ed) (ing)*	• Odour		
	9	Climate Change	• Climate change • Carbon • Carbon storage	• Carbon emission • Green house gas emissions	• Carbon emissions • CO	• CO_2 • GHG (s)*	• Green house gas emission
	10	Energy	• Energy	• Energy efficiency	• Electricity (cal)	• Biofuel (s)	• Bioenergy
	11	Recycling	• Recycl(ing) (ed) (e)* • Recycled fiber	• Product stewardship • Product life cycle	• Recovered fiber • Recovered paper	• Reuse	• Packag(e) (ing)*
	12	Waste	• Waste* • Byproduct (s)	• Waste management • Landfill (s)	• Residu (e) (al) (als)	• Discharge	• Wastepaper
	13	Consumption*	• Consumption	• Material balance			

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Major Categories	#	Category	Words in each Category				
	14	Procurement	• Procurement • Supply chain	• Suppl(ier) (s) • Chain of custody	• Supply chain management • CoC	• Chain of Custody	• SCM
	15	Transport	• Transport (ation) (s) (ing) (ed)*	• Logistic (s)			
Community	16	Communities	• Communit(y) (ies)* • Community relations	• Community development • Consult(ation)	• Partner (s) (ship)* • Volunteer (s) (ism)	• Community support	• Neighbor (s) (hood)*
	17	Indigenous Communities	• Aborigin(al) (als)* • Aboriginal community	• Aboriginal communities	• Indigenous community • Indigenous communities	• First Nation	• First Nations
	18	Education	• Educat(ion) (e) (ing) (ed)*	• Fellowship (s)	• School (s)*	• Scholarship	
	19	Philanthropy	• Donation (s)*	• Philanthrop(y) (ic)*	• Charit (y) (ies)	• Cultur(e) (al)*	• Sponsor (s) (ship)
	20	Stakeholders	• Stakeholder (s)*				
Governance	21	Governance	• Conduct • Code of conduct • Bribe(ry)	• Corrupt(ion) • Lobby(ing) • Political contribution	• Top management commitment • Governance	• Commit (ment) (ting) (ed)* • Ethics code	• Polic(y) (ies)* • Ethic(s) (al)* • Fraud
Accountability	22	Accountability	• Accountab(ility) (le)*	• Compliance • Regulation	• Report (ed) (ing) (s)*	• Audit	• Responsib(ility) (le)*
Research and Development	23	Research and Development	• R&D	• Research and development	• Research (ed) (ing) (er)*	• Innovati (on) (ons) (ve)	
Sustainability	24	Sustainability	• Sustainab(ility) (le) (ily)*	• CSR	• Corporate responsibility	• Corporate social responsibility	

* consumption of resources, i.e. water, wood, energy, raw material, etc.

labour unions (55%), wages, salaries, and benefits (55%), the diversity of their workforce (50%), and equal opportunities for all employees (50%).
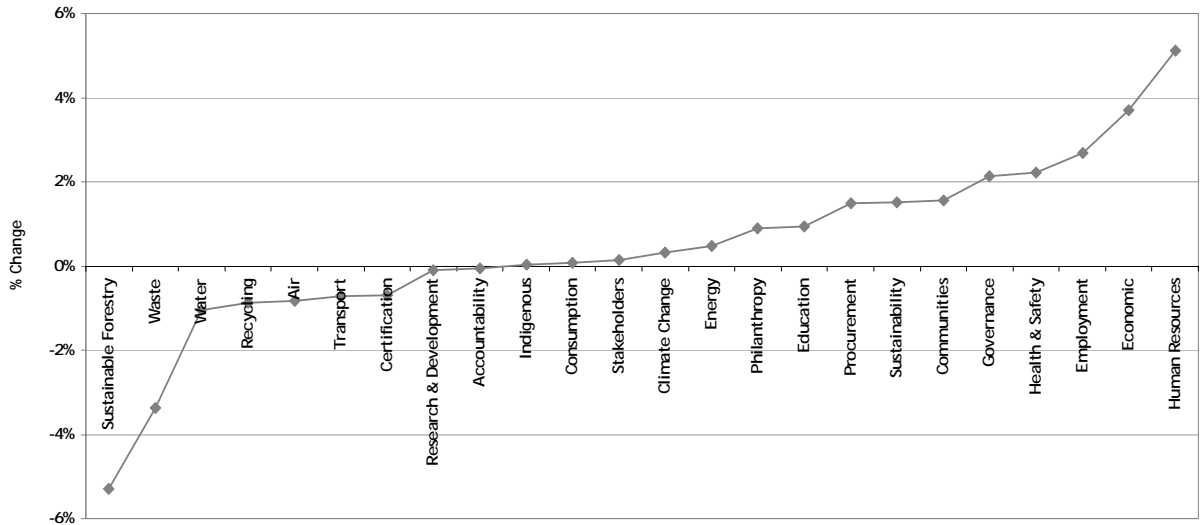
FIGURE 3.2: Proportion of change in the relative frequency of mentions for each category from 2000 to 2005.

In 2000, very few companies reported on economics, but in 2005, half of the 20 companies included chapter(s) or section(s) in their reports concerning the economic performance of their operations from a CR perspective (Table 3.5b). The most common topics within the 'economics' category were wealth creation and local development (45%), followed by increased profitability and return to investor and shareholders (40%). Although the word 'profitability' was not included in the dictionary created for the analysis, this word was identified as a topic within 'economics' when we revisited reports. The same is true for some of the other categories, as well.

Similar patterns were noted in the 'employment' category, where in 2005, half of the companies mentioned the employment opportunities they create in terms of economic and/or social contributions (Table 3.5c). Some companies also provided information on training and temporary employment opportunities (especially for youth) as important social contributions.

The most commonly reported 'health and safety' topics in 2000 were accident rates (40%) and the existence of a safety policies or standards (35%) (Table 3.5d). In 2005, the diversity of 'health and safety' topics increased with more than half of the companies reporting on claims of a safe work environment (65%), accident rates (60%), and the safety standards or policies that they have in place (60%). Some companies (40%) also provided information on health programs for employees and their families, stating that good employee health improves safety and overall productivity.

TABLE 3.5a: Proportions of forest companies addressing specific topics within the 'human resources' category.

Topics	2000	2005
Employee representation / consultation	5%	80%
Training and development	55%	75%
Labour unions	5%	55%
Wages, salaries and benefits	15%	55%
Diversity	5%	50%
Equal opportunities	--	50%
Recruitment	10%	45%
Human rights	5%	40%
Motivation	5%	35%
Freedom of association	15%	25%

TABLE 3.5b: Proportions of forest companies addressing specific topics within the 'economic' category.

Topics	2000	2005
Wealth creation and local development	5%	45%
Profitability / returns to investors and shareholders	--	40%
Increased operational efficiency	5%	35%
Customer / consumer satisfaction	10%	35%
Improved competitiveness	--	35%
Risk mitigation / risk analysis	--	35%
Cost savings /reductions	5%	30%
Business growth	--	30%
Long-term value creation	5%	25%
Sustainability issues generate economic opportunities	--	15%
Reduced debt	--	5%
Responsible marketing	--	5%

TABLE 3.5c: Proportions of forest companies addressing specific topics within the 'employment' category.

Topics	2000	2005
Provides employment opportunities	5%	50%
Provides work experience to youth and community as whole	--	30%

TABLE 3.5d: Proportions of forest companies addressing specific topics within the 'health and safety' category.

Topics	2000	2005
Provides a safe workplace	15%	65%
Reports on accident rate	40%	65%
Has safety standards / policies	35%	60%
Health of employees	--	40%
Safety compliance audits	15%	35%
Safety of contractors	10%	35%
Safety certification	--	30%
Safety reward programs	5%	15%
Reports on health and safety awards	5%	15%

The last part of the analysis involved a function of TEXTPACK that compared both groups (2000 and 2005) against the dictionary categories and found which words which occurred only in 2005. Table 3.6 presents the 10 most frequently occurring words that appeared in 2005. The acronym CSR was the most frequently used new term, followed by the words 'union(s)' (i.e. labour unions) and 'competitiveness'.

TABLE 3.6: New words in 2005.

Category	Word	Frequency
Sustainability	CSR	92
Human Resources	Union(s)	50
Economic	Competitiveness	26
Philanthropy	Charitable	21
Philanthropy	Sponsorship(s)	16
Communities	Volunteers	15
Governance	Ethic(s)	14
Philanthropy	Charity(ies)	13
Governance	Fraud	12
Philanthropy	Scholarship(s)	12

3.5. Discussion

There can be no doubt that the concepts of sustainability and corporate responsibility are gaining increased attention within the global forest sector. However, public demands about corporate responsibility are in a constant flux of change. In this paper, an attempt was made to provide an

understanding of how these concepts have been recently evolving by conducting a content analysis on sustainability reports of the top forest and paper companies in the years of 2000 and 2005.

Although the content analysis of sustainability reports has a number of advantages in longitudinal studies such as this one (Wolfe, 1991), it is only one way of tracking the evolution of sustainability and corporate responsibility in the forest sector. Using content analysis of sustainability reports limits the analysis to what forest companies have chosen to publish in their reports. It also excludes other sources of information (e.g. company web pages) that are considered to be important means of communicating a company's CR practices (Unerman, 2000). Moreover, the focus on specific forest companies (as the sampling units in this study) does not provide particularly robust information with respect to changes in corporate governance of the global forest sector as a whole. Yet, in spite of these limitations, sustainability reports are a logical beginning point as a primary source of information about the responsible practices of forest companies and their evolving need to incorporate sustainability principles.

All that said, the results generally indicate a trend that the global forest sector is moving towards a greater balance among environmental, social, and economic responsibilities. At the simplest level, the increased number of pages dedicated to sustainability and CR issues seems to support this trend. Additionally, changes in the types of reports produced by forest companies suggest that the concept of corporate responsibility is broadening to include social, as well as environmental and economic, issues (see Table 3.3). In other words, the sudden surge in sustainability and CR reports would seem to indicate that there has been a recent shift of forest companies moving away from purely environmental reports towards more encompassing means of disclosure.

Changes in the top three most frequently reported categories of CR in 2000 and 2005 (i.e. 'sustainable forestry', 'economic', and 'human resources' for 2005) (Figure 3.1) confirm this trend and indicate a move away from purely environmental issues to include economic and social issues. The top forest companies are now reporting on an increased variety of topics related to certain social and economic issues (Tables 3.5a, 3.5b, 3.5c, and 3.5d) and the provision of additional information on these topics in sustainability reporting is undoubtedly a welcome addition. That said, sustainable

forestry was and still remains the most cited category in CR / sustainability reports. Sustainable forestry practices generally attempt to include all three components of sustainability (environmental, social, and economic) in the management of forest resources, and as a result, have been among the primary tools used by forest companies to demonstrate their commitment to sustainability (Jenkins and Smith, 1999; Nasi et al., 1997). In fact, sustainable forestry is oftentimes considered to be a synonym of CR in this sector (Vidal and Kozak, 2008).

In comparing sustainability reporting in 2000 vs. 2005, the proportions of changes within each category also reflected the increasing attention being paid to some social issues (Figure 3.2). In 2005, companies included increasing amounts of information on socially based topics like 'human resources', 'employment', and 'health and safety'. These categories relate to the well-being of company employees who obviously form an important stakeholder group in any company. It seems that forest companies place considerable weight on the employment opportunities that they offer as one of their main social contributions (Vidal and Kozak, 2008). This seems to come at the expense of other socially oriented issues and stakeholder groups. Topics like community involvement, stakeholder consultation, and engagement with indigenous peoples have seen little to no increase in importance over this five-year span (Figure 3.2). This is in line with previous criticisms about the generally weak social practices of the forest sector and the need for improvement in these areas (Brearton et al., 2005; Paldanius, 2004).

The increased amount of information on topics such as 'human resources', 'employment', and 'health and safety' do not necessarily indicate an increase in activities in these areas. However, these findings do suggest that forest companies have been feeling more inclined to account for and be transparent about activities in such areas. Interestingly, the greatest decrease in reporting over time was seen in the 'sustainable forestry' category. Again, sustainable forestry is an all encompassing term and the shift towards a broader understanding of CR and the need to increase accountability in other, more specific areas might explain its reduced prominence. However, it must be noted that sustainable forestry was still the most frequently mentioned category in both years, which indicates

that these practices are still at the core of forest companies' understanding of the sustainability / CR concept.

The 'economic' category saw the second greatest proportional change from 2000 to 2005. This might indicate that forest companies are starting to look at and report on their economic responsibilities, not only in terms of financial outcomes, but also in a way that reflects how their economic results may impact stakeholders and society at large. However, there may be other explanations which account for this increase in the 'economic' category. In a survey of sustainability reporting, KPMG (2005) found that most companies in their survey used the Global Reporting Initiative (GRI) guidelines as a way of determining the topics to be reported. GRI guidelines suggest that companies should report on environmental, social, and economic issues. It is possible that companies included in this study have been using GRI (or similar reporting standards) that recommend economic disclosure in sustainability reports. The influence of reporting guidelines and standards would be an interesting topic for further research.

In short, the main message of these results seems to be that forest companies are beginning to expand their notion of sustainability beyond primarily environmental matters and are exploring the other two key components of sustainability – social and economic. However, it is important to keep in mind that this is a qualitative study that reflects the actions, practices, and reporting of only 20 of the top 100 forest and paper companies. In other words, this analysis does not provide conclusive evidence that a global evolution in responsible business practices is underway. Nevertheless, these are among the largest forest products companies in the world, implying that they are considered business leaders, are generally more vulnerable to public criticism, and could potentially be early adopters of CR practices. All that being the case, a speculation can be made that these companies might be trend setters in the global forest sector (Meek et al., 1995). In this light, the increased attention that forest companies are generally paying to social and economic components of sustainability is a likely indication of a broader shift towards a more holistic approach to sustainability and CR.

3.5.1. A Holistic Approach to Corporate Responsibility

Over the years, the environmental dimension of sustainability has been better addressed within the forest sector than the social dimension. This has led to a number of criticisms of the forest sector, the general observation usually being that the CR and sustainability practices of forest companies are incomplete and that they lack models that integrate sustainability into their core business activities (Brearton et al., 2005; Sharma and Henriques, 2005). The results of this study indicate that the forest sector is beginning to evolve its stance on sustainability by increasingly paying attention to other social and economic issues.

This transition phase may be an adaptation to the changing social contract of the forest sector (Wang, 2005). According to Wang (2005), the forest sector now needs to understand that, in order to sustain business, there is a salient need to sustain forest ecosystems, the levels of goods and services produced, and forest economies and communities. This means that businesses need to approach CR / sustainability in a more holistic way, integrating all of the dimensions of these concepts into coherent business strategies.

All that said, it is unlikely that there will ever be a perfect balance in the attention paid to the environmental, social, and economic dimensions of sustainability. Due to a number of factors – not the least of which are the need to be competitive and profitable – companies must prioritize the areas in which to concentrate their CR efforts (Epstein, 1987; Fitch, 1976; Johnson, 1971). The reasons that lead a company to choose one area over another are diverse (Adizes and Weston, 1973; Carroll, 1991; Dalton and Daily, 1991; Epstein, 1987; Fitch, 1976; Johnson, 1971), but all dimensions should, at the very least, be represented to some degree within a company's responsible practices.

The representation of all dimensions of CR within business practices usually requires some changes at the corporate level and there has been some discussion with respect to what these changes should include. Johnson and Walck (2004) suggest that, in order to accrue the greatest benefits, forest companies need to approach sustainability as a business value and integrate it in their core business strategies. Sharma and Henriques (2005) give more concrete examples by suggesting that

fundamental changes in business models of forest companies should include practices such as eco design, ecosystem stewardship, and business redefinition. In order to achieve the latter, businesses would have to rethink and redesign their entire business models to consider aspects such as product life cycles and the social and environmental impacts of their upstream global supply chains.

3.6. Conclusion

This study indicates that forest companies are starting to move towards a more holistic and encompassing approach to corporate responsibility and sustainability initiatives. The increased recent attention being paid to the social and economic dimensions, in addition to the environmental dimension, shows that the forest sector is beginning to demonstrate a broader set of concerns. In order to adapt to this broader approach, forest companies will need to innovate and change their current practices. But what is involved in this process of innovation and change to include a broader suite of responsible practices within a company? How can forest companies safely expedite this transition? Future research addressing these sorts of questions may serve to contribute to a faster diffusion of responsible business practices within forest companies and throughout the global forest sector.

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4. DIFFUSION OF CORPORATE RESPONSIBILITY PRACTICES TO FOREST COMPANIES[3]

4.1. Introduction

Acceptance of the concept of Corporate Responsibility (CR), along with the adoption of CR practices by businesses, has been steadily on the rise. These increases may be measured in a number of ways, not the least of which are: the increased number of companies issuing CR or sustainability reports every year (Vidal and Kozak, 2008); the increased participation of companies in CR initiatives, such as the United Nations Global Compact (UN Global Compact, 2009); and the increased number of companies adopting some type of social and/or environmental certification (ISO, 2007; SAAS, 2008). Peaks of high activity in the CR field have been identified throughout the last century, with the current phase starting in the 1990s (Carroll, 1999; Hummels, 2004; Vogel, 2005; White, 2005). It is, therefore, temporally linked to the concepts of sustainability and globalization (Vogel, 2005; Loew et al., 2004). Even though the CR and sustainability movements have increasingly been integrated, they have distinct origins. While CR emerged in the early 1950s and was primarily concerned with social issues (i.e. the social responsibilities of businessmen), the sustainability concept was borne out of the environmental movement which dates back to the 19th century (Carroll 1999, Loew et al. 2004).

CR stems from the notion that businesses are interconnected with a larger social system and, therefore, should align their practices to social expectations (Adizes and Weston, 1973; Davis, 1967; Wood, 1991). In the early 1990s, societal expectations shifted to include the notion that environmental and social issues are linked; a belief that began to be adopted by the private sector in the mid-1990s (Loew et al. 2004). This, coupled with the current global reach of the CR movement, means that businesses today must grapple with a complex web of social and environmental issues.

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[3] A version of this chapter has been submitted for publication. Vidal, N.G., Bull, G.Q., and Kozak, R.A. Diffusion of Corporate Responsibility Practices to Forest Companies.

While globalization may facilitate some aspects of diffusion of practices, CR issues are still largely context-dependent. A faster pace of communication and flow of information and knowledge is one of the characteristics of globalization (Crane and Matten, 2007), meaning that information about the concept of CR may be diffused more efficiently. However, most CR practices cannot be universally applied without regard to the specific characteristics of local contexts. Practices, such as community engagement and sustainable forest management activities, may be globally important, but the way they are operationalized will largely depend on local contextual characteristics. For businesses, especially those operating globally, this means having to balance the interests of a larger pool of stakeholders (both local and global) and tackling a broader range of social and environmental issues. Consequently, while companies may be more exposed to the CR concept, they are also experiencing greater pressure to be accountable and adopt CR practices (Crane and Matten, 2007).

