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A study critically analysing the CSR activities of UK Supermarkets and how they compare when evaluated using a framework based on ISO 26000

Christopher Keogh

A thesis submitted to the University of Huddersfield in partial fulfilment of the requirements for the degree of MA by Research

January 2016

Supervisor: Julia Meaton
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Abstract

This thesis examines the corporate social responsibility (CSR) activities of UK supermarkets and measures how they compare amongst each other when evaluated using a framework based on ISO 26000, incorporating the seven core principles of ISO 26000. UK supermarkets first started to grow in popularity throughout British high streets circa the 1950s, since then the sector has experienced rapid growth levels over many years with UK supermarkets of recent times becoming powerful retail giants. This study addresses a gap in knowledge regarding the use of environmental standards within the UK supermarket sector; through providing a deeper understanding of the involvement of CSR within complex differentiation strategies, with relevant theories critiqued throughout. Secondary analysis is utilised through the examination of CSR reports published by UK supermarkets, providing a mixture of qualitative and quantitative data to be scrutinised. Each supermarket is then scored based on CSR activity levels, the results show the discount supermarket gaining the highest score with some of the UK supermarket ‘giants’ awarded the lowest scores based on the evidence provided, representing the overhaul that has occurred within the UK supermarket sector over recent years as discount stores are quickly gaining market share. These conclusions suggest that those supermarkets best implementing ISO 26000 are gaining a competitive advantage over competitors, however potential limitations of ISO 26000 become apparent during this study such that the applicability and usability of ISO 26000 for SMEs must come into question when implementing theory into practice, with issues such as a lack of power across the value chain and financial constraints coming into effect. Recommendations are made regarding ways in which supermarkets can improve CSR and sustainable development practices, the need for a standardised method of CSR reporting and potential future research on an international scale.

Keywords: CSR, ISO 26000, Environmental standards, Framework, Social responsibility, Secondary analysis.
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Chapter One Introduction

1.1 Introduction to the study

This study will investigate how supermarkets in the UK compare when matched up against environmental standards, in particular ISO 26000. This study will also explore whether consumers really care if supermarkets comply with these environmental standards or choose not to. This study will be undertaken using a framework based on the seven core principles of ISO 26000 in order to analyse and compare the CSR activities of six UK supermarkets, identifying trends of areas in which supermarkets excel in CSR activities and areas in which improvements are needed. Secondary data specifically will be used in the form of CSR reports and audits in order to access the CSR activities of each supermarket.

This study will provide a valuable deeper understanding of environmental management systems, in particular ISO 26000. It will investigate how it can be applied to the UK supermarket sector therefore allowing for analysis and comparison of the UK supermarkets using these standards. It will also deliver an insight into how environmental management standards are applied in practice amongst one of the most competitive markets in the UK, whilst critically analysing ISO26000 in order to gain a further understanding of how it works including the benefits and drawbacks. Finally in addition this study will look to provide recommendations regarding the CSR activities of UK supermarkets identifying potential areas for improvement and also implications for future research.

1.2 Supermarkets Background Information

The initial concept of the supermarket first came about in America in 1916, it was founded by Clarence Saunders in Memphis, Tennessee where he founded his chain of self-service grocery stores named ‘Piggly Wiggly’. Saunders is “credited with inventing a model for self-service grocery retailing” (Hamstra, 2013) which has in turn developed into the modern supermarkets we know today. Hamstra (2013) also goes on to add that Saunders arguably did as much to shape the modern food-
retailing industry as anyone ever has before or since. His self-service stores introduced new efficiencies that revolutionised grocery-store operations.

Supermarkets in the UK first started to grow around the 1950s; a typical British high street in 1955 would include independent shops, new self-service stores and the very first supermarkets (Hamlett, Alexander, Bailey, & Shaw, 2008). Since then supermarkets have grown at exponential rates with Britain’s biggest retailer Tesco, reporting record profits of £3.8bn in 2011 equating to over £10m profit per day (Hawkes, 2011). Supermarkets have become so popular and powerful and Peat (2013) states that we now give 58p of every pound we spend in the retail sector to supermarkets such as Tesco and Sainsbury’s. This statistic provides an insight into the size of the retail sector and the power of supermarkets and Peat (2013) goes on to add that this is an increase from 46p a decade ago, showing the sector is still experiencing rapid growth levels long after its origins.

One key factor behind the growth of UK supermarkets was the abolition of resale price maintenance (RPM) in 1919, RPM refers to a pricing arrangement in which an upstream firm seeks to influence the pricing of its products by downstream firms, simply meaning manufacturers of branded products require retailers to sell its products at, or above a minimum price (Garrett, Burtis, & Howell, 2008). RPM existed to prevent damaging price wars with retailer’s under-cutting each other in a race to the bottom, whilst also aiding consumers as they wouldn’t have to waste time searching around for the best deal (Pettinger, Resale price maintenance (RPM), 2013). RPM did have criticisms however; it essentially artificially inflates prices which can result in a decline in consumer surplus whilst the artificially high prices may reduce incentives for manufacturers to remain internationally competitive (Pettinger, Resale price maintenance (RPM), 2013). Fundamentally RPM protected smaller retailers by preventing price-cutting by multiple stores. Since Sir Jack Cohen successfully lobbied parliament for an end to RPM; the position of major supermarkets has been reinforced as they increased their power over smaller retailers (Shaw, 2006).
In more recent years however, supermarkets growth has been stunted. Particularly with regard to the ‘big four’ UK supermarkets (Tesco, Sainsbury’s, Asda, Morrisons) as illustrated below.

Figure 1

![The Big Four grocers: Market shares, 2009-14](Mintel, 2014)

This stunt in growth is due to various reasons, including the emergence of discount supermarkets in the UK, the main ones being Aldi and Lidl. West (2014) explains that the big four supermarket chains are losing market share to discounters, and adds that there were record sales growth for Aldi and Lidl and market share increases, represented in the figure below.
Ruddick (2015) adds that latest figures are indicating that Aldi, Lidl and Waitrose are the only food retailers in the UK with growing sales figures. As discount supermarkets grow in popularity due to their ability to provide lower prices to consumers whilst not sacrificing the quality of the products, the big four continue to suffer drops in growth levels.

An additional reason for the drop in growth levels of the ‘big four’ can be attributed to the rise of convenience stores, as the “shift to smaller, local convenience stores has made it even easier to set up new local supermarkets” (Pettinger, 2014). Tesco, Asda, J Sainsbury and Wm Morrisons have effectively cannibalised their own sales and exacerbated changes in shopping habits by opening smaller high streets stores (Ruddick, 2014). The figure below shows the growth in the number of convenience stores from 1998 to 2014 compared to regular supermarket stores, highlighting the fact that the number of ‘big four’ convenience stores has increased the most over that period of time.
Ruddick (2014) argues that the changes in shopping habits are more fundamental than the growth of discounters, as shopping once a week at a supermarket has become a thing of the past. Wallop (2014) also found that due to the shift in consumer behaviour, consumer loyalty towards supermarkets is dead.

1.3 Introduction to corporate social responsibility

Corporate social responsibility (CSR) is “often used as a key criterion in gauging corporate reputation” (Ellen, Webb, & Mohr, 2006) however there is currently no unified definition of CSR. For the purpose of this study the definition by the (European Commission, 2011) which states that ‘CSR is the responsibility of enterprises for their impacts on society will be used’.
CSR is becoming more popular and widespread among modern business practices and has “never been more prominent on the corporate agenda than it is today” (Smith C. N., 2003). However the idea of CSR itself is “neither new nor radical” (Katsoulakos, Koutsodimou, Matraga, & Williams, 2004) and has developed in phases over time, as represented in the figure below.