Although CR may be more complicated in this current phase, the difficulties in adopting CR practices have remained the same over time. Companies still need to reach their own definition of what CR means before making a decision to adopt this concept (Carroll, 1979; Wood, 1991). In addition, due to varying stakeholder expectations and differences in company characteristics and contexts, companies need to prioritize the types of CR activities that they will adopt (Adizes and Weston, 1973; Carroll, 1979; Carroll, 1991; Dalton and Daily, 1991; Eilbirt and Parket, 1973; Epstein, 1987; Johnson, 1971; Jones, 1983).

In order to operationally define CR and prioritize the activities that will be adopted, companies need to first gain knowledge about this concept. However, we found few studies in the literature on how information regarding CR is diffused to companies (see Corbett and Kirsch, 2001; Hoffman, 2001), and questions remain: Where do companies look for information about CR and what motivates them to do so? Which entities (institutions) and agencies diffuse information about CR to companies and how do these entities select the topics to be diffused? These are some of the questions that we explored in this study. More specifically, our objectives were to: (1) identify how information regarding CR is diffused to companies; and (2) identify the factors that influence this diffusion process. We hope that, by achieving these objectives, the process of adopting CR practices by companies and the roles

that external agencies may play as change agents will be better understood. In this study, we define

CR as the integration of social and environmental practices into business activities.

4.2. Background

4.2.1. Diffusion of Corporate Responsibility Practices: Existing Evidence

We found only two studies that have examined the diffusion of socially and environmentally

responsible practices among companies (Colbert and Kirsch, 2001; Hoffman, 2001), but concentrate

on the adoption of environmental practices. Corbett and Kirsch (2001) studied international diffusion

of ISO 14000[4] certification and found that the global uptake of ISO 14000 is strongly correlated with

the presence of ISO 9000[5] certification and the export-propensities of companies adopting this

management system. They conclude that the motivations for the adoption of these practices go

beyond purely environmental considerations.

Hoffman (2001), in examining the diffusion of environmental practices among companies, argues that

they incorporate environmental practices as a result of both institutional conditions and cultural

frames, and that both internal and external company environments must be examined if the formation

and diffusion of organizational best practices are to be comprehended. Diffusion of environmental

practices is the result of collective pressures from different stakeholders existing within the

companies' external environment. These stakeholder groups may include, but are not limited to,

regulatory agencies, consumers, suppliers, trade associations, investors, social activists, and

shareholders. Understanding who in the external and internal environments are driving the concerns

provides insight on how the issues are being framed and how companies are making sense of and

developing responses to the issues. Consequently, companies tend to adopt environmental practices

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[4] ISO 14000 is a series of international standards for environmental management systems developed in the early 1990s by the International Organization for Standardization (ISO).

[5] ISO 9000 is a series for quality management standards developed in 1987 by the International Organization for Standardization.

that can be framed within the cultural interests and beliefs of stakeholder groups and, therefore, can be justified as regulatory compliance, market demand, risk management, capital acquisition, social responsibility, operational efficiency, etc.

These studies suggest that companies are motivated – perhaps even educated – to adopt CR practices by different actors and conditions existing in their external and internal environments. Although the studies identify drivers influencing the diffusion of environmental practices, they offer little in the way of insight on where companies seek out information regarding CR and how this information is transmitted to them. We propose to address these issues with the assistance of diffusion theory.

4.2.2. Insights from Diffusion Theory

Diffusion is the communication process of ideas or innovations through a number of channels over time among members of a social system (Rogers, 2003). It has been an important topic in many disciplines due to the social changes it generates. We used the diffusion model proposed by Rogers (2003) as a framework to understand how information about CR reaches companies. He identified four elements present in a diffusion process: (1) the innovation; (2) communication channels; (3) social systems; and (4) time. In our study, the innovation is the CR concept itself being diffused to companies. Communication channels indicate how information about CR flows to and from companies, and social systems refer to the context in which companies operate. Although time is an important element in the diffusion process, we chose to study the diffusion of CR practices at a specific period in time[6]. Communication channels and social systems are the focus of study because both elements are germane to the issue of analyzing how CR practices are transmitted.

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[6] Although this may limit this study, measuring a phenomenon over time adds considerable complexity to the research design.

Communication channels are the pathways that allow information about innovations to flow. Some common communication channels are: mass communication channels (communication that involves mass media, such as radio, television, the internet, and newspapers), interpersonal channels (personal communication between two or more individuals), written materials (e.g. library, reports, subscriptions) and contacts with outside specialists via telephone, e-mail / mail, and events (e.g. conferences, meetings, workshops) (Rogers, 2003; Nilakanta and Scamell, 1990).

Change agents are critical in communication channels; they usually assure the adoption of a new idea by facilitating the flow of innovation from the change agency promoting the innovation to adopters. Change agents can be from a wide range of professions – consultants to teachers to salespeople. They influence the adopters by: creating a need for change; exchanging information with adopters; diagnosing problems; and translating an intention to change into action. They can be more successful if they identify and mobilize opinion leaders who are individuals able to influence other individuals' attitudes with a relatively high frequency (Rogers, 2003).

Social systems are defined as "a set of interrelated units that are engaged in joint problem solving to achieve a common goal" (Rogers, 2003: 23). Social systems may comprise of individuals in an organization, companies in an industry sector, all families in a village, or consumers in a country. In other words, they define the boundaries within which an innovation diffuses. The social structure and norms of social systems can affect the diffusion of an innovation as they largely determine how members of the social system relate with one another (Rogers, 2003).

Wejnert (2002) argues that innovations are not independent of their external environment and that successful diffusion depends on their suitability in other environments. She identifies geographical settings, societal culture, political conditions, and global uniformity (i.e. the contemporary view of the world as one cultural community) as being specific aspects of environmental contexts that influence the adoption of innovations (Wejnert, 2002). Wejnert's (2002) conception of the "external environment" is similar to what Rogers (2003) defines as social systems.

4.3. Methods

The use of qualitative research methods is recommended for studies that intend to explore topics or phenomena that have intricate details that are difficult to communicate with quantitative methods (Cresswell, 1998; Strauss and Corbin, 1998). Considering the complexity of the CR concept, we opted for qualitative methods to identify how information about CR is diffused to companies and the factors that influence this diffusion process. Identifying how diffusion of CR practices occurs and what factors influence this process will allow companies and change agencies to influence and find more effective ways of undertaking the adoption of CR practices. Furthermore, we hope that achieving these objectives will add clarity to certain aspects of the CR literature.

We concentrated our data collection in one industry: the forest sector. This sector provides a good example of a social system trying to increase its adoption of CR practices, since its member companies are continually under pressure to improve their social and environmental practices. The sector also provides a rich variation of contexts, practices, and stakeholder demands that result from different types of resources management, land ownership, and government regulations. All these variations affect the diffusion of CR practices (Corbett and Kirsch, 2001; Hoffman, 2001).

Theoretical, rather than random, sampling was used to select countries and companies in this study. Companies operating in three countries – Brazil, Canada, and the United States – were selected. These countries have important forest sectors where companies are exploring means of implementing social and environmental agendas into their business strategies. Additionally, they provide a good variation of contexts and stakeholder pressures that might influence the adoption of CR practices. The selection of companies in each country was intended to represent the variety of practices that can exist within local contexts. A number of expert organizations – industry associations, non-governmental organizations (NGOs), and specialists – also participated in this study. Selection of these organizations was based on a snowball sampling scheme, using companies' guidance and responses to interview questions.

Data were collected through in-depth, semi-structured interviews with companies and expert organizations, as well as a compilation of secondary data (i.e. documents and publicly available

information, such as websites, annual reports, and research reports). There were two phases of data collection. The first phase consisted of 19 interviews with 10 companies between November 2006 and August 2008 (Table 4.1). The initial interview protocol was based on the diffusion literature and focused on the following themes: change agents; external environment and drivers; and diffusion / communication channels[7] (see Appendix I). As part of this phase, we asked companies to identify the drivers for the adoption of CR, who their sources of information about CR were, and how they first learned about this topic. Based on their answers to these questions, we also identified a number of experts and expert organizations (i.e. industry associations, NGOs, and experts) that acted as change agents in the diffusion of CR practices to these companies.

TABLE 4.1: Information on selected companies interviewed.

Company	Country	Number of Interviews	Sector Segment	Respondent (s)
A	Brazil	1	Pulp, paper, and packaging	• Manager, Socio-environmental and Cultural Responsibility
B	Brazil	4	Pulp, paper, and packaging	• Director, Environment • Director, Communications and Social Responsibility • Manager, Research and Development, Quality, and Environment[*]
C	Brazil	2	Wood-based panels	• Senior Manager, Environment • Manager, Environment
D	Brazil	2	Wood-based panels	• Chief Forester • Manager, Technology and Environment
E	Brazil	2	Pulp, paper, packaging, and hardwood lumber	• Corporate Manager, Quality and Environment • Manager, Social Responsibility and Sustainability
F	Canada	2	Lumber, structural panels, and specialty products	• Manager, Communications • Manager, Certification and Market Support
G	Canada	2	Pulp, paper, packaging, and softwood and hardwood lumber	• Corporate Manager, Aboriginal and Corporate Relations
H	Canada	2	Hardwood and softwood lumber, and specialty products	• Manager, Sustainable Forestry
I	United States	1	Pulp, paper, and packaging	• Director, Enterprise Stewardship and Sustainability
J	United States	1	Pulp, paper, packaging, structural house frames, hardwood lumber, and softwood and hardwood lumber	• Vice-President, Sustainable Forestry

* This person was interviewed twice.

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[7] The interview protocol was translated to Portuguese for the data collection in Brazil and conducted in this same language by one of the researchers.

The second phase of the data collection consisted of in-depth, semi-structured interviews with these experts and expert organizations. A total of 10 interviews with 10 organizations were conducted between July 2008 and April 2009 (Table 4.2). In general, the interview protocol for these interviews concentrated on their knowledge acquisition regarding CR and communication efforts of this concept to companies (see Appendix II). Interview questions focused on: how these organizations obtain information about CR; how they disseminate information about CR to companies; how they choose the topics to be disseminated; and if and how they exchange information about CR with other expert organizations.

TABLE 4.2: Information on selected experts and expert organizations interviewed.

Country	Type of Organization	Respondent
Brazil	Non-profit organization	• Manager, Academic Liaison and Mobilization
	Industry association	• Executive Superintendent
	Academia / research institute	• Senior Researcher
	Industry association	• Executive Superintendent
Canada	Non-profit organization	• Manager, Communications
	Industry association	• Vice President, Climate Change Leadership
United States	Non-profit organization	• Manager, Energy and Extractives Practices
	Non-profit organization	• Manager, Marketing and Communications
	Industry association	• Director, Forest Policy
International	Global CEO-led association	• Program Manager, Sustainable Ecosystems

Interviews were recorded and transcribed. Data analysis was conducted with the assistance of qualitative data analysis software, NVivo 8. Data were analyzed following the grounded theory tradition (Glaser and Strauss, 1967; Strauss and Corbin, 1998). In grounded theory, data are collected and analyzed iteratively and categories are identified through three intertwined phases of data analysis: open; axial; and selective coding. Additionally, as interviews were conducted, constant comparisons of new and existing data were used to refine emerging categories (Glaser and Strauss, 1967; Strauss and Corbin, 1998). Interview transcripts from companies were coded with the intent of uncovering drivers for the adoption of CR practices, external environmental (i.e. social system) characteristics that encouraged companies to adopt CR practices, communication channels through which they receive information about CR, and change agents promoting the adoption of CR. Interview transcripts from expert organizations were coded to identify how these organizations learn, prioritize,

and disseminate information about CR. Secondary data from companies and expert organizations were coded in the same way as interview transcripts and were used for data verification.

4.4. The Diffusion of Corporate Responsibility Practices to Companies

In an attempt to determine how CR information is diffused to forest companies, we asked companies about the external factors which lead them to adopt practices and where they obtain information about these practices. We then contacted expert organizations to better understand the flow of information regarding CR and how this information gets to companies. Our grounded approach revealed three main factors affecting the information flow of CR: (1) external contextual characteristics; (2) connectors; and (3) experts and expert organizations. Figure 4.1 is a graphic representation of how these factors interact in the dissemination of information regarding CR to forest companies.

4.4.1. External Contextual Characteristics

Drivers originating in the external environment are what motivate companies to look for more information about CR. Characteristics of companies' external environment can become drivers for the adoption of CR practices. External contextual characteristics refer to the places and conditions within which the company is situated. These external contextual characteristics can vary in number, relevance for company situations, and degree of complexity. When these external contextual characteristics influence company behaviours, we consider them drivers for the adoption of CR. Data revealed that these external drivers are generally internalized by companies becoming, in effect, internal drivers for the adoption of CR practices. Pressure from stakeholder groups, the marketplace, the context in which they are embedded, and experts can occur simultaneously or separately to motivate companies to adopt CR.

Companies identified the communities where they operate as a factor affecting their adoption decision and subsequent implementation of CR practices. Community consultation processes are frequently used tools to obtain input on companies' operations and to help secure their license to operate.

> I guess [CR] happens locally in terms of trying to do a better job with your employees, with the communities and First Nations where you're operating. So, I mean, we're building recognition there. – *Forest company in Canada*

> When you call [local representatives] and put them together with four or five people in a room for a brainstorming, what is born there are, in a very legitimate way, the demands from the community, local NGOs, local politicians, and employees. When you put those people inside that room, you can somehow bring all the knowledge foundation of local demands to [the company]. – *Forest company in Brazil*

FIGURE 4.1: Factors affecting the diffusion of CR practices into companies.
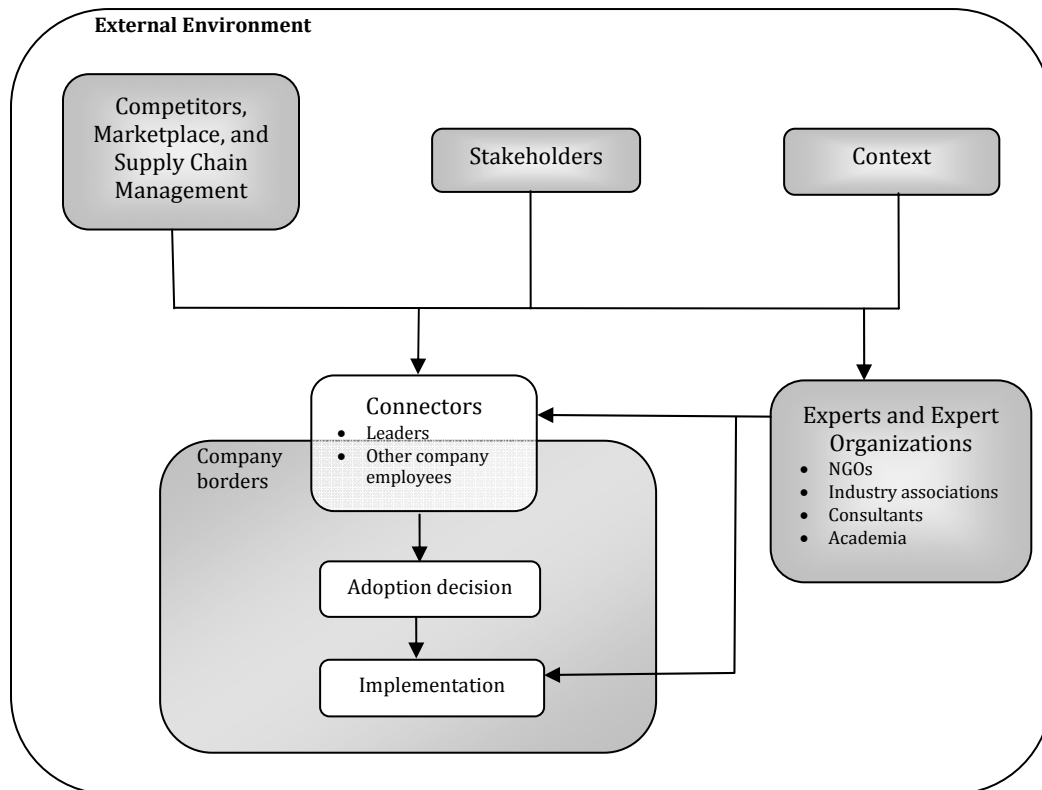
In some cases, companies might implement CR practices based on the requirements of their clients (international or domestic) and, oftentimes, they also extend these requirements to their own suppliers.

> And then you also have the recognition in the marketplace and through some of the campaigns and things that some of the environmental groups were doing in ten, fifteen years ago – putting pressure on certain companies to go back and ask their suppliers what they're doing and that certainly got a lot people in the certification arena. – *Forest company in Canada*

Behaviour of competing companies can also act as a driver for the adoption of CR. Companies not only observe what happens to other companies in their sector, but also communicate amongst themselves, with some diffusion of ideas happening across the sector. By observing competitors, companies learn of practices that may help them to stay competitive (Greve, 1995).

> External signs come from successful activities of third-parties, oftentimes competitors. We look into what someone else is doing; we analyze it and decide if it is a path we should follow. We have a very important international network. We don't look inside the company; we look at competitors, at competing sectors. – *Forest company in Brazil*

> There was a company here who was quite a large target for the environmental community campaigns. Their new CEO challenges them to stop clearcutting (…). If [this company] is going to [end] clearcutting as we know it, what's [our company] going to do to sort of outline its forest management excellence? And that's where the impetus to develop these forest principles came from. – *Forest company in Canada*

Context was cited by both companies and experts as being an important driver leading to the adoption of CR. Based on the data collected, we divided context into two main groups: (1) geographical settings, societal cultures, and political conditions; and (2) sector-specific context. Even though context can be considered synonymous with external contextual characteristics, it was included here as a separate category in order to highlight these two distinct groups of contextual characteristics that emerged from the data. Geographical settings, societal cultures, and political conditions refer to the overall context of companies' external environments. Respondents talked

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about how different contexts influence the types of issues relevant to each region of operation, with socio-political scenarios appearing to be of notable significance.

> Our practices can't be exactly the same [in all units] because the realities [of each unit] are different. – *Forest company in Brazil*

> Due to this country's profile, the private sector takes care of a lot of responsibilities that belong to the public sector. You end up having to take care of these responsibilities because, otherwise, things won't happen in the community. – *Forest company in Brazil*

Sector-specific context refers to those external conditions that apply specifically to the industry sector in question. Companies and experts mentioned forestland ownership as being one of the contextual characteristics specifically affecting the forest sector. High public interest in forest resources in general is another sector characteristic that is somewhat connected to forestland ownership. This also influences the adoption of CR practices because there is a continual need to seek a social license to operate.

> Forestry, even when you own private lands like we do, (…) has a lot of public policy issues because of its visibility and because it's just so much land used; land in just such a scale that makes forestry inherently a public policy issue. – *Forest company in the United States*

> Virtually all our wood and raw material comes from public land; land that is not owned by the company, it is owned by the Provinces. Land that is the traditional territory of many First Nations. (…) The concept of requiring social acceptability in addition to your legal license became needed to be put into practice. It was clear in a number of areas that if the public was unsatisfied with our resource development, [they] would apply political pressure and potentially could alter, through that process, regulation or the ability to affect the financial viability of a business operating in a manner that the public didn't deem to be acceptable. – *Forest company in Canada*

4.4.2.   Connectors

Once the motivation to adopt CR practices exists, companies search for more information in order to obtain a general understanding of this topic and/or to implement practices. Connectors refer to the people who bring information about CR and its practices into the company. They serve as links between the internal and external environments of the company. While companies usually have more than one connector and anyone within the company can fulfill this role, commonly they are leaders, like CEOs and senior managers.

> Our new CEO is a reference in CR. (...) He was the vice-president of CR in [an industry association], where he spent a lot of time mobilizing other companies to participate in this theme. When he came to our company, the company already had policies, directions, and elements of CR, given that these were issues that the company had already incorporated; they appeared in texts, in the code of conduct, in policies… But I think that his arrival at the company was a landmark emphasizing this topic. – *Forest company in Brazil*

> Our strategy is to always have local people – people that know the institutional environment well, that know the local language and terminologies used to communicate with local communities and politicians. From [the input of] these people, we elaborate the company strategy for that region.
> – *Forest company in Brazil*

> Our main contact [inside the companies] may be at the practitioner level like the community manager, or CSR manager, or sustainability manager, or both. Sometimes we have more than one contact in the company. – *Expert organization in the United States*

Connectors act at the interface of the company and its external environment, internalizing information about CR. They can gain information about the topic by participating in external activities and/or by being attentive to their external environment. The information that they absorb comes from expert organizations (e.g. industry or trade associations and non-profit organizations that focus in CR activities and practices) and/or other contextual characteristics (e.g. marketplace, stakeholders, and their contexts).

We are active at trade associations and [at the] international level. That gives us this network of relationships and an ability to interact with people, see new ideas, hear new ways of thinking. – *Forest company in the United States*

We see two ways of doing business: from the point of view of the company as a profit-oriented organization and from the point of view of the company as a social institution. (…) We participate in [a non-profit organization specialized in CR] and other organizations. There, we meet other organizations that share the same interests in terms of CR. From there, we introduce shareholders and develop business deals. – *Forest company in Brazil*

The participation of company personnel in [external] networks or activities keeps them aware of environmental trends. These are the people who go after things like energy conservation, reduction of raw material use; be it wood, water, or something else. These are the people who are directly connected to the big recycling campaigns of paper, light bulbs, batteries, etc. – *Expert organization in Brazil*

4.4.3. Experts and Expert Organizations

If the company makes the decision to adopt a certain CR practice, the implementation process begins. Experts and expert organizations are an important source of information during the implementation of CR practices, having extensive knowledge in one or more aspects of the CR concept. Non-profit organizations, consultants, industry or trade associations, and academics are all part of this group. They are sources of information regarding the CR concept for companies, but may also assist them in the implementation of these practices. On some occasions, these organizations can also play a role as drivers for the adoption of CR practices. This is oftentimes the case for some non-profit organizations (usually environmental NGOs) and industry associations.

[Implementing a new CR practice] required a number of partnerships because we didn't have all the expertise ourselves. (…) We took advantage of [a major NGO] partnership and they offered us a staff person to work with us for three years across our forest operations in order to identify

weaknesses and identify ways in which we could correct those [environmental issues]. – *Forest company in Canada*

We used our own kind of experience [to obtain information about the implementation of environmental certification]. So, people that may have worked in other parts of the industry or other companies or something and that has brought experience with them. And we used some consultants specialized in this work. – *Forest company in Canada*

Another driver is [our industry association] (…). In January 2002, [they] came out with a commitment that all member companies were required to certify all the forestlands that they owned or managed to third-party certification. – *Forest company in Canada*

For the most part, diffusion of information about the CR concept and practices from experts and expert organizations to companies occurs vis-à-vis the activities developed by these organizations. This is especially true for non-profit organizations and industry associations, which inform, advise, and insert companies into mainstream discussions concerning CR. The diffusion channels used by these expert organizations are typically events (conferences, workshops, presentations, and meetings), tools that they develop (environmental certification standards and indicators for assessment of companies' CR practices), and/or written materials (newsletters, reports, websites, and blogs). Expert organizations often act as facilitators among different groups of interest and companies, as well as functioning as translators for the information they absorb on the topic.

[Our annual conference] serves to disseminate information to member companies and non-member companies too. (…) So that's one way of disseminating. We have panel sessions and we have also training and workshops for members only. – *Expert organization in the United States*

We have some management tools like the indicators [we created], which is a self-evaluation tool. We bring other tools to our members that we did not elaborate directly like the Global Reporting Initiative, which is a sustainability reporting tool. – *Expert organization in Brazil*

We have regular communication vehicles, like our newsletter, website, member e-blog, reports, and (…) events (…). – *Expert organization in Canada*

> First, we have to understand what is behind all this and then we need to translate this [CR] to our member companies. – *Expert organization in Brazil*

The direction of the diffusion of information from experts and expert organizations to companies can manifest itself in the form of a pull, a push, or both. A pull involves companies seeking out experts in order to obtain more information about CR practices, either to make an adoption decision and/or to implement these practices. Alternatively, experts may push these practices to companies by requiring them to adopt certain CR practices as a condition of membership. Finally, both a push and a pull of information occur when companies receive some information about this concept from experts, while also actively seeking information from them.

> Once it [the need to adopt a CR practice] was identified, we would use a combination of external resources. All of these systems – there are a number of consulting firms or individuals who have a lot of experience. We would use a firm, team them up with corporate people as well as site people, and attack it on a project basis. Once we got familiar with a concept, the consultants would leave and it would be self-sustaining. – *Forest company in Canada*

> In terms of land ownership, as well as manufacturing, there's a commitment to forest certification. That's a condition of [our] membership. – *Expert organization in the United States*

> We're member driven. The companies that I work for are using us as platform to explore and implement and drive sustainable development globally. (…) I've said we're member driven, but we do push the companies to be ready and to be leaders and not to revert to Titan. – *International expert organization*

According to the data, expert organizations identify the topics that they will diffuse to companies by: (1) addressing topics of interest to member companies; (2) observing (and sometimes consulting) their external environments; and (3) networking with other experts. Some of these expert organizations are membership-based, meaning that the interest of their members shape their goals and activities and direct the identification of topics to be discussed with companies.

> I think that in terms of how we choose to focus on certain aspects of sustainability, that's done in agreement with our membership. – *Expert organization in the United States*

While experts are part of companies' external environments, they can also be influenced by some of the same contextual characteristics that influence companies to adopt CR practices. Experts, especially non-profit organizations and industry associations, continually observe the marketplace and consult with stakeholders of member companies (e.g. customers and communities) as a means of identifying the topics that should be approached with companies. Therefore, their activities are, to some extent, shaped by the same external characteristics that influence companies' decisions to adopt CR practices.

> You hear conversations about what are things of key interest, what banks are thinking, what investors are thinking. Like I said, there hasn't really been a concerted effort to hire consultants to help us identify which trends are going on, but [the identification of topics] has really been [due] to our exposure to the marketplace. – *Expert organization in Canada*

> We do stakeholder interviews for individual companies that are working with us and we sort of glean the climate in different industries. – *Expert organization in Canada*

Networking with other organizations is another way that experts and expert organizations identify topics to be diffused to companies.

> We look for information [about CR] in universities and other industry organizations. – *Expert organization in Brazil*

> What's going on with the world [is discussed at] international conferences. For example, our CEO went to Davos and he facilitated a panel and he said 'this is what people are requesting around CR'. – *Expert organization in the United States*

The data also revealed that there is much information flow regarding CR and its practices amongst expert organizations themselves, as well as experts, governments, and international organizations (e.g. World Bank, the United Nations). This networking is a means by which the diffusion of CR and its practices occurs in expert organizations. Collaboration with other expert organizations,

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government, and international organizations is one of the forms of networking used by experts and it can manifest itself in the form of partnerships, dialogue, and support for certain organizational activities. As mentioned above, collaboration not only helps expert organizations to identify topics of relevance, but it also contributes to the diffusion of information to companies.

> That's why we find a lot of groups – influential environmental groups that are wanting to work with a group like [our organization] – because they feel that they can change the practices of the very big companies. And once those practices are made by the companies, they become industry best practices. Others will pick those up. So we can leverage and use that influence as well.
> – *International expert organization*

> We're always exchanging information on this [CR]. I go to a lot of conferences and I work very closely with national associations and with the World Bank. (…) It's sort a continuous information exchange and learning process. – *International expert organization*

> We realized early that we would not be able to operate only with companies, but that we would also need to work with industry associations, academia, and the media. We have a research support centre in our website. It is something to really induce this area in the academia, stimulate research, and pass the concept to future leaders. – *Expert organization in Brazil*

Experts and expert organizations are also frequently invited to provide advice to other organizations, governments, and international agencies.

> NGOs are coming to us increasingly. I guess because we had a measure of success on issues of interest to NGOs whether that be on the human resources front, community outreach front, or the environmental front. So, it's less the case now that we have to look for partnership with NGOs, but it's more of the case that they'll come to us because they know that we're generally interested in listening. We try to be as transparent as we can and we try to work at solving problems together.
> – *Expert organization in Canada*

> [A government organization] is running a training program with a number of their field staff about deploying overseas development aid to support sustainable forest management. So, they wanted

to know what we thought sustainable forest management looked like. I'm going to be part of their

training program. – *International expert organization*

Experts often organize themselves into umbrella organizations, which help them to craft a common message, share resources, and identify issues and topics of interest.

Some of the national [industry] associations – they all work together around [a major forestry trade association]. They see this as moving the bar higher. They are a little bit concerned about how fast local companies are operating and changing their practices. (…) The whole idea is to be industry leaders and to lead the charge, and to lift the bar and pull people behind us. – *International expert organization*

4.5. Discussion and Conclusions

In this study, we sought to identify how information about Corporate Responsibility practices is diffused to companies. Interviews with forest companies and grounded theory approaches revealed that there are three major factors that influence the diffusion of CR to forest companies: (1) external contextual characteristics; (2) connectors; and (3) experts and expert organizations. External contextual characteristics refer to the conditions and places where the companies operate and have potential to become drivers influencing company behaviour. Pressure from stakeholder groups, the marketplace, and the context in which they are embedded were identified as external contextual characteristics that serve as drivers for the adoption of CR practices by forest companies.

Considering that societal expectations change over time (Carroll, 1979), companies need to find ways of constantly adapting to these changes. The adoption of CR practices may be a result of this need to adapt to stakeholders' changing expectations. In fact, several authors have argued that stakeholders not only influence organizational strategies and practices (Freeman, 1984; Frooman, 1999; Sharma and Henriques, 2005), but also the diffusion of such practices (Hoffman, 2001). Some stakeholder groups, such as clients and suppliers, apply different types of pressure on a company's decision to adopt CR, and as the results showed, supply chain management issues may be strong drivers for the

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adoption of CR practices. Normative pressures exerted by dominant organizations in these networks, such as important clients, are powerful drivers for the adoption of new practices (Becker, 1970; Burns and Wholey, 1993; Burt, 1999; Rowan, 1982). This indicates that the experiences of other companies affect the diffusion process. There is general agreement in the literature that companies tend to imitate the behaviour of successful competitors as a way of remaining competitive (Greve, 1995; Hannan and Freeman, 1977; Strang and Soule, 1998). Therefore, the behaviour of competitors likely also works as a driver for the adoption of CR practices.

Context is another external contextual characteristic that plays a role in the diffusion of CR practices. Context affects both the diffusion process (Wejnert, 2002) and the types of CR practices that will be relevant to each place of operation (Carroll, 1979; Sethi, 1975; Strand, 1983). Companies operating in regions where the socio-political context is unstable may be driven to adopt CR practices, at least in part, to improve the conditions of their own operations. Respondents from forest companies in Brazil tended to show this inclination in their decisions to adopt CR practices, resulting in mutually beneficial outcomes for both the companies and the communities within which they operate. Sector-specific contexts, which apply only to the industry sector in question, also influence the adoption of CR practices. Relevant CR issues vary across different industry sectors (Carroll, 1979), with some sectors being intrinsically more vulnerable to stakeholder pressures than others due to the nature of their activities and products. Forests have always had a variety of purposes to humanity, ranging from cultural and religious importance to economic and environmental services (Vidal and Kozak, 2008), meaning that stakeholder pressures and demands in this sector have focused primarily on environmental issues and the preservation of forest resources (Juslin and Hansen, 2002). Consequently, the decision to adopt CR and the choice of CR practices may be greatly influenced by the industry sector context.

Results show that connectors are another factor that influences the diffusion of CR practices. Connectors refer to company personnel acting at the interface between the company and its external environment who serve to internalize information about CR. Connectors facilitate interorganizational relationships within companies which, in turn, leads to increased possibilities with respect to the

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diffusion of ideas and information (Hage and Aiken, 1970). Results also show that, although any person within the company can be a connector, they are commonly in top management. When this occurs, connectors resemble what Rogers (2003: 27) calls "opinion leaders", individuals who are able to influence other individuals' attitudes "or overt behaviour informally in a desired way with relative frequency" (Rogers, 2003: 27). Opinion leaders generally have higher socio-economic status than their followers and serve as channels for the entrance of new externally-based ideas into their systems through mass media channels, a higher degree of cosmopoliteness[8], or greater contact with change agents (Burt, 1999; Rogers, 2003).

Experts and expert organizations were the third factor identified as having an influence on the diffusion of CR practices to companies. They are equivalent to change agents in that they promote and facilitate the flow of the innovation to companies (Rogers, 2003). Data revealed that these organizations may serve as drivers for the adoption of CR and that participation of companies in expert organizations' activities expands their interorganizational networks, which can facilitate the diffusion of new ideas into the company and provide support for the adoption and implementation of these ideas (Burns and Wholey, 1993; Burt, 1999; Scott, 1990). However, experts and expert organizations may also exert normative pressure on participating companies and require them to adopt CR practices (Burns and Wholey, 1993; Granovetter, 1985). This is certainly the case for some of the industry associations interviewed for this study. The different roles that these organizations can play explain, in part, the different paths that the diffusion of CR practices take from expert organizations to companies (i.e. requirements from the expert organizations, requests from companies, or both).

Experts and expert organizations may also serve as interpreters of the concept of CR for companies. Generally, it is not the practice itself that is diffused, but rather theorizations of the practice in the form of general models (Strang and Meyer, 1993; Strang and Soule, 1998). The indication that expert

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[8] Cosmopoliteness is the degree to which opinion leaders bring new ideas from outside their social system to the members of their group (Rogers, 2003; Burt, 1999).

organizations rely on the external environment as a source of information for identification of topics to be disseminated to companies reinforces their roles as translators of information regarding this concept. Considering that expert organizations exist and are influenced by the same external environments that influences companies, they are exposed to the same information about the concept of CR that is available to companies. However, when selecting which topics should be diffused to companies, these organizations collect information about theorized general models of CR, interpret and filter the relevant information to companies, and articulate this information in a manner that companies can more readily understand. The activities that these organizations develop (events, written materials, and tools) are the channels through which information about CR is diffused to companies and they reflect this process of interpretation and translation.

The exchange of information that happens among expert organizations should not be ignored. Although they may not directly influence the diffusion of CR practices to companies, they influence the ways in which topics are prioritized, interpreted, and disseminated. Additionally, the creation of larger umbrella organizations and their exposure to the external environment means that these organizations may also be subject to normative pressures leading them to choose some practices over others.

This qualitative study provides new insight on how information regarding CR practices is diffused to forest companies. However, it does not allow us to extrapolate the results to a larger population of business interests. Although concentrating on just one industry sector allowed us to maintain some degree of alignment of conditions and practices common to most companies, it may also mean that some aspects of the results reflect the specific situation of this sector. It would be interesting to verify how the framework developed here applies to a larger population of companies and industry sectors.

Before making the decision to adopt CR practices, companies need to gain knowledge about this concept. In this study, we identified how CR practices are diffused to companies and factors influencing this diffusion process. Results indicate that the flow of CR practices in the forest sector appears to be cyclic. Companies and expert organizations influence each other on their decisions pertaining to CR practices. Experts and expert organizations influence companies' decision to adopt

CR practices, while companies influence, at least in part, the choice of CR practices that expert organizations choose to disseminate. Notably, both companies and expert organizations are influenced by their external environments, but also contribute to the CR trends that are generated in these external environments.

We hope that the results of this qualitative study can be used to help companies and change agents to better understand the process of adopting CR practices. In identifying how CR is diffused to companies, change agents may be able to improve their efficacy by crafting and transmitting information regarding CR that takes into consideration the factors that influence this diffusion process. These results may also help companies to identify sources of information regarding CR that can help them make sense of this concept and prioritize the types of activities that they will adopt.

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5. ADOPTION AND IMPLEMENTATION OF CORPORATE RESPONSIBILITY PRACTICES: A PROPOSED FRAMEWORK[9]

5.1. Introduction

Corporate Responsibility (CR) is a difficult concept for businesses to interpret, let alone to implement. Considering the fact that CR lacks a generally accepted definition, has multiple dimensions (i.e. economic, social, and environmental), and requires a balanced representation of interests from multiple stakeholder groups (Carroll, 1979; Eilbirt and Parket, 1973; Johnson, 1971; Morimoto et al., 2005; Whitehouse, 2006), the implementation of CR practices can be a troublesome task for many businesses to accomplish.

Over the years, efforts have focused on making CR more understandable, with the aim of finding a simpler, universal definition and/or standardization of practices across industry sectors and contexts (Vidal and Kozak, 2008). The difficulty in defining or standardizing CR arises from its multidimensionality, its constant evolution, and its strong dependence on contextual characteristics. For the purposes of this research, we define CR as being the practices that companies adopt to address the social and environmental impacts of their operations. These CR practices may range from energy efficiency measures and environmental certifications to stakeholder engagement and philanthropic programs (Vidal and Kozak, 2008).