Figure 4

(Katsoulakos, Koutsodimou, Matraga, & Williams, 2004)

CSR has been around for years and has “long historical routes” (Katsoulakos, Koutsodimou, Matraga, & Williams, 2004) dating back to the 19th century. In more recent years CSR has continued to grow and develop and is now considered “a necessity for any major company” (Faith, 2014). Jamali & Sidani (2008) argue that corporate social responsibility principles have long been part of enlightened business practice, but the concept has witnessed astounding ascendency and resurgence in recent years. This recent movement increases the pressure placed on managers and companies alike to acknowledge their responsibilities towards society (Piacentini, MacFadyen, & Eadie, 2000).

In the past CSR has been looked at from one of two perspectives. The first perspective, labelled the classical view, states that the social responsibility of a
business is a single dimensional activity in which a business has the only responsibility of supplying goods and services to society at a profit (Quazi & O'Brien, 2000). The second and more modern perspective supports the view that a business is part of the greater society and it has a responsibility for reaching beyond the narrow perspective of short term profit maximisation (Quazi & O'Brien, 2000). Because of these contrasting views, Quai & O'Brien (2000) have proposed a two-dimensional model of corporate social responsibility, represented in the figure below.

Figure 5

(Quazi & O'Brien, 2000)

Showing the different perspectives of CSR which provides an indication as to how CSR has developed over recent years into the modern perspective of today.

One important aspect of CSR specifically relating to the UK supermarket sector is the increase in ethical consumerism. Due to the recent ethical consumer revolution that has been witnessed during the past 20 years, ethically produced goods and services have now become part of our everyday lives (Birch, 2009). This rise in ethical consumerism massively concerns supermarkets as consumers are now
looking to actively “boycott products on ethical grounds” (Ramrayka, 2006). Murray (2013) reported that the demand for ethical consumer goods and services continues to grow with the total market reaching £47.2bn. This could have substantial effects on supermarkets if they are boycotted due to a lack of CSR activity regarding society and the environment.

1.4 Introduction to sustainable development

Sustainable development refers to “development that meets the needs of the present, without compromising the ability of future generations to meet their own needs” (Sustainable Development Commission, 2011). This means that sustainable development takes the finite resources of the earth into consideration and commonly refers to the use of renewable energy resources and sustainable agriculture or forestry practices (Skye, 2013). Sustainable development is often achieved by using the three pillars of the sustainability framework as shown in the figure below.

Figure 6

(Wilford, 2013)
These pillars are economic development, social development and environmental protection (Kates, Parris, & Leiserowitz, 2005). This framework helps recognise different areas which need to be addressed in order to achieve sustainable development, once recognised it can then be achieved through the use of for example “renewable energy sources like wind and solar power” (Skye, 2013).

According to Skye (2013) sustainable development is important because people are living longer and the world population is on the rise with more than 10 billion people projected to be living on earth by 2100. The explosion of population is one of the greatest reasons why sustainable development is so important now. In addition we are currently witnessing the “pace of climate change accelerating in many ways” (Carana, 2014) meaning sustainable development is becoming more crucial than ever. Sir John Beddington voiced a similar opinion in 2009; he predicted that falling energy sources and food shortages will create the “perfect storm” by 2030 due to growing populations, leading to a crisis with dire consequences due to the demand for resources with climate change exacerbating matters in unpredictable ways (Alleyne, 2009).

The challenges of sustainable development with regard to supermarkets are varied. One key area concerns the sustainable development of agriculture and it will become progressively more important in the future as supermarkets have increasingly become the dominant outlets for agricultural products, from fresh vegetables produced by farmers to foods processed by multinational companies (Stichele, 2005). However, there are many other sustainability related issues concerning supermarkets including specific issues such as packaging and waste, transport and energy, as well as systematic issues of social equality and pay and the overriding issues of consumption.

Hopkins (2014) questions whether the supermarket model is inherently incapable of ever being sustainable. He also questions what a different, sustainable approach might look like. These questions are legitimised by a report published by the Sustainable Development Commission (2008) that states that too many supermarket
practices are unhealthy unjust and unsustainable. A review of policies affecting supermarkets concluded that the government cannot successfully combat obesity, waste, climate change and fair trade issues without a concerted approach to harness the power of supermarkets. Balch (2014) adds to this by stating that tight margins will inevitably restrict food producers ability to deal with diseases and the effects of climate change, thereby leading to sustainable production methods giving way to highly destructive, yet (temporarily) profitable monoculture farming.

Since that report some supermarkets have dedicated much more effort and time towards sustainable development. For example Sainsbury’s have announced a £1bn sustainability programme designed to meet a raft of new environmental targets to be achieved by the end 2020, goals including reducing carbon emissions and cutting down on the use of packaging (Nichols, 2011).

1.5 Introduction to environmental management systems

An environmental management system (EMS) is a “set of processes and practices that enable an organisation to reduce its environmental impacts and increase its operating efficiency” (United States Environmental Protection Agency, 2013). This is achieved by following a “framework that helps a company achieve its environmental goals through consistent control of its operations” (United States Environmental Protection Agency, 2013). Potential benefits of using an EMS are numerous, for example improving efficiency within the business whilst reducing environmental impact.

This study focuses on the environmental management standard ISO 26000. ISO 26000 is technically not an environmental management system standard as it does not contain requirements and therefore cannot be certified (ISO, 2014), however it is an ISO standard, and seeks to promote a common understanding of social responsibility through addressing seven core subjects (ISO, 2014). CSR is becoming a more prominent feature for businesses as all around the world more are “becoming increasingly aware of the need for, and benefits of, socially responsible behaviour” (ISO, 2014). The fact that ISO 26000 cannot be certified may stop some businesses
and organisations from following the guidelines, however it may mean those using the guidelines are doing it for more genuine reasons, and may reap the benefits of ISO 26000, such as to engage stakeholders, identify social responsibility priorities and help integrate them throughout the organisation (Campbell, 2013).

1.6 Rationale

The purpose of this research is to address a gap in knowledge regarding the use of environmental standards within the UK supermarket sector. This is partially due to a lack of literature on the subject of environmental standards, with an absence of practical examples. Piacentini, MacFayden & Eadie (2000) state that there is a notable lack of research into the application of ethics and CSR to retailing. This study will help provide a deeper understanding of the multifaceted supermarket sector. It is an industry which has direct competitors using many different complex and detailed differentiation strategies, including the involvement of CSR of which “relatively little is known about how these decisions are made in practice, especially within a competitive environment” (Ellickson & Misra, 2008).

Furthermore this research will provide an in-depth analysis of environmental standards incorporating both theoretical and practical approaches. This will aid the understanding of how environmental standards are used as part of CSR strategies, an evermore “integral component of an organisation’s relationship with its stakeholders” (Walsh D. , 2012). All the while, the subject of CSR still remains “widely misunderstood by both consumers and business people” (Tyrrell, 2006). Moreover Tyrrell (2006) adds that there is also a lack of research on CSR from the perspective of business itself.

The motivation for this study is that supermarkets in the UK play a huge role in society and in the daily lives of the majority of the UK population, while “any casual observer of the UK supermarket industry will tell you that it is one of the most competitive sectors in the entire economy” (Cashian, 2007). A vast number of people express the view that the supermarkets are too powerful, Savage (2007) expresses that supermarkets have a complete stranglehold on the UK’s £120bn grocery sector,
potentially having the power to manipulate the industry at will. Cashian (2007) also believes that the supermarkets hold all the power. Others state that “local shops have been wiped out by supermarkets” (Wilby, 2011).

However supermarkets do have CSR policies in place in order to address these issues. For example the “‘Tesco in the community’ programme cover a range of significant CSR issues” (Baker, The big supermarkets - now competing on price, quality ... and trust, 2006). Therefore the motivation for this study is to find out more about supermarkets’ activities in this realm and to evaluate their policies and practices.