The same issues that make CR a difficult concept to define also make its implementation very complex. Choosing the right combination of activities is one of the major challenges of implementing new CR practices. A variety of activities can be adopted, ranging from lobbying and philanthropic programs to minimizing the environmental impacts of industrial practices. Many times, choosing from this pool of activities requires difficult decisions and trade-offs on the part of the companies. This topic has been widely discussed in the literature and suggestions include: (1) choosing the CR activities

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[9] A version of this chapter has been submitted for publication. Vidal, N.G., Kozak, R.A., and Hansen, E.N. Adoption and implementation of corporate responsibility practices: a proposed framework.

that have strategic importance; (2) prioritizing CR issues based on importance; (3) prioritizing CR issues based on their impact on stakeholder groups; and (4) being aware of changing stakeholder expectations (Fitch, 1976; Johnson, 1971; Adizes and Weston, 1973; Epstein, 1987; Carroll, 1991; Dalton and Daily, 1991; Carroll, 1979). Even though these suggestions offer some guidance on selecting appropriate CR activities, they offer little in the way of assistance on the actual processes of adoption and implementation of CR practices.

Having a better understanding of the processes of adoption and implementation of CR within organizations may serve to demystify CR for potential adopters. In this study, we aimed to better understand the processes of adoption and implementation of CR practices. Our goal was to identify factors that influence the adoption and implementation of CR activities within businesses, as well as the stages that occur in these processes.

5.2. Background

Models and frameworks explaining CR address some of the steps necessary for adoption and implementation of CR practices. The Corporate Social Performance (CSP) model, proposed by Carroll (1979), suggests that operationalization of CR consists of three interrelated dimensions: (1) establishing a definition of CR (corporate responsibility dimension); (2) identifying the issues that need to be addressed (social issues dimension); and (3) defining the types of responses to these issues (corporate responsiveness dimension).

Other authors (Wartick and Cochran, 1985; Wood, 1991) propose expansions to this model by addressing specific issues involved in the adoption and implementation of CR. Wartick and Cochran (1985) suggest that the corporate responsiveness dimension might be better operationalized when seen within the realm of 'social issues management' (SIM). Wood (1991) argues that a large portion of SIM research falls within the scope of corporate social responsiveness and that these two dimensions could be combined under one single dimension called 'processes of corporate social responsiveness'. She also suggests that a more appropriate third dimension of the model would

include the outcomes of corporate behaviour manifested in the form of social impacts, programs, and policies (Wood, 1991). We use Wood's version of the CSP model as a reference point for this study.

In particular, we were interested in the corporate social responsiveness dimension, the action phase of the CSP model. This phase focuses on the implementation of responsible practices (Frederick, 1978: Wood, 1991). Few studies have concentrated on identifying the conditions and processes necessary for the implementation of corporate social responsiveness. Ackerman (1975) identifies a three-phase social response process. First, the firm draws up a response, usually in the form of corporate policies, to social demands identified through monitoring its external environments. Next, the firm goes through a learning process to develop the skills necessary to implement the new practice(s). A specialist in the social issue being addressed usually oversees this phase. Lastly, commitment toward implementation of the practice(s) is built within the firm at operational levels.

Similarly, Post (1978) argues, based on agreement in the literature, that the corporate response process has three stages: (1) awareness of the need to address a social issue, usually as a result of interactions with the external environment; (2) commitment to action through policy endorsement of existing practices or development of new policies; and (3) selection and implementation of response(s). This last stage includes assigning management responsibility for the implementation of the chosen practice.

Although these three-phase social issue response processes shed light into some of the steps undertaken in corporate social responsiveness processes, there are still gaps when one delves further into the implementation of CR practices; details like how decision-making processes occur, how new practices are communicated and implementation throughout the company, and if and how the structure of the company is altered as a result of the processes of adoption and implementation. The literature that we reviewed offers very little in the way of information about factors that influence the adoption and implementation of CR practices. Some of the few factors that have been identified as playing a role in the social response process include leadership and the organizational environment (Ackerman, 1975; Post, 1978).

Still less information was found on the implementation of CR practices taking different contexts into account. It is very difficult to properly evaluate corporate social performance without such considerations (Sethi, 1975). A company's context plays a large role in determining who the stakeholders are and, consequently, what types of social issues should be adopted and implemented (Strand, 1983; Vidal and Kozak, 2008). However, with the exception of recognizing that the external environment plays a role in triggering the social response process (Ackerman, 1975; Post, 1978), very little of the literature explicitly discusses how context can influence the choice of practices to be adopted and implemented.

As Ackerman (1975: 62) states, "if a recurring pattern can be identified and analyzed, it can also be consciously managed." This study attempts to identify factors influencing the process of adoption and implementation of CR practices as well as the stages of this process. In identifying factors and stages associated with the process of response to social issues, we hope to contribute to the theory of corporate social performance and inform the processes of the adoption and implementation of CR practices for practitioners.

5.3. Methods

The purpose of this study was to identify factors and stages describing the adoption and implementation processes of CR practices. We used grounded theory methodology to address these objectives because, when studying quickly evolving concepts (e.g. CR and sustainability) and structural conditions, norms, and processes (e.g. adoption and implementation processes), an inductive methodology is deemed appropriate (Creswell, 1998; Glaser and Strauss, 1967).

When using grounded theory methods, it is suggested that data collection, coding, and analysis occur simultaneously (Creswell, 1998). Theory – i.e. sets of concepts and the relationships between and among them which together form a framework explaining a phenomenon (Strauss and Corbin, 1998) – emerges from the data collected and analyzed, which in turn, point to the types and amount of data that should be collected next (Glaser and Strauss, 1967). Data can be collected in the form of

interviews, observation, and/or documents. Data collection stops when there is no new relevant information being added to emerging concepts and categories and the difference between the emerging theory and the data collected is negligible (Bansal and Roth, 2000; Creswell, 1998; Glaser and Strauss, 1967; Strauss and Corbin, 1998).

5.3.1. Sampling

We selected the forest sector for this study because of its rich variability of contexts, with different approaches to resource management, land ownership, government regulations, stakeholder engagement, and manufactured products. Given the influence of context on CR practices (Carroll, 1979; Sethi, 1975; Strand, 1983) and the fact that the forest sector is highly variable with respect to the practices adopted in different parts of the globe (Vidal and Kozak, 2008), this industry provides an appropriate setting to study the adoption and implementation of CR practices. Additionally, the wide variability of cases seen in the forest sector can contribute to theory-building in that many categories and concepts can be generated (Creswell, 1998; Glaser and Strauss, 1967). Dependence on the extraction of forest resources results in direct environmental and social impacts, which places the sector under constant scrutiny to adopt responsible practices.

Selection of cases for a grounded theory study should be done according to their theoretical relevance (Glaser and Strauss, 1967), so in order to provide meaningful contextual information in this study, forest companies operating in different contexts were selected. To this end, we focused on three countries: Canada; Brazil; and the United States. These countries provide a great diversity of contexts and CR practices. They each also have important forest sectors, with companies currently exploring means of implementing social and environmental agendas into their business strategies.

In grounded theory, comparing both similar and dissimilar groups is vital for the generation of categories and the relationship between and among them (Glaser and Strauss, 1967). Similarities between groups help to verify the existence of categories. Focusing on dissimilarities guarantees that the broadest possible range of data is being collected and that the categories formed can be applied

to a wider context (Glaser and Strauss, 1967). Brazil provides a very different context when compared to Canada and the United States, enabling dissimilar groups. Canada and the United States provide contexts and a range of CR practices that, although different, have more similarities than those implemented by forest companies in Brazil. As such, these two countries provide greater similarities between groups. The diversity of contexts provided by these three countries ensured that the emerging categories held true in dissimilar situations, which in turn, contributed to the internal validity of this study (Yin, 2003).

The selection of companies within each country focused on emphasizing similarities. All selected companies had at least one practice in common (i.e. forest certification – independent third party audits of sustainable forest management) in addition to other CR practices. Having one practice common to all companies allowed us to compare responses to interview questions and ensure that the same concept was being measured in all groups, thus enabling construct validity (Yin, 2003).

The CR practices of all of the selected companies addressed many of the social and environmental issues of their operations. Social practices typically concentrate on stakeholder engagement, especially community programs and employee well-being. Environmental practices are usually divided into two groups: forest management issues and environmental impacts of manufacturing facilities. The former addresses issues related to biodiversity and the overall ecological impacts of forestry operations, while the latter includes manufacturing abatement practices such as pollution control and water treatment. The selected companies had practices in most, if not in all, of these areas. Table 5.1 provides more detail on the selected companies.

5.3.2. Data Collection

Data were collected through in-depth, semi-structured interviews, as well as company documents and publicly available information (website material and sustainability, CR, environmental, and/or annual reports). The secondary data collected from publicly available documents were used in two ways. First, these documents were consulted prior to the interviews in order to provide background

information on the companies. A summary of information concerning the interview questions, as well as the companies' social and environmental activities was created prior to the interview. This information served to guide the interviewer on relevant topics to ask each respondent, probing interviewees about points of interest, and verifying interviewees' responses to questions. All of these techniques helped to increase the reliability of this study. These secondary data were also coded to verify the emergent core categories. Coding of these documents started after the interviews had been analyzed.

TABLE 5.1: Information on selected companies.

Country	Number of Companies	Number of Interviews	Sector Segment	Respondent (s)
Brazil	5	11	Pulp, paper, and packaging	• Manager, Socio-environmental and Cultural Responsibility
			Pulp, paper, and packaging	• Director, Environment • Director, Communications and Social Responsibility • Manager, Research and Development, Quality, and Environment
			Wood-based panels	• Senior Manager, Environment • Manager, Environment
			Wood-based panels	• Chief Forester • Manager, Technology and Environment
			Pulp, paper, packaging, and hardwood lumber	• Corporate Manager, Quality and Environment • Manager, Social Responsibility and Sustainability
Canada	3	6	Lumber, structural panels, and specialty products	• Manager, Communications • Manager, Certification and Market Support
			Pulp, paper, packaging, and softwood and hardwood lumber	• Corporate Manager, Aboriginal and Corporate Relations
			Hardwood and softwood lumber, and specialty products	• Manager, Sustainable Forestry
United States	2	2	Pulp, paper, and packaging	• Director, Enterprise Stewardship and Sustainability
			Pulp, paper, packaging, structural house frames, hardwood lumber, and softwood and hardwood lumber	• Vice-President, Sustainable Forestry

A total of 19 interviews with 10 companies were conducted between November 2006 and August 2008 (Table 5.1). Additionally, a total of 204 documents associated with the 10 companies in our

sample were analyzed and coded. Multiple sources of evidence allow for the triangulation of the data to occur, which in turn, increased construct validity (Yin, 2003).

A partial framework of concepts "designating a few and principal or gross features of the structures and processes in the situation" should be studied to initiate the grounded study (Glaser and Strauss, 1967). In this case, the initial interview protocol focused on six themes (Table 5.2): (1) identification of need to change; (2) definition of CR to specific contexts; (3) decision-making; (4) implementation; (5) external environment; and (6) leadership (see Appendix I). These themes emerged from the literature (see Ackerman, 1975; Post, 1978; Sethi, 1975; Strand, 1983).

Interviews were semi-structured – i.e. flexible, with questions serving as a general framework of themes – allowing for further probing of relevant points as they arose during the interviews. The interview protocol was translated to Portuguese for the data collection in Brazil and conducted in this same language by one of the researchers. The first interview question asked respondents to define what CR meant for their companies. Whenever possible, respondents were also asked to provide examples of CR activities within their companies. This first question served as a way to properly identify the concept being measured so that subsequent interview questions were shaped according to the specific situations of each company while still following the general interview protocol. These procedures also served to increase construct validity (Yin, 2003).

In generating theory, it is suggested that the minimization of differences between groups should come as a first step and, once this is done, the focus should be on the maximization of differences between groups (Glaser and Strauss, 1967). To this end, interviews were conducted in two rounds. We focused on minimizing differences in the first round and maximizing differences in the second. Nine interviews in seven companies (three in Canada and four in Brazil) were conducted in the first round of interviews, with the questions in Table 5.2 being used as a guide. However, as more data were collected and analyzed, modifications were made to the interview protocol to allow for the collection of data relevant to the emerging categories.

The second round of interviews included seven follow up interviews with the seven companies from the first round and three interviews with three additional companies (two in the United States and one in Brazil). In the follow up interviews, an individual interview guide was prepared for each company based on responses to the preliminary interviews (Appendix I). These more focused interview guides allowed for the collection of greater detail on emerging categories, highlighting dissimilarities between them, as well as increasing the internal validity of the study.

TABLE 5.2: Initial interview questions based on a preliminary set of themes.

Types of Interview Questions	Themes
What is your company's definition of CR?	• Definition of concept of CR to specific contexts
How did your company come to know about CR?	• Identification of need to change
How did your company make sense of the information (make it "implementable")?	• Definition of concept of CR to specific contexts • Decision-making process
How did the decision of whether or not to implement CR occur?	• Decision-making process • Leadership
Were there any internal or external influences that affected your company's decision to implement CR practices?	• Decision-making process • External environment
What were the steps for implementing these practices?	• Decision-making process • Implementation

The three additional interviews were conducted with the intention of verifying categories. Questions for these last interviews focused on clarifying the main aspects of the emergent core categories, which helped to further increase construct validity. Interview summaries were prepared after each interview and sent to respondents for confirmation of the information collected. This also contributed to increasing internal validity. After analyzing the 19 interviews and 204 documents, we verified that no new relevant information was emerging from the data and that there was little difference between the emerging categories that emerged from previous interviews and the data being collected. This led us to conclude that saturation had been reached and further interviews were unnecessary. Most of the interviews were recorded and transcribed, with detailed notes being taken when recording was not possible. Interviews in the first round were face-to-face, lasting from 60 to 90 minutes. The second round consisted mostly of telephone interviews lasting between 30 and 60 minutes.

5.3.3. Data Analysis

Data analysis and collection occurred iteratively. Analyzing data for grounded theory methodology usually consist of three intertwined phases: open coding; axial coding; and selective coding (Strauss and Corbin, 1998). Each was used in this study. Open coding comprised a detailed examination of the data with the objective of conceptualizing and categorizing data. Axial coding consisted of putting the data back together in different ways by grouping the categories obtained in open coding. After axial coding, the conceptual findings were organized into a framework, including categories and subcategories. Finally, selective coding was used to determine core categories, and to analyze the relationships between categories in order to form the grounded theory (Strauss and Corbin, 1998). NVivo 8, a qualitative analysis software tool, was used to facilitate data analysis.

Interviews from the first round were coded sequentially as they occurred. Thirteen categories and 24 subcategories were identified after these interviews were coded. At this point, it became clear that some stages of the adoption and implementation processes were taking shape and that categories were emerging around them. In order ensure that these stages were accurately represented, we collected and coded the data in the second round of interviews such that relationships between and among categories would either confirm or refute the existence of these stages.

This first group of categories and the emerging stages of the adoption and implementation processes of CR guided the development of the individual interview guides used in the second round of interviews. This second round of interviews asked interviewees about more specific contextual characteristics and aspects of the adoption and implementation processes within their companies. Some of the topics pursued in these follow up interviews were: the decision-making process of implementing new responsibility practices; how the organizational structure of the company influences decision-making, communication, and implementation of CR practices; place of origin of ideas for new CR practices within the companies; how CR practices were adapted to the companies' contexts; and how CR practices developed in one unit of the company were diffused to other units. The initial categories were rearranged, renamed, or eliminated after the second round of interviews

was coded. Secondary data were coded after all interviews had been analyzed with the intent of verifying the categories.

5.4. Factors Influencing the Adoption and Implementation of Corporate Responsibility Practices

Data reveal five core categories, four of which are factors influencing adoption and implementation of CR practices in forest companies: (1) internal drivers; (2) organizational structure; (3) attributes of practice; and (4) formal processes. These four factors may be interconnected, influencing one another. Results also indicate that the process of adoption and implementation of CR has a continuous improvement aspect, the fifth core category. This indicates that the adoption and implementation of CR is a cyclical, rather than linear, process. Exemplary data supporting each of these five core categories can be found in Table 5.3.

5.4.1. Internal Drivers

Respondents argued that a great portion of the motivation to adopt and implement CR practices is due to internal drivers. From their responses, internal drivers can originate either inside or outside of company borders and are influenced by various contextual characteristics, which can also exist both within the company's internal and external environments (Zaltman et al., 1973).

Not all contextual characteristics, internal or external, may serve as drivers for the adoption of CR. Contextual characteristics exist in dynamic environments and their relevance and degree of influence on company behaviour may change considerably over time. In a sense, the adoption of CR practices is a result of companies' needs to constantly adapt to their internal and external environments (Bowen, 1953; Sethi, 1975). We call these contextual characteristics drivers when they exert influence on company behaviour.

Oftentimes, company culture is connected to the founders, owners, and CEOs of the companies (Kitchell, 1995). Respondents frequently referred to CR as being a part of the company history and/or the personal ethics of founders and owners, as well as being part of the core values, commitment, and philosophy of the company. An illustration of this point was made by a Brazilian respondent: "It is the company's philosophy to get involved with the social issues of the places where we operate. This is translated in the way the company does CR, which is through its Foundation." Leadership was mentioned as being a crucial driver of change, as voiced by this respondent in another Brazilian company: "The role of the leader is fundamental to any change like this one [i.e. implementing CR practices]." Individual characteristics of leaders positively influence organizational creation and adoption of new practices (Rogers, 2003).

Several companies connected their decisions to implement CR practices to their business strategies. According to Bansal and Roth (2000), companies tend to make decisions to adopt new practices based on their contribution to long-term profitability and competitiveness. This belief that the adoption of certain CR practices makes good business sense was indicated by some companies: "The [company] understands that the maintenance and evolution of its activities depends on natural resources conservation, within the concept of sustainable development," said one respondent from a company in Brazil. Some practices, however, were adopted as responses to external drivers, such as requests from clients, stakeholders and/or industry associations, behaviour of competitors, and trends in the marketplace. One respondent in a Canadian company said that "another driver is the Forest Products Association of Canada. In January 2002, they came out with a commitment that all member companies were required to certify all their forestlands that they owned or managed to third party certification." When asked what motivated the company to adopt CR practices, a respondent in Brazil answered: "There is the aspect of marketing, visibility, and of showing to society that we are different, (…) that we are an example. [It is a result of] trying to set an example, a market demand, and a marketing need." Therefore, external contextual characteristics and drivers, such as the request of a client, stakeholder, or industry association, can be internalized to become internal drivers for the adoption of CR practices.