1.7 Aim

The aim of this study is to critically analyse how supermarkets in the UK address corporate social responsibility and sustainable development through the use of ISO 26000. A comparison between supermarkets will be undertaken so that different approaches to tackling elements of CSR can be considered while, also noting the differences between how CSR activities are reported by each supermarket. The framework will be based around the 7 core principles of ISO 26000 with each supermarket given a score corresponding to their CSR activities in that given category.

1.8 Objectives

- To critically analyse the CSR activities of UK supermarkets.
- To compare and contrast CSR activities between the UK supermarkets using a custom-built framework based on the core principles of ISO 26000.
Chapter Two Literature Review

2.1 Introduction

This literature review will explore the many different aspects and concepts regarding corporate social responsibility. It will analyse relevant theories and conceptual models whilst also contrasting these with relevant counter theories including, stakeholder theory and profit maximisation theory. The relationship between CSR and sustainable development will be explored through the use and analysis of the triple bottom line. In addition; the business case for CSR will be addressed aiding the theoretical reasoning for implementing CSR. Problems and difficulties brought about by implementing corporate social responsibility will also be addressed and explored, with the incorporation of relevant practical examples throughout the literature review.

2.2 Introduction to CSR

While the emergence of corporate social responsibility dates back to the 1950s, it is only in more recent times that this concept has grown in popularity and become an integral part of business strategy. In an era when social and environmental awareness among customers is at an all-time high, finding the cheapest price is not always what matters most to customers, instead they expect businesses to operate in a socially responsible manner (Sampada, 2014). This rise in customer awareness comes about as the expectation of transparency is now a reality in business, meaning that the new era of consumers are savvier than any generation before them and for whom scepticism seems to be a default setting, meaning companies need to first build trust (Craven, 2015).

There is currently no standard recognised definition for CSR. This is in part due to the fact that there is an abundance of definitions (Dahlsrud, 2006). Dahlsrud (2006) adds that despite these numerous efforts to bring about a clear and unbiased definition of CSR there is still some confusion as to how CSR should be defined, largely because definitions provided are usually biased toward specific interests.
The World Business Council for Sustainable Development define CSR as the continuing commitment by businesses to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large (Holme & Watts, 2000). Meanwhile the European Commission (2011) defines CSR as ‘the responsibility of enterprises for their impacts on society and outlines what an enterprise should do to meet that responsibility’.

Baker (2015) defines CSR as how companies manage business processes to produce an overall positive impact on society. McWilliams & Siegel (2001) state that CSR is actions undertaken by businesses that appear to further some social good, beyond the interests of the firm and that which is required by law. Van Marrewijk (2003) explains that CSR refers to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders. Carroll (1979) originally proposed a four-part definition of CSR which stated that ‘the social responsibility of business encompasses the economic, legal, ethical, and discretionary [later referred to as philanthropic] expectations that society has of organisations at a given point in time’.

Dahlsrud (2006) sums up that the abundance of definitions of CSR provides a significant problem, if competing definitions have diverging biases, people will talk about CSR differently thus preventing productive engagements. As a result of the debate surrounding its definition, there remains in both the corporate and the academic world, uncertainty as to exactly how CSR should be defined and hence how it can be applied.

2.3 Introduction to ISO 26000

Environmental standards have since come to fruition to ensure that products and services are safe, reliable and good quality, whilst facilitating free and fair global trade for businesses (ISO, 2014). ISO 26000 specifically is a standard on social responsibility, it provides guidance rather than setting out requirements to which a company or organisation must conform. Elements of ISO 26000 have been approached by some other the other important standards that ISO has produced,
notably the ISO 14001 series covering environmental management (British Standards Institution, 2011).

ISO 26000 is voluntary in use and is intended to assist organisations to develop, implement, improve and maintain a social responsibility structure by recognising its impacts, interests and expectations (Madrid, 2012). Madrid (2012) also explains that ISO 26000 addresses 7 core subjects; organisational governance, human rights, labour practices, the environment, fair operating practices, consumer issues and community involvement and development.

2.4 ISO 26000 & ISO 14001

As previously highlighted ISO 26000 and ISO 14001 do at points overlap, however there are many differences between the two, Christini et al (2004) describe ISO 14001 as a framework for managing the environmental aspects of an organisation, which is a voluntary, consensus-based and market-driven standard for which certification must conform to the various requirements of the standard and undergo an external review. In comparison Henriques (2012) explains that ISO 26000 on the other hand, was developed in a participative way by a wide variety of different interests, adding that many standards only represent best practice at the time of their launch but ISO 26000 is still influential. He also adds that a key difference between two standards is that the ISO 26000 standard is not certifiable.

However, the fact that ISO 26000 is not certifiable may not be an issue, as Arora (1999) states that most firms see ISO certification as a marketing ploy. The non-certifiable nature of ISO 26000 offers less incentive to businesses for use as a marketing ploy, consequently those undertaking the ISO 26000 guidance will likely have more honest intentions of the use of the standard.

2.5 Advantages of implementing ISO 26000
One of the advantages of ISO 26000 according to Williams (2010) is that the standard applies not just to companies but to a whole range of organisations of all sizes and statures. This could potentially generate criticism of the standard in that it could be accused of trying to be everything to everyone thus preventing the standard from being sufficiently targeted.

A potential advantage ISO 26000 possesses is that it can provide a good basis for company-external discussions such as stakeholder dialogues and cross-border discussions (Gürtler, 2012). Raturi (2011) agrees that ISO 26000 allows for stakeholder engagement using the ISO 26000 “multi-stakeholder” consensus process. Gürtler (2012) states that other advantages of ISO 26000 are that it allows organisations to have freedom of use, as it offers guidance as opposed to strict requirements so organisations may select from the parts judged relevant to them at a particular point in time.

More specific advantages to be gained from implementing ISO 26000 include increased productivity and enhanced efficiency for an organisation, enhanced product safety and quality whilst minimising waste. These benefits can ultimately lead to a reduction in costs for the organisation and potentially for the consumer (Pedraza, 2014).

2.6 Disadvantages of implementing ISO 26000

There are however some reported disadvantages to implementing ISO 26000. One key disadvantage of ISO 26000 is cost, although the costs are more like opportunity costs, with ISO 26000 speculated to cost “from €50 to €170” (Gürtler, 2012) the fact that it has a “volume of hundred pages” (Gürtler, 2012) significant manpower and time will be required to implement a satisfactorily robust application of the ISO 26000 principles, additionally the complexity of the document can also cause confusion among staff due to difficulties implementing and operationalising.

Pedraza (2014) notes other disadvantages such as the implementation of the standard potentially removing some of the creative elements of the organisation.
Implementation can also force people to change their methods which may consequently lead to employees becoming dissatisfied and demotivated, potentially decreasing productivity. Johnston (2012) explains a rather different weakness. He believes ISO 26000 merely offers guidance on the broader subject of social responsibility, and that currently it assumes that decision makers ‘know’ or can easily learn what society expects and can make informed trade-off decisions. Johnston goes on to describe this as a serious weakness in the standard, and raises the question of whether the standard offers any meaningful guidance to corporations that want to act in a more sustainable way. He also critiques the necessity of involving so many stakeholders in the standard. Although this is intended to give legitimacy to the contents of the standard, the result is that the standard is so broad in terms of content that it arguably fails to give meaningful guidance to the organisations to which it is addressed.

2.7 CSR and sustainable development relationship

CSR is commonly referred to as an “umbrella term under which sustainability is one aspect” (Knowles, 2014). Others argue that the “two terms can seem interchangeable” (Salt, 2012), with Herrmann (2004) supporting this by adding that a well-implemented and strongly enforced CSR policy is key to sustainable development.