TABLE 5.3: Main factors influencing the adoption and implementation of CR practices.

Factor	Exemplary Quotes
Internal Drivers	First of all, [CR] is part of our company's philosophy.
	I think that a key moment in our CR history was when our current CEO came to the company. CR issues dramatically increased in importance in this company since then.
	A good part of this motivation comes from important clients and the other part, which is more internal, comes from the company's top management.
Organizational Structure	The creation of a Sustainability Group has a greater impact than the Group *per se*. The movement of creating these changes, the announcement, the constitution – this is much more significant for me. It signals that the company, that the top management, wants to give emphasis to a certain theme.
	There are local demands. There are experiences that are developed in a unit. When they are good, they are disseminated to all other units through this team. This team, from a political point of view, answers to the head office, but also to [the] plant manager of the unit where they are situated.
	[Operators] are all trained on environmental aspects related to the tasks they develop. They have the sensibility to identify situations that require improvements within the limits of their work. Supervisors and middle management have a more technical attribution of environmental analysis. So they evaluate these activities and establish procedures of environmental control.
Formal Processes	Our sustainability policy guides our actions. Through this policy you're going to realize that there is a rationale behind company actions.
	To execute these initiatives, Social Work Groups were constituted with participation of the Communications and Social Responsibility area and employees of the company. The purpose of these groups is to speed up the decision-making process, involve employees in these social actions, and increase the presence of the company in its communities.
	This [Environmental Management System] is really what causes you to implement practices on the ground. So you have to do the planning, identify the area you're operating on, figure out things like ownership rights, shared responsibilities, who's responsible for what. [You have to] set the performance requirements, develop a sustainable forest management plan. You have to have some structured responsibility in place, training, awareness, qualification, and knowledge.
	So it's implementing that [Environmental Management] System and having a constant series of checks through internal audits and external audits that keeps practices working.
Attributes of Practice	To develop a practice, it's born anywhere. It can be in the top or bottom and it evolves.
	When an idea for a new practice appears, diffusion through the ranks depends on scope and size of change and the amount of resources necessary to make it happen.
	The idea, I think, is that there is a corporate policy, a business philosophy, that [makes] everything relatively similar. But, naturally, there are practices that we may change according to specificities or local realities as a result of context, of local dynamics. Not everything has to happen at the same time, but the idea is that a business philosophy exists.
Continuous Improvement	We have tools, but at the same time, we are still developing these tools.
	You are always looking at what you're doing and deciding if that still makes sense in that format. This is an ongoing exercise.
	[The company] concentrates on ethical behaviour which keeps them in a path to continuous improvement – keeps them open to new ideas on how to improve the practices they already have in place.

5.4.2. Organizational Structure

Organizational structure refers to the formal and informal set of rules for an organization to facilitate responsibilities, communications, and lines of authority. Organizational structure determines how decision-making occurs and how information flows within companies. As such, this internal contextual characteristic influences the adoption and implementation of practices within companies (Rogers, 2003; Zaltman et al., 1973).

Three logical sub-categories of companies' organizational structures emerged from the data as playing a role in the adoption and implementation of CR. These sub-categories are the management structure, the job descriptions of employees, and the decision-making process related to the adoption and implementation of CR practices.

Management structure. Management structure refers to the organization of management and the hierarchical levels within the company. Companies described the types of management structures that they had in place or had created to address the adoption and implementation of CR practices. Creating an appropriate management structure was frequently described as an important way of diffusing and embedding CR practices within companies. A respondent in a Brazilian company illustrated this point: "Every time we contemplate growth, we have an evolution of environmental issues. When we establish someone responsible for this new area, in some ways we are prioritizing that topic, which is the case of social communication and environmental issues [in this company]. All this is not a façade; rather, this is done to really make things happen."

When creating these structures, companies either replicated their corporate structures within their units, created groups that are responsible for CR topics across the company, or established a combination of both. Another Brazilian respondent described their management structure in this way: "There is a centralization of information here in the headquarters. In each unit, there is a branch of this head office. I have a team in each of the nine units of the company, with a manager and a small team who works with information generated here at the head office." Therefore, it appears that common structures across the companies facilitate adoption and implementation of CR practices.

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This is in line with Rogers (2003) and Van de Ven (1986) who found that, in adapting innovations, a company may modify some of its structure to facilitate this adaptation. As a result, innovations can serve to modify company structures. This mutual adaptation is considered to be a necessity due to the fact that companies and innovations almost never fit together perfectly (Rogers, 2003; Van de Ven, 1986).

Creating a management structure defines accountability for practices within a company related to the implementation and enforcement of CR. When describing implementation of environmental certification in their company, a respondent in Canada said, "[We] identified three people in each region that would be accountable for delivering it along and identified a corporate resource person that was [me]." Companies also cited the numbers of hierarchical levels as a factor that influences the flow of information regarding CR practices within a company. In general, fewer hierarchical levels tend to facilitate adoption and implementation. A respondent in a company in Brazil illustrated this point: "I just wanted to emphasize that, if you observe our organizational chart, it has few hierarchical levels, which allows for greater agility in the decision-making process." This point is supported by a number of previous studies (Burns and Stalker, 1961; Hage and Aiken, 1970; Thompson, 1967; Zaltman et al., 1973).

Job descriptions. While management structure can provide structure for accountability within different levels of the company, job descriptions establish accountability at the individual level. Every employee within a company is responsible for making decisions. The responsibilities specified in the job descriptions of each employee determine the role that they play in decision-making processes, such as the adoption and implementation of CR practices. When asked about the decision-making process in the adoption and implementation of CR practices, a respondent in the U.S. stated that: "It is a function of accountability. We try to make accountability clear, and within people's accountability, they are responsible for making decisions and implementing them."

Each job description, depending on its position in the company hierarchy, has different levels of responsibility. Positions at higher levels tend to have broader and more strategic responsibilities. Positions located lower in the hierarchy have narrower scopes of responsibility and usually tend to

address the operational details of practices being implemented (Hage and Aiken, 1970; Thompson, 1967). As a result, each position provides a distinct contribution to the adoption and implementation of CR practices.

Job descriptions not only determine tasks and responsibilities, but also determine the budget connected to those tasks and responsibilities, at least at the managerial level. According to respondents, the costs involved in adopting and implementing a CR practice are important considerations. Budgets delimit the types of decisions that can be made locally or those that require approval from higher levels in the organization. This influences time and path of adoption and implementation processes of these practices. "You know, managers have authority to spend X amount a year without asking higher", said one respondent from a U.S. company. Another respondent in Brazil stated: "It is a decision that they make and implement because supervisors know the budgetary limits they can work with and they approve this [practice] within the responsibility that is given to them in these positions."

Decision-making. Respondents showed that certain characteristics of the decision-making process have a direct influence on the adoption and implementation of CR practices. The appropriate combination of individuality and centralization of decision-making among different units of a company appears to be an important factor in the path taken by and time required for CR practices to be implemented throughout a business. However, finding the right balance between centralization and individuality of a unit's decision-making processes can be a difficult task. A respondent from a U.S. company tried to explain this balance: "There's kind of a sweet spot between. I mean, you have to have support at the top. You have to have clear goals. The top has to define accountability, but the actual implementation and decision-making and the engagement of the managers at the lowest levels is critical too. Neither top-down nor bottom-up; [it] works both ways. And it's a magic combination of the two and it's not easy to find." This is consistent with the works of Hage and Aiken (1970) and Zaltman et al. (1973), who state that company-wide participation in decision-making processes may reduce resistance to the adoption of a new practice as well as increase employees' commitment to the implementation process.

Results of this study show that individuality of decision-making is necessary when taking into account differences in local contexts of each unit. On the other hand, centralization of decision-making is necessary for aligning practices with core company strategies. This statement from a respondent in Brazil illustrates this point: "In Brazil, we have very distinct realities and, for our types of operations, I think it requires a certain flexibility, although always coherent with [the company's] philosophy."

Respondents identified the degree of integration and collaboration of activities among units within their companies as another factor influencing this notion of an appropriate individuality-centralization mix. The degree of integration is based on how the operations for different units connect with one another, and depends largely on the types of connections (e.g. supplies raw materials) that are in place. This interconnectedness, in turn, influences the amount of information about CR practices that is exchanged among the units (Rogers, 2003; Zaltman et al., 1973), as well as the degree of collaboration with respect to the adoption, implementation, and decision-making surrounding these practices. The following comment from a respondent in Canada illustrates this point: "There has to be collaboration and optimization of certain decisions between and among different facilities because in the forest products business we have sawmills, we have pulp mills, we have paper mills. Some are integrated with each other and we wanted to make sure the end result is the optimum benefit for [the company] as whole, as a publicly traded company on behalf of our shareholders."

Decision-making processes also influence the path and time taken for the adoption and implementation of CR. Results indicated that there appears to be some common paths followed when making decisions about such topics and that they are connected to different attributes of practice. Depending on where an idea for a CR practice originated within the company, decision-making about this idea can take different paths. If an idea originated at higher levels of the company, it diffuses down the ranks to the implementation levels (i.e. top-down). If the practice originated somewhere else in the company, and depending on attributes such as costs and strategic importance, the idea will likely go to the top management for approval and then return to lower levels for implementation (i.e. bottom-up and then top-down). This is summarized by a respondent in Brazil: "There are two ways. It

comes from an orientation of top management or it is born through a technical demand that gets to top management [for approval] and then returns for implementation."

The numbers and types of approval channels that a practice has to pass through before being implemented not only depends on the practice, but also on the pre-established procedures and structure of the company in question. The notion of "gatekeeping" (Zaltman et al., 1973, Cohen and Levinthal, 1990) can be associated to these decision-making paths. "Some innovations require going through a large number of approval channels before it can be effectively adopted, whereas others do not" (Zaltman et al., 1973: 44). Gatekeepers are individuals that control (positively or negatively) the flow of information either formally or informally about a new practice and, consequently, influence the process of adoption and implementation (Cohen and Levinthal, 1990). A gatekeeping function is usually associated with the job descriptions, which in turn, influence the decision-making path.

5.4.3.   Attributes of Practice

The attributes of the practice being implemented emerged as another important factor influencing the paths and lengths of time taken for the adoption and implementation of CR practices. Practices are the programs and activities that companies implement in order to address their social and environmental impacts. Examples of practices include, but are not limited to, energy efficiency and recycling programs, community engagement program developed through a community consultation process, and employee volunteering activities. Some of the attributes that emerged from this data analysis were place of origin of the practices within the company, costs involved in the adoption and implementation of the practices, the scope of change resulting from the adoption and implementation of the practices, degree of standardization of the practices, and alignment of the practices with company strategies. These attributes align with attributes of innovations identified by Goldman (1994), Rogers (2003), and Zaltman et al. (1973).

Respondents declared that ideas to implement certain CR practices can originate anywhere within the company. This fact was stated by a respondent from a U.S. forest company: "[Ideas for new or

improved CR practices] come from all over the place." Generally, however, ideas tend to come from one of two places: the higher hierarchies of the company or operational levels. A respondent from a Canadian forest company explained it this way: "Ideas come from anywhere in the company. Woodland operators might see a procedure that could be improved or sales people would get some feedback from clients. Once an idea appears, they would speak with their supervisors. Depending on the scope and the amount of changes required, supervisors would take the issues to higher levels." The place of origin influences how the adoption and implementation of the practices happen, and the paths they will take during this process. As stated above, place of origin is one of the factors influencing the decision-making path for practices, which in turn, influences the path and time of the adoption and implementation processes.

Most companies emphasized that the adoption of a new or improved CR practice is contingent upon financial constraints. Depending on the amount of capital required to implement a practice, a different decision-making path is taken, which influences the adoption and implementation paths and timelines. A respondent in a U.S. company illustrates this point: "I guess one thing I should note is that we have formal structures to allocate capital. And usually a business innovation of any size basically becomes a capital decision and those go through a formal evaluation and go to either the senior management of the company or (…) the board of directors depending on how big it is."

Like costs, the amount of change that will be incurred from the adoption and implementation of a practice influences the decision-making process. Usually, the greater the costs and scope of changes required in the adoption of a practice, the higher in the company hierarchy the decision is made. In these cases, the entire decision making process is more formal, requiring documentation of proposals and formal communication exchanges. This, in turn, influences the time and path of the adoption and implementation process. A respondent from a U.S. company summarizes this point: "It is all a matter of scale, capital, and cost."

The degree of standardization of the practice also plays a role in its adoption and implementation. Practices can have local / regional or universal (i.e. company-wide) applicability. Universal practices tend to have a high degree of standardization. They are usually more strategic in nature and broader

in scope in order to be applicable and relevant to all company units and operations. These universal practices are usually developed or standardized at higher hierarchical levels of the company: "I would say that strategic questions certainly pass through higher [hierarchical] levels," said a respondent from a Brazilian company. It is also necessary to standardize a practice before diffusing it through the entire company. A R&D manager in a company in Brazil explained how a practice conceived in her unit was being implemented throughout the rest of the company: "The program has to be adapted to each unit, each regional characteristic. However, at first, a certain standardization of the program is done so that it can be diffused to other units. (…) The Director of Communication and Social Responsibility analyzes the program with consultants so that the program can be formalized and standardized to be diffused to other units." Local / regional practices are much more specific and detailed, and thus, tend to have a low degree of standardization and localized applicability: "We cannot give the same treatment to a lot of practices, which is partially due to very different territorial, cultural, and geographical characteristics," said a respondent in a Brazilian company. A respondent in a U.S. based company also reinforced this point: "There are some issues that are geographically based – they do not apply to all [units]."

Alignment of the practice with company strategies is another attribute that emerged from the data. Companies partly base their decisions to adopt and implement new or improved practices based on how those practices align with broader company goals and strategies. This was expressed by a respondent in a U.S. company: "For our practices, I think, a common theme is: was there a business reason for implementation?" A respondent in a company in Brazil also made this point: "Every suggestion of implementing a new work system, new equipment, or any item that is beneficial to the company and its employees is analyzed. We conduct a cost-benefit analysis and evaluate if the practice goes against company objectives."

5.4.4. Formal Processes

When adopting and implementing CR practices, respondents indicated they put in place certain mechanisms to ensure that changes are made and implemented appropriately. We call these mechanisms formal processes because they create the formalities and rules necessary to change behaviour within the company. In general, formal processes were present in all areas of a company, as well as in the different stages of adoption and implementation of CR practices. The formal processes that emerged from this analysis were company policies, temporary groups, structural tools, and performance monitoring mechanisms.

Company policies are formal processes that create an alignment of practices throughout the business. Respondents stated that their policies serve to foster responsible behaviour, show commitment to CR practices, and guide the actions of their employees on CR issues. As stated by one U.S. respondent: "This Code of Conduct briefly summarizes the policies and principles by which we commit ourselves to the safe, honest, thoughtful, and responsible operation of all of our businesses and facilities." Company policies standardize behaviour throughout the company and serve as a reference point to employees. As a respondent in another U.S. company said: "What we do is we have overarching policies and our work is pretty strongly principle-based. Our operations are decentralized and our operating managers have accountability for their environmental performance. Where we get alignment is through overarching policies and principles."

Temporary groups, such as task forces or work groups, are common formal processes created when companies need to further explore topics, problems, or areas identified for change (Gersick, 1988). These groups, usually multidisciplinary, are responsible for gathering the appropriate information and designing the processes and/or rules necessary for decision-making, implementation, and monitoring of CR practices. Respondents related the establishment of temporary groups to the development or implementation of other formal processes, such as company policies and structural tools. A respondent in a Canadian company said: "In the case of the environmental management systems, which were the first we got involved with, (…) there was a certification task group formed, which had some forestry engineers (…) from around the different operations."

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Structural tools, such as the International Organization for Standardization (ISO) certification systems, Environmental Management Systems (EMS), third-party forest certification systems, and Total Quality Management (TQM), are examples of formal processes. ISO standards or similar tools help companies to set priorities, plan, and implement new concepts and activities. As stated by a respondent in a Canadian company: "Essentially, the EMS [environmental management system] requires organizations to have in place the mechanisms, policies, and structure to comply with environmental legislation and regulations and allow for ongoing evaluation of such mechanisms, policies, and structure with the objective of continual improvement." Structural tools serve to standardize CR practices throughout the company, which in turn, facilitate the diffusion of practices. "To implement an initiative like that across geography and through the size of the company, we relied a lot on structural tools. For example the ISO 14001, 8001, and 9000 series of standards are really important to us", said a respondent in another Canadian forest company. Companies also stated that structural tools serve to achieve and operationalize goals and show commitment to CR practices. A respondent in another Canadian forest company said: "One of the things that really sort of brings this down to the ground level is the Environmental Management System."

Performance monitoring mechanisms are formal processes established to evaluate the effectiveness of the implementation of CR practices. Many activities within companies have a process of performance monitoring built into them, such as structural tools like ISO and forest certification systems. The results of these evaluation processes can reveal improvement opportunities for the company's CR practices. This is illustrated in this statement from a respondent in a Brazilian company: "In truth, it is in the evaluation of environmental impacts, environmental legislation, and stakeholder demands that we realize improvement opportunities…" Thus, performance monitoring mechanisms create the conditions necessary for continuous improvement of practices. These mechanisms tend to exist in the form of metrics, indicators, and internal and external audits.

By introducing new rules and procedures for company activities, formal processes increase the 'formalization' of the company, a concept discussed by Zaltman et al. (1973) in describing the emphasis that an organization puts on following rules and procedures. The authors theorized that

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high degrees of formalization may inhibit a company's decision to adopt a new practice. However, formalization decreases uncertainty, which is desired during the implementation of an innovation (Zaltman et al., 1973). Since some formal processes, such as structural tools, are usually adopted as a means of operationalizing CR practices, a higher degree of formalization facilitates the adoption and implementation of CR practices. In the case of company policies, the rules created are generally broad enough to engender some degree of formalization, which fosters the adoption of new CR practices, instead of hindering them.

It should also be noted that some formal processes *per se* are considered to be CR practices due to the legitimacy that they confer to companies which adopt them. An example would be structural tools, such as ISO certification standards, which are CR practices that require companies to develop a number of other CR practices in order to receive a certificate. Once a company receives one of these certificates, it is assumed that all the other systems and practices are in place. Therefore, these tools provide legitimacy to the companies adopting them.

5.4.5.   Continuous Improvement

Results suggest that adoption and implementation of CR practices rarely require companies to start from scratch. Instead, companies usually build new practices based on what they already have in place. A respondent from a company in Brazil explained that the company recently created a Sustainability Group to work with CR issues: "The idea is also to take ownership of existing debates and practices and just label them, without having to necessarily create new activities."

CR can be thought of how well (or how poorly) current company practices fit those that society expects them to have (Zenisek, 1979). Once the gap between current and expected behaviours has been identified, companies make the necessary changes and/or additions to their current practices, at least tentatively, to fill this gap. A respondent in a U.S. company explained the evolution of their CR practices: "The way it has evolved [over] the last 15 years since 1990, it has been business strategy driven rather than compliance driven. (…) And those business strategies are driven by; there are a

couple of [factors]: one is risk management and then the other is investment opportunities. And that evolved today into our current framework." Rarely are these changes so extreme as to require the company to ignore most of its current practices, but instead to continually work on correcting, improving, or complementing existing ones. "What happened is that we had a number of practices that just continued to evolve and be integrated," a respondent in another U.S. company said. Therefore, the adoption and implementation of CR practices in some companies involves incrementally changing and continually improving existing practices and behaviours.

Continuous improvement implies a cyclic rather than linear process. The formal process of performance monitoring plays an important role in closing this loop. Performance monitoring mechanisms provide the necessary structure for constant evaluation of practices. Through these mechanisms, companies identify necessary changes which are cycled back into the system. "When we do identify the need to change practices, we will identify those and then inject them into our operations through our existing management systems," said a respondent in a U.S. company.

5.5. Stages in the Adoption and Implementation of Corporate Responsibility Practices

Interpreting the concept of CR and implementing CR practices can be complicated tasks and, in many cases, this complexity can be an impediment to the adoption of responsible practices. In this study, we attempted to clarify these activities by looking for common factors influencing the processes of adoption and implementation of CR practices, four of which emerged from the analysis: (1) internal drivers; (2) formal processes; (3) organizational structure; and (4) and attributes of practice. Additionally, continuous improvement was identified as an important aspect of the adoption and implementation process of CR. Some of these factors and aspects are interconnected and influence the diffusion process both individually and together.

Additionally, four stages in the adoption and implementation processes of CR practices emerged from the data: (1) identification of the need to change; (2) exploration and adaptation of practices; (3)

activation; and (4) feedback. Table 5.4 provides an overview of how the four main factors may influence each stage of the adoption and implementation processes. However, considering that the choice of a practice is made only after the need for change is identified, it should be noted that attributes of practice do not influence the first stage of the adoption and implementation process of CR practices. Furthermore, given that the continuous improvement component is a characteristic of the adoption and implementation processes rather than an influencing factor, it has not been included in Table 5.4.

Figure 5.1 shows how factors connect in a proposed framework explaining the adoption and implementation of CR practices. This framework is more thoroughly described below with explanations of the different stages of the adoption and implementation processes of CR practices. Dashed lines indicate a connection between categories and arrows indicate an influence. Connections demonstrate that there is a relationship between categories, although the nature of this relationship is not clear from the data analysis. An influence indicates that one category affects another. This is a new framework and there is room for improvement. Therefore, empty areas represent theoretical space for the addition of other phenomena.

5.5.1. Stage 1: Identification of the Need to Change

Results show that the adoption and implementation process of CR practices starts when the company is motivated to pursue a solution to one or more social and environmental issues. This motivation arises from a combination of internal and external contextual characteristics. When these contextual characteristics exert pressure on the company, and require change, they become drivers. To create a change in company behaviour, external drivers are generally internalized, in effect, becoming internal drivers. Results also show that internal drivers are also borne out of internal contextual characteristics, such as company culture, top management leadership, and business strategies. Together, these internal drivers catalyze a process of change for the company, thus having a direct effect on the adoption and implementation of CR.

5.5.2. Stage 2: Exploration and Adaptation of Practices

Once the need for change is identified, other factors come into play. For instance, companies put into place a number of mechanisms to further explore the topic at hand, as well as to adapt and implement the practice(s) being adopted. We call these mechanisms formal processes because they create formalities and rules. Data showed that these are mechanisms which serve to align and standardize practices and behaviours throughout the company, operationalize practices and goals, and evaluate the effectiveness of these practices. In the early phases of the adoption and implementation process, formal processes such as temporary groups, work to bring CR practice(s) into action within the company. They can serve multiple purposes including, but not limited to, identifying the practice(s) to be adopted, modifying and adapting the practice to fit company characteristics and agenda, and planning for implementation.

While the establishment of temporary groups to explore and adapt the practice to a company context is taking place, so too are other actions, either concurrently or sequentially. As the data show, companies' organizational structures are another factor influencing the adoption and implementation of CR practices. Three elements of companies' organizational structures stand out from the data: (1) management structure; (2) job descriptions; and (3) the decision-making process. Companies tend to add to or modify their management structures by establishing new groups, teams, or departments responsible for the CR practice(s) being adopted.

5.5.3. Stage 3: Activation

Following the exploration and adaptation of the practice to the specific company context, companies then implement the practice. Formal processes play an important role in activating these practices. Temporary groups usually take part in the planning and implementation of activities. Additionally, if the company already has company policies and/or structural tools in place (e.g. ISO or forest certification), these formal processes provide structure and alignment throughout the company, thus

facilitating implementation. In particular, structural tools help the company to set priorities, develop guidelines and procedures, and infuse materials from community consultation projects into this process. Training activities are usually part of this stage. They provide the new knowledge about the adopted practices, which is necessary to change behaviour within the company. Performance monitoring mechanisms are also built into the activation stage of the adoption and implementation processes of CR practices. They contribute to the final stage of this process, but are usually designed and activated during this stage.

5.5.4. Stage 4: Feedback

Data also show that the adoption and implementation of CR practices have a cyclic nature. Companies tend to monitor their performance related to the CR practices adopted and incrementally modify these practices. This continuous improvement exercise helps companies to adapt to their internal and external environments in an ongoing manner. This is in line with the concept of CR, which revolves around companies' needs to constantly adapt to the expectations of their stakeholders and their changing internal and external environments (Bowen, 1953; Davis, 1960; Sethi, 1975).

Performance monitoring mechanisms, another formal process, are also usually present in this stage of adoption and implementation. These help the company to identify the necessary changes to the CR practices that they have in place. By identifying, adapting, and implementing these changes, companies are continually closing and reinitiating the cycle of the adoption and implementation processes of CR practices.

Some factors are present in most, if not all, stages of the adoption and implementation of CR practices. As described above, formal processes represent one such factor. They are present in the identification of change, adaptation, activation, and feedback stages of the adoption and implementation processes of CR. Other factors that play a role in different stages of this process include job descriptions, the companies' decision-making processes, and its attributes of practice. Decision-making processes are a fundamental part of most activities within a company. In the

TABLE 5.4: How factors influence the stages of the adoption and implementation processes of CR practices.

Factors	Stages of Adoption and Implementation			
	Identification of the Need to Change	Exploration and Adaptation of Practices	Activation	Feedback
Internal Drivers	So, you know, our CEO saw what was going on and certainly wanted his company to be among the first to attain the CSA certification process.	It isn't as if the president issued an edict and everything happens the same way. In environmental areas, things are quite regional and local, or national, depending on what the driver is.	The final decision of how and where to invest [in social actions] is made by the owner and CEO.	Top management is committed to continuous improvement. This is a target for all organizations in this Group; to comply with legislation and align [our practices to] a continuous improvement plan.
Formal Processes	The operating strategy is to always have local people, people who know the institutional environment, that know the local language used to approach local communities and politicians. From this, these people elaborate the company's [social] action strategies in the region.	[As part of our Environmental Management System], each operation sets targets appropriate to its circumstances.	[Once the project for a new practice is approved], we establish a group. This group is responsible for the implementation of this work.	Well, there's a feedback system in it [i.e. forest certification system] and it requires you to do certain things in your planning, certain things in the execution of plans and certain follow ups that will have to be done and kept on file.
Organizational Structure	About a year ago a Sustainability area connected directly with the President was created. (...) This area influences some movements within the company. We are now participating in a fundamental movement: the revision of the company's strategic map.	Decisions are made individually, given that units are different. It wouldn't be possible to make the same type of decision for all units because they are different anyway.	Most ideas of practices that apply to operations tend to come from operations. They are discussed with the leadership in Environment, Health and Safety and decisions are made on how and where things will be implemented.	[When an improvement opportunity is identified], if it's simple, it's implemented at the operation. The operator and their respective supervisor discuss and implement the action. If the action is more complex, the idea is taken to the top management for a decision.
Attributes of Practice	N/A	We know what to do, but the implementation is difficult and [the practice] has to be adapted to each case.	It depends on the scope of the practice. If things are simple, they are implemented directly at the unit level.	An employee at the operational level had this idea to improve a practice. So, we changed it and productivity improved.

adoption and implementation of CR practices, decision-making processes are used in identifying the need to change, deciding to adopt a practice, adapting, planning and implementing the practice, and in the continuous improvement efforts of the company. The accountability of each individual within the company, provided by their job descriptions and the attributes of practice, directly influence the decision-making process. As a result, they also influence the different stages of the adoption and implementation process.

5.6. Adoption and Implementation of Corporate Responsibility Practices and the Innovation Process in Organizations

For companies, the operationalization of the CR concept can be a complicated task. The literature on CR provides some guidance on this (Carroll, 1979; Wood, 1991; Wartick and Cochran, 1985; Ackerman, 1975; Post, 1978), but there is very little in the way of information on the specific steps companies take when responding to social and environmental issues. Our goal in this study was to identify the factors that influence the adoption and implementation of CR activities within businesses, as well as to understand the stages of this process. A great deal of literature was relevant to this study, including theories of decision-making, organizational theory (organizational change, organizational learning, and organizational design and structure), and leadership, to name a few. However, one theory was particularly relevant to our findings: the innovation process in organizations. This literature incorporates aspects of some of the other bodies of literature mentioned (i.e. decision-making, organizational structure, organizational change, etc.) and identifies factors and stages very similar to those that we identified here. Most notably, it provides an explanation on how new practices (i.e. innovations) are taken up by organizations. These similarities allow for the transposition of knowledge from the innovation literature onto the processes of adoption and implementation of CR practices, giving more detailed insight into the specific steps that shape the corporate social responsiveness process. As such, potential adopters may be able to better understand what is involved in the adoption and implementation of these practices and plan accordingly.
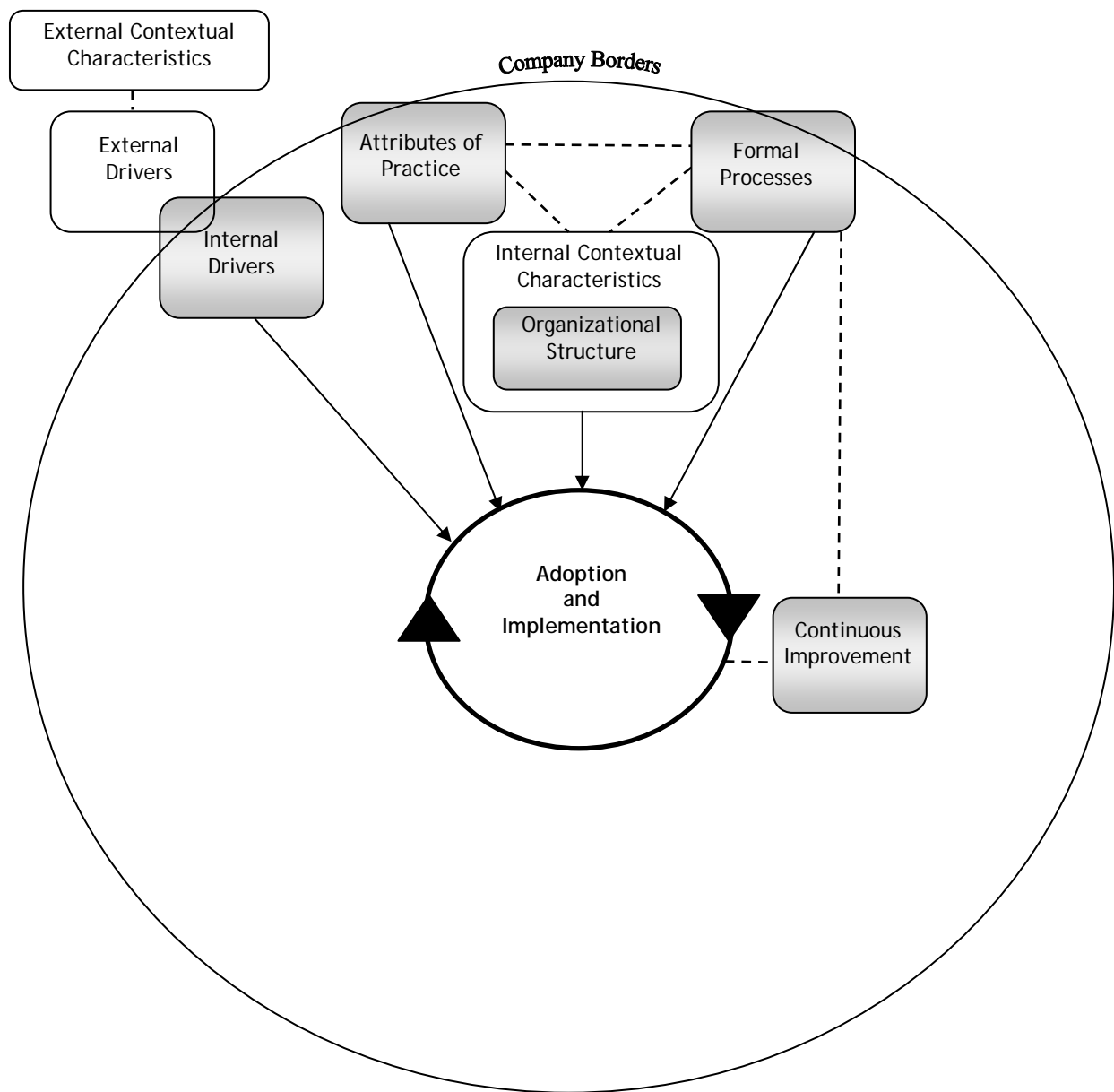
FIGURE 5.1: Framework explaining the adoption and implementation of corporate responsibility practices

5.6.1. The Innovation Process in Organizations

Innovation processes refer to a sequence of stages (e.g. decisions, actions, and events) that lead to the creation or adoption and implementation of new practices within organizations (Rogers, 2003; Zaltman et al., 1973). Several authors have described the innovation process by identifying its different stages and have developed models explaining the innovation process in organizations (Hage and Aiken, 1970; Milio, 1971; Rogers, 2003; Shepard, 1967; Wilson, 1966; Zaltman et al., 1973). In general, they all refer to an initial phase in which the need for change is identified. Following this initial phase, decisions are made regarding the adoption of and planning for implementation. Next, implementation takes place, followed by the institutionalization of the new practices.

The theory on the innovation process in organizations fit our data on the adoption and implementation processes of CR practices[10]. To begin with, the stages of the adoption and implementation processes of CR identified here are similar to the different stages outlined in the innovation process. Additionally, the literature also identifies a number of factors related to the innovation, the organization, and its environment that influence the innovation process in organizations. Most of these factors overlap, to some extent, with the factors that influence the adoption and implementation processes of CR practices.

The model developed by Rogers (2003) provides a recent and well-accepted representation of the innovation process in organizations that is based on the existing literature on this process. As such, Roger's model serves as a reference for this discussion. In this model, Rogers (2003) identifies two main stages in the innovation process: (1) the initiation stage and (2) the implementation stage. The initiation stage has two phases, namely the agenda-setting and matching phases. In the agenda-setting phase, the organization identifies an issue or problem that needs to be addressed. Changes in the organization's internal and/or external environments may create a performance gap – i.e. discrepancies between what the organization does and what it could be doing to address an

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[10] Although the forest sector is not generally considered to be an innovative sector, the forest companies interviewed for this study are very innovative companies with regards to Corporate Responsibility practices.

opportunity or problem (Zaltman et al., 1973; Rogers, 2003). These performance gaps may be a consequence of unexpected occurrences, incongruities, process needs, demographic changes, changes in societal perceptions, and/or the appearance of new knowledge (Drucker, 1998). Performance gaps trigger the innovation process by motivating the search for an innovation to fill the gap (Rogers, 2003). This is similar to the first stage identified in this study, identification of the need to change.

Next, the organization fits the issue to be addressed with an innovation (i.e. the matching phase) and makes the adoption decision. In this phase, the organization finds an innovation that can be used to address the issue identified in the previous phase (Rogers, 2003). Although this phase did not emerge from our data, it would be reasonable to assume that it takes place in the adoption and implementation processes of CR practices. Considering the variety of practices that exist to address different CR issues, a logical extension of the first stage identified in this study is that companies have to match these practices with the issue(s) identified.

Once the organization identifies the need to change, matches an innovation to the issue to be addressed, and makes the adoption decision, the organization moves on to the implementation stage. This stage consists of three phases: redefining/restructuring; clarifying; and routinizing. In the redefining/restructuring phase, the innovation is adapted to fit the organization (Rogers, 2003). This phase corresponds to the second stage identified in this study, exploration and adaptation of practices. Results show that, not only is the practice adapted to the context of the company, companies can modify their existing management structures by making a person or existing group accountable for the new practice. These modifications are the result of aligning practices to company contexts (Rogers, 2003; Van de Ven, 1986).

Once the innovation is widely used within the organization and becomes clear to organizational members, the clarifying phase has been achieved. Routinizing occurs when the innovation becomes embedded into the regular activities of the organization, losing its novelty aspect (Rogers, 2003). These last two phases of Rogers' innovation process model were not readily apparent in our data. However, they align well with the last two stages that we identified in the adoption and

implementation processes of CR practices: activation and feedback. As the results show, companies use different formal processes to activate and create a feedback system for the adopted practices. Performance monitoring mechanisms are an example of formal processes used to continually improve the CR practices companies have in place. This feedback process likely plays a role in clarifying and routinizing practices within the organization.

The feedback stage implies a cyclic rather than linear process. Zaltman et al. (1973) call these activities "control of innovation process," with the idea being that this cyclic process allows a company to constantly adapt to its internal and external contexts (Schein, 1970; Zaltman et al., 1973). The constant adaptation of practices allows companies to improve performance of established practices (Christensen, 1997). Although we describe the feedback stage as the last stage of our model, the activities included in this stage likely occur in each one of the previous stages. This creates 'circularity', not only in the process as a whole, but also within each stage of the process (Zaltman et al., 1973).