However, Knowles (2014) recognises that that CSR is one of the three-pronged ‘p’s’ in people, planet and profit, and that CSR refers to businesses’ responsibility to act ethically and consider their impacts on the community at large, which does not necessarily encompass sustainability. Confino & Drummond (2010) believe that CSR alone is not enough to create a sustainable world, describing that a new shape in business is beginning to emerge, naming the new shape, sustainable business. They add that a sustainable business acts to achieve short, medium and long term success, meaning they’re successful today and crucially tomorrow as well.
2.8 The Triple Bottom Line

These 3P’s are also known as the triple bottom line (TBL), a concept originally developed by John Elkington to measure sustainability. The TBL went beyond the traditional measures of profits, return on investment and shareholder value to include environmental and social dimensions (Hall & Slaper, 2011). The 3P’s represent the social, environmental and financial dimensions of performance. The difficulty with the TBL is measuring it, since each dimension does not have a common unit of measurement, while some advocate monetizing all dimensions of the TBL, which would provide the benefit of a common unit of measurement. Many others, object to putting a monetary value on wetlands or endangered species (Hall & Slaper, 2011).

Hall & Slaper (2011) go on to explain that there are variations of the TBL, based on the way the outcomes of the three categories are measured, and suggests calculating the TBL in terms of an index, which eliminates the incompatible units issue as long as the accounting method is universally accepted. They add that the index will economic, social and environmental measures. Another method used is the Genuine Progress Indicator (GPI) which consists of 25 variables that encompass economic, social and environmental factors, such variables are then converted into monetary units.

Tyson (2010) states that the TBL matters more than ever as it gains more attention and that it possesses an interesting challenge to business leaders to simultaneously please investors and impress their grandchildren. Leaving the planet a little better than you found it whilst still making profit, if possible, can lead to more profitable and successful business as such a mission can deliver greater efficiency and spark innovation. The fact that there is no universal standard method for measuring the TBL can be viewed as a strength because it allows a user to adapt the general framework to the needs of different entities, different projects or different geographic boundaries, thus allowing versatility. In that sense TBL can be case specific or allow a broad scope such as – measuring impacts across large geographic boundaries (Hall & Slaper, 2011).
2.9 Theoretical models of CSR

There are several theoretical models demonstrating differing views towards CSR and a review of the theory demonstrates that CSR discourse tends to oscillate between two extremes regarding the potential usefulness and applicability of CSR (Jamali & Mirshak, 2006).

2.9.1 Carroll’s CSR Pyramid

One widely used model of CSR is Carroll’s four-part pyramid which was, framed to embrace the entire spectrum of society’s expectations of business responsibilities (Geva, 2008). These four responsibilities are, “economical, legal, ethical and philanthropic” (Guliyev, 2014) and, make up the four layers of the pyramid as shown in the figure below.
Carroll (1991) explains his CSR pyramid model by stating that the model portrays the four components of CSR, beginning with the basic building block notion that economic performance underpins all else, whilst simultaneously obeying the law, because the law is society's codification of acceptable and unacceptable behaviour. From there Carroll (1991) adds that a business's ethical responsibilities come next, which at its most fundamental level means the obligation of a business to do what is right, just and fair, and to avoid or minimise harm to stakeholders. Finally businesses are expected to be good corporate citizens, this is captured under the philanthropic responsibility to contribute financial and human resources to the community and to improve the quality of life.
Guliyev (2014) explains how Carroll’s CSR pyramid represents a stakeholder model where the different stakeholders are affected by the different responsibilities. Firstly if the business is not profitable, economical responsibilities will directly affect employees and owners. Secondly legal responsibilities are vital to the owners, employees and consumer stakeholders. Thirdly ethical responsibilities impact on all stakeholders, but most frequently employees and consumers. Lastly the philanthropic responsibilities have major effects on the community, whilst also affecting employees with issues such as morale.

Visser (2012) offers a critique of Carroll’s CSR pyramid, questioning the conceptual clarity of the pyramid, as Carroll is not consistent in his explanation of why CSR is depicted as a hierarchy, Carroll suggests it is the way CSR has developed historically, at other times he uses it to depict an order of dependence, and his empirical evidence implies yet another rationale, namely that it reflects the relative perceived importance from a management perspective.