5.6.2. *Factors that Influence the Innovation Process in Organizations*

Certain factors, such as the attributes of the innovation and organizational characteristics, can influence the innovation process in organizations. For instance, attributes of innovations influence their adoption (Rogers, 2003; Zaltman et al., 1973). We identified five attributes of CR practices that influence their adoption and implementation: place of origin of a practice within the company; costs; scope of change required in the adoption and implementation; degree of standardization of the practices; and alignment of the practice with existing company strategies. These attributes have been identified elsewhere as commonly influencing adoption (Zaltman et al., 1973; Rogers, 2003). It should be noted that, although certain attributes are considered to influence the adoption of most innovations, their perceived relevance varies for different adopters (Rogers, 2003). Therefore, the attributes that we identified here are probably not a complete listing of attributes that influence the adoption and implementation of CR practices.

Rogers (2003) identified a number of variables that influence the adoption and implementation of new practices in an organization: (1) leader characteristics; (2) internal characteristics of organizational structure; and (3) external characteristics of the organization. Leadership was identified here as one of the internal drivers that influence adoption and implementation of CR practices. As is the case with the adoption and implementation processes of CR practices, organizational structure also influences the innovation process in organizations. Four of the six characteristics of organizational structure identified by Rogers (2003) overlap with the factors that influence the adoption and implementation process of CR practices identified here. Complexity, or the degree of highly trained and knowledgeable personnel in an organization, is somewhat related to job description, one of the subcategories of organizational structure that emerged from our data.

Two other characteristics of organizational structure that influence the innovation process are centralization and interconnectedness. Centralization is the degree to which power is concentrated in a few individuals within an organization, while interconnectedness is the degree to which the units of a social system are linked by social networks (Rogers, 2003). These characteristics align with two characteristics of the decision-making process that influence adoption and implementation process: the individuality-centralization mix and the degree of integration among company units, respectively.

Formalization (i.e. the emphasis an organization places on rules and procedures) has already been discussed elsewhere as being connected to formal processes. We are not considering formal processes to be a synonymous with formalization. Instead, we consider formal processes to be mechanisms implemented by firms as a way to increase formalization, thus facilitating the implementation of CR practices. Although formalization was not explicitly and directly identified in this study as a characteristic of organizational structure influencing adoption and implementation of CR practices, it would be safe to assume that it indirectly influences the adoption and implementation processes of CR practices.

Two other characteristics of organizational structure identified by Rogers (2003) are organizational size and slack. These characteristics did not emerge from our data as factors affecting the adoption and implementation of CR practices. This might be due to the fact that we were not explicitly looking

for these effects. However, it has been identified elsewhere that both company size (measured by net sales) might be correlated to the types of CR practices adopted by forest companies (Vidal and Kozak, 2008). This indicates that these two characteristics of organizational structure should not be ignored as potential factors influencing the adoption and implementation of CR practices.

Rogers (2003) also identified external characteristics of the organization as another factor that influences the innovation process. This factor emphasizes the importance of the connections between the organization and its external environment. Organizations get ideas and information about innovations from external sources and then explore, adapt, and implement the innovation within their own borders and within the limits of their resources (Zaltman et al., 1973). This is similar to the internalization of external drivers shown in our results.

5.7. Implications and Conclusions

This study endeavoured to understand the process by which companies adopt and implement CR practices. Operationalization of CR can be a complicated task due to the inherent complexity of this concept. The Corporate Social Performance model suggests a tri-dimensional approach to the operationalization of CR: (1) principles (defining the concept for the company); (2) processes (developing a response to the issues identified); and (3) outcomes of corporate behaviour (programs and policies) (Wood, 1991). In this study, we concentrated on the processes of corporate social responsiveness dimension of the CSP model.

Results show that both internal and external factors influence adoption and implementation process of CR practices and that this process has distinct stages. These findings have both applied and theoretical implications. Theoretically, this study shows that the adoption and implementation of CR practices is very similar to the innovation process in organizations. This finding may fill a gap that currently exists in the CR literature about the operationalization of this concept. By considering CR practices as innovations, insight can be gained on the processes of corporate social responsiveness. The framework developed here offers a preliminary attempt to do so. It lays a foundation for our

understanding of the adoption and implementation of CR practices and provides a possible starting point for future research.

This research also has applied applications. Combining the findings of this study with the theory of innovation process in organizations provides insight on how firms can adopt and implement CR practices. Results show the process of adopting new CR practices broken down into what is hoped to be easier to understand pieces. It is expected that this framework will provide managers with a broad overview of how the process of adopting and implementing CR practices happens within companies. The proposed framework suggests some steps that can be taken and factors that should be considered in adopting CR practices. The identification of these patterns should facilitate the management of the response process for CR practices.

This study also offers opportunities for further research. For instance, there is a need to empirically test the framework explaining the adoption and implementation of CR practices proposed in this study. Specifically, it would be useful to test this framework using quantitative methods and a larger and more diverse sample of firms. This would further verify the accuracy of this framework and possibly provide material for fine-tuning the model. Additionally, the applicability of the theory of innovation process in organizations on the process of corporate social responsiveness should be explored in more detail. This exploration might provide further clarification on more specific aspects of the adoption of CR practices and on the elaboration of a response process. Finally, the connection between models of the innovation process in organizations and the adoption and implementation of CR suggests that there is probably more in the innovation literature (e.g. Drucker, 1985; Christensen, 1997) that can be used to explain these processes.

This qualitative study has its limitations. As an inductive study, this research provides new insight into understanding the adoption and implementation of CR practices. On the other hand, it does not allow us to extrapolate the results to a larger population of companies. Additionally, collecting information from only one industry sector (the forest sector) might mean that some aspects of this framework reflect situations that are specific to this sector. An example would be formal processes. Structural tools, such as forest certification, have notably been a very strong trend in this sector. In fact, forest

companies tend to interpret the concept of CR through the lens of forest certification, meaning that some companies see this structural tool as synonymous with CR (Vidal and Kozak, 2008). Nonetheless, the diverse ISO certification standards and other structural tools (e.g. TQM) are applicable to all industries and very likely have similar roles to the one that forest certification plays in the forest sector.

The inherent complexity of the CR concept may discourage some businesses from adopting it. This study attempted to identify a pattern in the corporate social response process by identifying factors that influence the adoption and implementation of CR practices, as well as its stages. It is hoped that the framework proposed here will advance the inquiry on CR practices and help in the demystification of CR for potential adopters.

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6. CONCLUSION

The forest sector has been seeking to establish a new social contract that shows its commitment to sustainable and responsible practices (Wang, 2005). This has been a result of a number of pressures for resource preservation that can conflict with the increasing demands for forest products (ILO, 2001; Jenkins and Smith, 1999; Nasi et al., 1997; Wang, 2005). The concept of Corporate Responsibility (CR) is an important tool for establishing this new social contract. This concept encourages businesses to address the environmental and social impacts of their operations and serves as a tool for implementing sustainability into business activities (van Marrewijk, 2003). However, CR is a difficult concept to understand and operationalize due to a lack of a commonly accepted definition and its dependence on context (Morimoto et al., 2005; Strand, 1983). Therefore, if the forest sector wants to improve its responsible practices, it is first necessary to understand and situate CR within this sector's context. Considering this scenario, the questions that framed this dissertation were: (1) how are CR practices diffused to forest companies; and (2) how do companies understand and operationalize these practices?

The first objective of this dissertation focused on identifying how forest companies understand CR. Considering the lack of a commonly accepted definition of CR, its multiple dimensions, and its dependence on contextual characteristics, identifying how forest companies interpret this concept is a necessary first step to understand the diffusion and operationalization of CR practices in the forest sector. Chapters 2 and 3 addressed this objective. Findings show that Sustainable Forest Management (SFM) practices and forest certification are generally synonyms with CR in the forest sector and that contextual characteristics[11] play a role in to how forest companies understand and operationalize CR. Additionally, results indicate that the global forest sector is moving towards a more holistic approach to CR, moving away from purely environmental practices to include practices that emphasize the social and economic aspects of sustainability.

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[11] The contextual characteristics assessed in this study were the region of operation and company size.

Chapter 4 addressed the second objective of this dissertation of identifying the processes by which CR practices are diffused within the forest sector and to forest companies. Results revealed that there are three major factors that influence the diffusion of CR to forest companies: (1) external contextual characteristics; (2) connectors; and (3) experts and expert organizations. Results show that diffusion within the forest sector is a result of different contextual forces: the behaviour of competitors; stakeholder pressures; the socio-political and industry sector contexts; the exchange of information among expert organizations; and the exchange of information between expert organizations and companies. Information about the concept of CR is usually diffused to companies through expert and expert organizations, who act as interpreters and translators of this information for companies. Additionally, the flow of information about CR in the forest sector appears to be cyclic; companies and expert organizations influence each other's decisions about CR practices and both are influenced by their external environments, while concurrently contributing to the trends in practices seen in these environments.

Chapter 5 addressed the third and last objective of this dissertation, which focused on proposing a framework explaining the adoption and implementation of CR within forest companies. Findings indicate that four factors influence the adoption and implementation of CR practices in forest companies: (1) internal drivers; (2) organizational structure; (3) attributes of practice; and (4) formal processes. These four factors may be interconnected, influencing one another. Results also indicate that the process of adoption and implementation of CR has a continuous improvement aspect, meaning that this is a cyclical process. Additionally, results show that the process of adoption and implementation of CR practices in forest companies has four stages that resemble those of the innovation process in organizations: (1) identification of the need to change; (2) exploration and adaptation of practices; (3) activation; and (4) feedback.

A common recurring theme in these separate studies related to the role of context in the way that companies understand and operationalize CR, as well as in the diffusion of CR throughout the sector and to companies. While exploring the role of context on the way companies understand CR was part of the specific objectives explored in Chapters 2 and 3, contextual characteristics also emerged from

the grounded approach used in Chapters 4 and 5 as playing a role in the diffusion of CR practices within the forest sector and to forest companies, as well as in the adoption and implementation process of CR practices within companies. This common theme is discussed in Section 1.6 in order to provide a more comprehensive picture of the role of context in the diffusion, adoption, and implementation of CR practices in the forest sector.

Section 6.2 discusses and connects the frameworks developed in Chapters 4 and 5 in order to propose a comprehensive framework explaining the diffusion, adoption, implementation of CR practices to forest companies. Additionally, the connection between diffusion and operationalization (i.e. adoption and implementation) will be discussed and linked to existing literature. Section 6.3 discusses the limitations of this study and Section 6.4 presents suggestions for future research.

6.1. The Role of Context in the Diffusion, Adoption, and Implementation of CR Practices

Context plays an important role in the way that CR is defined and operationalized. Different contextual characteristics, such as socio-political, environmental, cultural, and geographical characteristics, translate into stakeholders with different expectations about responsible business behaviour that can also change over time (Carroll, 1979; Sethi, 1975; Strand, 1983). Comprehending context and its effects on stakeholder expectations is a crucial part of understanding and operationalizing CR.

Based on the results from this study, it can be argued that context indirectly influences the diffusion, adoption, and implementation of CR practices in two ways: through the relevance of CR issues and through stakeholders (Figure 6.1). Context naturally enhances the relevance of some CR issues over others. Chapter 2 showed that companies operating in regions with acute social problems (e.g. companies operating in Africa and Latin America) seem more likely to adopt practices that address those issues. The same pattern is observed for regions where the local context emphasizes environmental issues. Relevant stakeholder groups are also determined and influenced by contextual

characteristics. As results from Chapter 5 indicate, companies adapt CR practices to fit the local context of each operation and sometimes companies adopt certain CR practices only in those operations where an issue exists. Therefore, relevant CR issues also play a role in determining who the key stakeholder groups are and vice-versa.
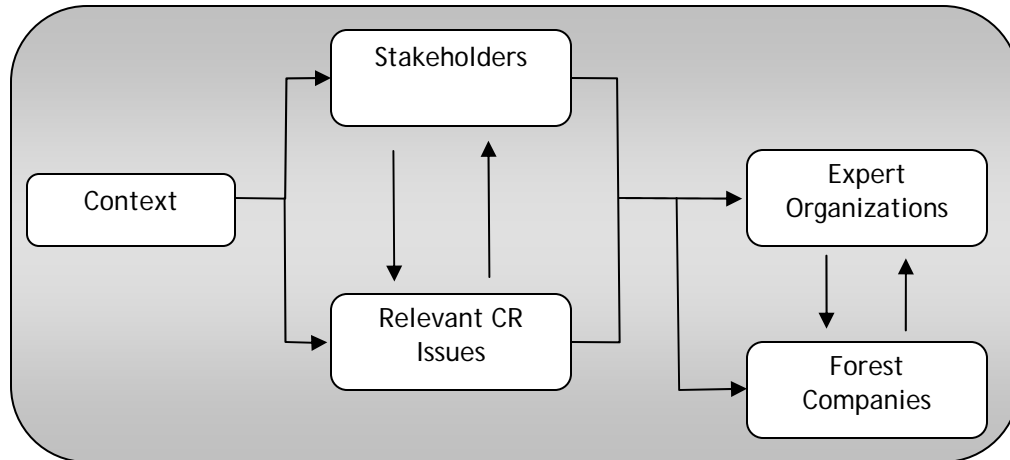

FIGURE 6.1: The role of context on the diffusion, adoption, and implementation of CR practices.

By determining the relevant CR issues and stakeholder groups, context plays an important role in the diffusion of CR practices. Contextual characteristics influence how expert organizations choose the topics that they will diffuse to companies (see Chapter 4). Since expert organizations influence and facilitate the flow of information about CR to companies (Rogers, 2003), the topics they choose to diffuse have a direct impact on the diffusion process of CR to forest companies. Consequently, context influences the type of information being diffused and the ways in which this information flows.

The influence of context on diffusion processes is well documented in the diffusion of innovations literature (see Rogers, 2003; Wejnert, 2002). Contextual characteristics shape the innovation being diffused, influence its applicability, affect its adoption rate, and affect the types of diffusion channels used in this process (Wejnert, 2002). Rogers (2003) refers to social systems as one of the factors that influence the diffusion of innovations. His definition of social systems approaches contextual characteristics from a social network perspective, implying that the social structure of the system plays an important role in the diffusion process. Both perspectives of context were identified in this study as being important in the diffusion of CR practices to forest companies. The social system

approach was verified in the way that companies connect with their external environment through relationships with stakeholders and expert organizations. These relationships influence the diffusion of CR practices (see Chapter 4). Other contextual characteristics that go beyond relational networks shape the relevant CR issues and stakeholder groups, consequently influencing the diffusion process of CR practices (see Chapters 2, 4, and 5).

Context also influences the adoption and implementation of CR practices within companies. Context influences how companies understand the concept of CR and prioritize the practices that they implement (see Chapter 2), meaning that they make sense of their context by deciding which demands and situations should be addressed (Adizes and Weston, 1973; Carroll, 1991; Dalton and Daily, 1991; Epstein, 1987; Fitch, 1976; Johnson, 1971). Chapters 4 and 5 show that those contextual characteristics that companies decide to address act as drivers for the adoption of CR practices.

Once the decision to adopt CR practices is made, companies have to prioritize the CR practices that they will adopt, and adapt these practices to their specific contexts (see Chapter 5). As discussed above, relevant CR issues and stakeholder groups influence how expert organizations select topics to be diffused to companies, meaning that this influence on the choice of CR practices starts even before information about CR reaches companies. Therefore, context plays a role not only in the types of activities companies adopt, but also in how they adapt these activities to the specific contexts of their operations.

Contextual characteristics are in a constant state of flux, resulting in frequent changes in the relevance of CR issues and stakeholder expectations (Carroll, 1979). Therefore, companies have to adapt their practices over time to stay abreast of their changing environment (Carroll, 1979). Chapter 3 showed how CR practices of forest companies have recently been changing to include more balanced social and environmental practices. When considering the implementation process of CR practices, this adaptation to changing contextual characteristics is reflected in the presence of continuous improvement mechanisms (see Chapter 5). These mechanisms consist of collecting feedback from the company's internal and external environments and changing CR practices to better

represent social expectations (Schein, 1970; Zaltman et al., 1973). Consequently, context also influences the implementation process of their CR practices.

The influence of context on the adoption and implementation of CR practices matches the role of context in the innovation processes of organizations. Changes in companies' contexts create the need for additional practices that address newly identified problems (Rogers, 2003; Zaltman et al., 1973). Once this is done, companies have to identify a CR practice that fits not only the issue to be addressed, but also works well within the specific context of their operations (Rogers, 2003).

These findings show the importance of understanding context in the diffusion, adoption, and implementation of CR practices. The importance of context to the concept of CR has been well documented by practitioners and scholars alike (Carroll, 1979; European Commission, 2002; Sethi, 1975; Strand, 1983; Ward et al., 2002). These studies identified that there are differences in the CR practices of companies operating in different contexts; however, they have not pinpointed its effect on specific aspects of the diffusion, adoption, and implementation of CR practices. That said, this study did provide some insight in this area. In terms of applied implications, results of this study suggest that evaluation and analysis of an operation's context is a crucial first step before choosing, adopting, and implementing CR practices. For those organizations interested in advancing CR practices, these results suggest how contextual characteristics should be taken into account in the selection of topics and diffusion paths of CR.

6.2. A Proposed Framework Explaining Diffusion, Adoption, and Implementation of CR Practices

The main questions that framed this dissertation revolved around the way companies understand and operationalize CR, as well as how this concept is diffused to forest companies. CR is a complex concept for companies to implement and understanding these points may contribute to advancing knowledge transfer among and between countries and companies. Diffusion of CR practices to companies was explored in Chapter 4 and a framework explaining the adoption and implementation

of CR practices was proposed in Chapter 5. In this section, both frameworks have been linked in order to explore the connection between diffusion and operationalization of CR practices. It is possible that understanding one might enhance our understanding of the other.

Figure 6.2 shows the aggregate results from the frameworks developed for Chapters 4 and 5. When connecting the frameworks exploring diffusion, adoption, and implementation of CR practices, the area that provides novel information occurs at the interface between company borders and the external environment. The external environmental factors affecting the diffusion of CR to companies as well as the factors influencing the adoption and implementation of CR, remain the same as discussed in the dissertation. Additionally, although 'context' is synonymous with 'external environment', this category was created to highlight aspects of the external environment that played a special role in the diffusion, adoption, and implementation of CR practices.

Results from Chapters 4 and 5 indicate that the motivation to adopt CR practices comes from a combination of internal and external drivers. External drivers, such as the behaviour of competitors and stakeholder demands, are usually internalized and transformed into internal drivers for the adoption of CR practices. Connectors – company personnel that serve as links between the company's internal and external environment by bringing information about CR into the company – are a crucial factor in this transformation. Although any person within the company can act as a connector, they tend to be in top management positions (see Chapter 4). As identified in Chapter 5, company leaders also act as internal drivers for the adoption of CR. Therefore, company leaders acting as both connectors and internal drivers are a linking point between the two frameworks. In bringing information about CR into the company, connectors not only serve as diffusion channels for this concept, but also as conduits for the internalization of external drivers, driving and supporting the adoption and implementation of CR practices (Hage and Aiken, 1970; Rogers, 2003).

Experts and expert organizations may diffuse information about CR to companies in all phases of the diffusion, adoption, and implementation process of CR. Results from Chapter 5 indicate that practices with high costs and high strategic importance usually need to be approved and supported by top management before being successfully adopted and implemented. Therefore, it could be argued that

experts and expert organizations communicate information regarding CR to company leaders, especially related to the initial exploration and adaptation of practices. However, they can also diffuse information to companies during the activation and feedback stages of the adoption and implementation process of CR practices (see Chapter 5). In these cases, connectors would be company personnel in middle management positions, working in the implementation or recycling/updating of practices.

Connecting these frameworks means that the diffusion of CR to companies is being linked to the adoption and implementation process. As explained in Chapter 5, the stages of the adoption and implementation process of CR within companies resemble those of the innovation process in organizations. Therefore, connecting these two frameworks would be equivalent to connecting the diffusion and innovation processes. Although these topics have been merged before (Rogers, 2003), they have not been examined from a CR perspective. Rogers (2003) explores the diffusion of innovations to organizations by delving into the stages involved in the adoption of an innovation within organizations.

Although there are similarities between the findings of this study and Rogers' (2003) model, the results of this study are more specific to the CR and forest sector contexts. Although Rogers (2003) considers that the organization's external environment plays a role in the diffusion and innovation processes in organizations, he does not explore its role in great detail. In general, the author considers that the diffusion process is complete when organizations adopt the innovation and, consequently, focuses on the stages of the innovation process and the degree of innovativeness of organizations as factors of importance in the diffusion of innovation to organizations. However, the role of the external environment was considered in more detail in this study due to the importance of contextual characteristics in the diffusion of CR practices (see previous section).

In analyzing the connection between the diffusion and the adoption and implementation of CR practices, it can be argued that one triggers the other. When companies initially adopt CR practices as a response to contextual characteristics and drivers, the diffusion process triggers the adoption and implementation process of CR practices. However, the process of adoption and implementation

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of CR practices within companies is a cyclical process, meaning that companies are always searching for ways to reinvent and update their practices. Additionally, some external contextual characteristics, such as the behaviour of competitors, can be drivers for the adoption of CR practices. In these situations, the process of adoption and implementation of CR practices triggers the diffusion process.

These findings have theoretical and applied implications. Theoretically, the identification of factors affecting the diffusion, adoption, and implementation of CR practices advances knowledge on these specific processes, especially within the forest sector context. Of both practical and theoretical importance is the fact that these processes (diffusion / adoption and implementation) cannot be considered in isolation. The findings of this study not only suggest that they are connected, but that they also initiate one another. This study has also identified some of the change agents that serve to diffuse CR to forest companies, their specific patterns of action, and the channels for effective diffusion of CR. It is hoped that these results can help change agents to find more effective ways of diffusing this concept to companies. By understanding the specifics of the processes of diffusion, adoption, and implementation, companies are better able to prepare and plan for them accordingly.

6.3. Research Limitations

Every research study has its limitations and this dissertation is no exception. While previous chapters have discussed the specific limitations of each of the studies, this section will focus on more general limitations of this study. Two types of qualitative research methods were used in this dissertation: content analysis and grounded theory methodology. A limitation of choosing qualitative methodologies is the inability to extrapolate the results onto the entire population under investigation. The results of this study provide insight on ways in which forest companies understand CR, how this concept is diffused to forest companies, and how forest companies operationalize it. However, these results cannot be extrapolated to the entire forest sector. Additionally, the validity and accuracy of the frameworks presented in this study have not been verified.

External Environment

Competitors, Marketplace, and Supply Chain Management

Stakeholders

Context

Connectors

Experts and Expert Organizations

Formal Processes

Attributes of Practice

Internal Drivers

Internal Contextual Characteristics

Organizational Structure

Continuous Improvement

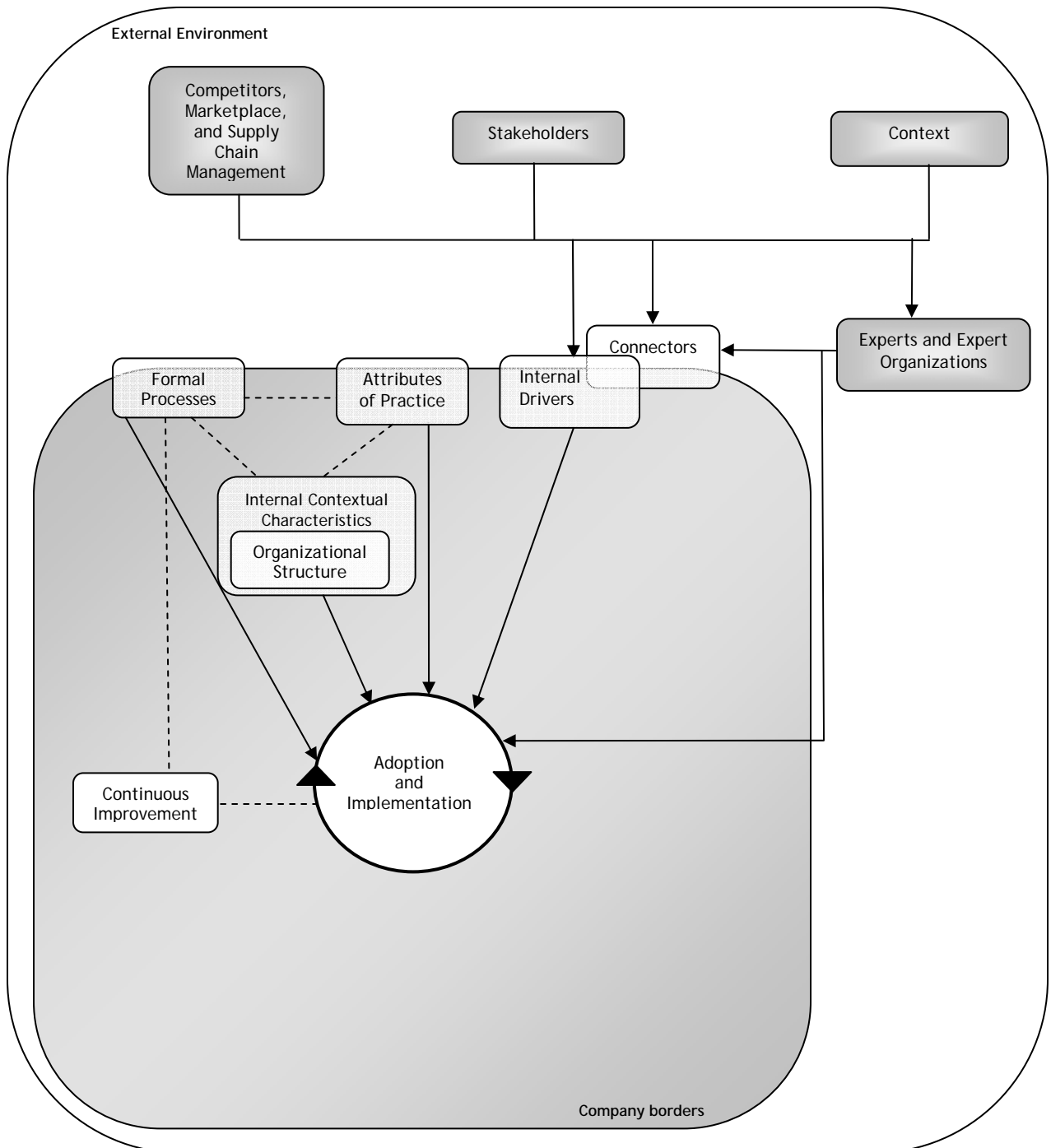Adoption and Implementation

Company borders

FIGURE 6.2: Framework explaining the diffusion, adoption, and implementation of CR practices in forest companies.

Although content analysis can be conducted quantitatively, it was used qualitatively in this study in order to explore the meanings and applications of CR in the forest sector. Using sustainability reports limits the analysis to what companies decide to report. There is also some discussion about the degree of truthfulness of the information that companies present in their reports. Since few companies go through a process of third-party verification of their reports, it is difficult to ascertain how honest and transparent companies are being. Nevertheless, sustainability reports are a good starting point to explore how forest companies understand and apply CR and what companies say they do about CR constitutes a basis for understanding this concept.

Another limitation of this study relates to the number of interviews conducted in each company. Interviews with forest companies tended to be limited to one or two individuals within the company. Considering that our level of analysis focused on companies as the unit of analysis, a choice was made to focus on collecting cross-sectional (as opposed to longitudinal) data. This choice allowed for a wider range of contextual variation, which was an important construct in this study. The downside of this choice, however, was the lack of detailed analysis on the variation in contexts and diffusion CR practices within each company.

6.4. Opportunities for Future Research

Some of the limitations of this study also offer opportunity for future research. For instance, it would be interesting to empirically test the framework explaining the diffusion, adoption, and implementation of CR practices. Testing this framework on a larger population of companies and sectors would verify its accuracy and provide material for further refinement. The framework developed here explaining the diffusion, adoption, and implementation of CR practices in the forest sector constitutes a substantive theory (Glaser and Strauss, 1967). Including data about the diffusion, adoption, and implementation of CR practices for companies operating in other industry sectors, would allow for the expansion of this framework into a formal theory, which is broader in scope and usually based on a formal or conceptual area rather than on a specific area of inquiry (Glaser and Strauss, 1967).

As explained in the previous section, this study has not explored the diffusion of CR practices within companies. Instead, it explored factors involved in the adoption and implementation of these practices. However, future work might benefit from a detailed exploration of how knowledge about these practices flows within the company, how the adoption decision and implementation process is transferred between different company facilities and divisions, and the impact that specific contexts of different places of operations have on the diffusion of practices within companies. Future research mapping the flow of information and knowledge about CR within companies might provide further insight on how companies understand this concept, how they transform this knowledge into practices, and how variation in local contexts of operations affect these processes. Social network theory and the literature on best practices transfer and intra-organizational learning may be good starting points (e.g. Argote and Ingram, 2000; Argote et al., 2003; Szulanski, 1996; Szulanski, 2000; Wassermann and Faust, 1994).

While exploring diffusion of CR practices within companies addresses the diffusion of CR on a smaller scale, observing the diffusion of CR on a broader scale might also provide useful insight on expanding the use of these practices. Both developed and developing countries have been included in this study in order to achieve the broadest possible context variation. However, the information was not analyzed with the objective of benchmarking the differences in the way these two types of economies practice CR. Even though it is commonly assumed that companies operating in developing countries have lower CR performance, the results of this study indicate that some companies operating in a developing country context have very advanced CR practices, especially concerning social issues. Considering that the forest sector appears to be moving towards a more balanced approached to CR (see Chapter 3), it would be interesting to explore how diffusion of knowledge and exchange of CR practices can be advanced in order to improve the overall practices in this sector globally.

This study suggests that models of the innovation process in organizations might be used to explain the adoption and implementation of CR practices within companies. It is very likely that the literature on innovation, beyond only the innovation process, may offer further contribution in explaining the

diffusion and operationalization of CR to and within companies. Therefore, this connection warrants further investigation and the works of Drucker (1985) and Christensen (1997) may be good starting points for this exploration.

Finally, the content analysis exploring the role of context in the choice of CR activities could be expanded to include other contextual characteristics, such as type of forest resources, land tenure, and government policies, that have influence in the forest sector. Given the complexity and great variance within each of the regions studied, this analysis could break each region down into sub-regions. Another alternative would be to explore the differences in context in the various places of operation for each company.

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APPENDIX I – INTERVIEW QUESTIONS FOR FOREST COMPANIES

First Round of Interviews

General

1. What position do you hold in this organization?

Definition

2. How would you define Corporate Responsibility in your company?

Evolution of the concept within the company

3. Could you describe to me how this idea was brought to your company?
4. How has this concept evolved from an idea to the practices you have today?

Drivers

5. Why did your company decide to implement Corporate Responsibility practices? What were the drivers?

Timeframe

6. When did this process of implementing Corporate Responsibility practices in your company start?

Communication and implementation of practices

7. How are Corporate Responsibility practices communicated and implemented across and within divisions in your company? What were the greatest challenges in this process?

Impact

8. What are the impacts for your company of having implemented these practices?
9. Do you think that implementing these practices required too much change in your company?

Next steps

10. What are the next steps in terms of Corporate Responsibility practices in your company?

Second Round of Interviews

Example of Company-Specific Interview Protocol – Brazil

Incremental Changes and Continuous Improvement

1. In our first conversation, it was mentioned that the company has a periodic evaluation system. Could you tell me more about how this system works?

Diffusion and Organizational Structure

2. I wanted to understand better your company's decision-making processes related to Corporate Responsibility. Could give me a detailed example on how your company makes the decision of implementing a new practice (or changes to existing ones)?

   a. Where do these ideas usually originate, in top management or lower hierarchical levels?

   b. How are these ideas communicated to the persons involved in the decision-making and implementation processes (i.e. proposal, meetings, etc)?

   c. Who needs to approve these new practices?

3. My preliminary results indicate that a company's organizational structure[12] seems to be strongly connected to the way responsible practices are adopted and diffused within forest companies.

   a. Would it be possible to obtain your company's organizational chart?

   b. How does the organizational structure of the company influence decision-making, communication, and implementation of corporate responsibility practices in your company?

   c. Does your company have a board of directors? If so, how is it organized? What is it function and impact on the company?

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[12] In this study, organizational structure is being defined as a "formal and informal framework of policies and rules, within which an organization arranges its lines of authority and communications, and allocates rights and duties" (BusinessDictionary.com 2008).

<u>*Example of Company-Specific Interview Protocol – Canada*</u>

Diffusion and Organizational Structure

1. In the first interview you mentioned that, before your company implemented structural tools (ISO 14000, 9000), the CEO was the person who decided which environmental and social practices would be implemented. After making the decision, the CEO would issue a memo describing the objective, the performance and pace schedules, a bonus component, and an incentive plan component.

   a. How is this different from what happens today?

   b. Would you say that the current way of doing things resembles or is a progression from the old way?

2. It was mentioned in the first interview that the different company operations used to be profit-centered based and that the company has changed to a more centralized approach.

   a. Why and when has this change occurred?

   b. How has this change affected the decision making process about social and environmental practices?

   c. Has the internal communication of social and environmental practices changed as a result of this shift? If so, how?

3. You mentioned that a number of discussion and strategizing sessions were necessary to reach corporate clarity on steps necessary for the implementation of certification. At what hierarchical level did this happen?

4. My preliminary results indicate that a company's organizational structure[13] seems to be strongly connected to the way responsible practices are adopted and diffused within forest companies.

   a. Would it be possible to obtain your company's organizational chart?

   b. How does the organizational structure of the company influence decision-making, communication, and implementation of corporate responsibility practices at your company?

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[13] In this study, organizational structure is being defined as a "formal and informal framework of policies and rules, within which an organization arranges its lines of authority and communications, and allocates rights and duties" (BusinessDictionary.com 2008).

Evolution of the concept within the company

1. Could you describe to me how the idea of Corporate Responsibility was brought to your company?

2. How has this concept evolved from an idea to the practices you have today?

Drivers

3. Why did your company decide to implement Corporate Responsibility practices? What were the drivers?

Communication and implementation of practices

4. How does the decision-making process of implementing new responsible practices (or making changes to existing ones) work in your company?

    a. Where do the ideas for a new (or improved) practice come from?

    b. Who are the persons that need to approve it?

    c. Once approved, what happens? How is this practice implemented?

5. How are these practices communicated within the company?

6. When implementing the same corporate responsibility practice in different parts of the company, is it necessary to adapt practices to the local context of different units / divisions of the company?

7. Does your company have performance monitoring mechanisms? How do they work?

8. My preliminary results indicate that the company's organizational structure[14] seems to be strongly connected to the way responsible practices are adopted and diffused within forest companies.

    a. Would it be possible to obtain your company's organizational chart?

    b. How does the organizational structure of the company influence decision-making, communication, and implementation of corporate responsibility practices at your company?

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[14] In this study, organizational structure is being defined as a "formal and informal framework of policies and rules, within which an organization arranges its lines of authority and communications, and allocates rights and duties" (BusinessDictionary.com 2008).

APPENDIX II – INTERVIEW QUESTIONS FOR EXPERTS AND EXPERT ORGANIZATIONS

Importance of the concept for the forest sector

1. What do you think is the importance of Corporate Responsibility for the forestry sector?

2. What do you think are the impacts (positive and negative) of Corporate Responsibility practices in the forestry sector?

Knowledge acquisition and communication

3. When did your organization first indentify Corporate Responsibility as an important topic? What were your organization's first actions on this topic?

4. Where did your organization get the information necessary to start working on this topic? Where do you acquire information about this topic today?

5. How does your organization disseminate information about Corporate Responsibility to its members and the forestry sector as a whole?

6. Does your organization exchange information about Corporate Responsibility with national and/or international organizations in the forest sector?

7. How are the topics to be disseminated chosen?

8. Do companies or other organizations come to your organization looking for information on Corporate Responsibility? If so, what type of information are they looking for? What is the procedure once that happens?

9. I noticed your organization acts on specific areas of Corporate Responsibility. Why and how were these areas selected?

Future trends

10. What do you think are the trends in Corporate Responsibility in the forestry sector?

11. What are the next steps in terms of Corporate Responsibility for your organization?

APPENDIX III – UBC ETHICS REVIEW BOARD APPROVAL

CERTIFICATE OF APPROVAL- MINIMAL RISK RENEWAL

PRINCIPAL INVESTIGATOR:	DEPARTMENT:	UBC BREB NUMBER:
Robert Kozak	UBC/Forestry/Wood Science	H06-80855
INSTITUTION(S) WHERE RESEARCH WILL BE CARRIED OUT:		
N/A		
Other locations where the research will be conducted:		
N/A		
CO-INVESTIGATOR(S):		
Natalia Vidal		
SPONSORING AGENCIES:		
International Environmental Institute - "A Proposed Framework for the Diffusion of Corporate Responsibility Practices in the Forestry Sector"		
PROJECT TITLE:		
A Proposed Framework for the Diffusion of Corporate Responsibility Practices in the Forestry Sector		

EXPIRY DATE OF THIS APPROVAL: November 9, 2008

APPROVAL DATE: November 9, 2007

The Annual Renewal for Study have been reviewed and the procedures were found to be acceptable on ethical grounds for research involving human subjects.
Approval is issued on behalf of the Behavioural Research Ethics Board