Visser (2012) also goes on to add another criticism of Carroll’s CSR pyramid, stating that in his attempt to conflate various allied concepts such as business ethics, corporate citizenship and stakeholder management into his CSR pyramid, Carroll fails to do justice (or seemingly even properly understand) these competing themes. Visser (2012) argues that at one point Carroll equates corporate citizenship to philanthropy, then he suggests it is essentially the same as CSR, before reverting back to his original view.

Crane & Matten (2004) also offer a critique of Carroll’s CSR pyramid, and believe that the main limitation of the model is that it does not adequately address the problem of what should happen when two or more responsibilities are in conflict, and how the culture manifests itself based on these conflicting obligations.

2.9.2 Intersecting circles model of CSR
Another model of CSR is the intersecting circles model, proposed by Schwartz & Carroll (2003). A three-domain approach is presented with three core domains of economical, legal and ethical responsibilities depicted in a Venn model framework, yielding seven CSR categories resulting from the overlap of the three domains, as shown in the figure below.

Figure 8

The Three-Domain Model of Corporate Social Responsibility

![Diagram showing the three-domain model of corporate social responsibility.](Schwartz & Carroll, 2003)

Geva (2008) adds to this, explaining that the intersecting circles model refutes the notion that CSR is nothing but a collection of contingent, externally related topics and that it shows how different responsibilities are in dynamic interplay with each other.

The model can be used to classify the major issues in the areas of business and society, social issues in management, and business ethics by wherever possible satisfying all three social responsibilities: economic, legal and ethical (Fisher, 2005). Fisher (2005) explores potential limitations of the model, explaining that an analysis of the implications of applying the three-domain model to corporate activities reveals a slippage towards relativism and demonstrates that very few corporate activities will
fulfil all three responsibilities as they are defined, also adding that it is argued that, in order to accommodate a robust account of the ethical responsibility of business, the economic domain needs to be redefined.

Schwartz & Carroll (2003) also point out potential limitations of the three-domain model and explain that the model is based on several assumptions. The model assumes that the three domains of CSR are somewhat distinct, and that they are all-encompassing. Some might argue whether any action can be identified as “purely economic”, “purely legal” or “purely ethical” but they then go on to point out that some might argue that economic, legal and ethical systems are all interwoven and inseparable and attempt to tackle this issue by creating distinctions through the establishment of the “pure” domains.

Schwartz & Carroll (2003) provide a theoretical example to explain some of the overlaps within the model. They argue for example, a purely “purely economic” action can still be in accordance with the law (although not intended to) and could still be supported by the ethical standard of egoism. Similarly a “purely legal” action, even if it is somewhat restrictive in nature, would still involve economic consequences and would still be supported by the ethical standard of cultural relativism (Schwartz & Carroll, 2003).

Geva (2008) offers a comparison between the intersecting circles models and the CSR pyramid, explaining that the models differ in two main aspects, firstly the intersecting circles model recognises the possibility of interrelationships among CSR domains, and secondly the intersecting circles model also rejects the hierarchical order of importance displayed in the CSR pyramid.

2.9.3 Concentric circles model of CSR

The concentric circles model of CSR was originally developed by the Committee for Economic Development (CED) in 1971, as shown in the figure below.
The inner circle representing the economy which includes the basic responsibilities for the efficient execution of the economic function, the intermediate circle represents social values which encompasses the responsibility to exercise the economic function with a sensitive awareness of changing social values and priorities, the outer circle represents the environment which encompasses newly emerging responsibilities that businesses should assume in order to become more broadly involved in actively improving the social environment (Committee for Economic Development, 1971).

Geva (2008) offers a reformulated adaptation of the concentric circles model initially developed by the CED; the adaptation has been adjusted to recent developments in CSR thoughts, as shown in the figure below.
The concentric circle model presented by Geva, differs from the original model in that, for clarity and to create a common basis for comparison between the three CSR models, it places the corporate legal responsibilities in a particular circle, between the economic and the ethical (Geva, 2008).

Geva (2008) explains further the theoretical assumptions of the concentric circles model, adding that a basic feature of the model is the existence of a common core. In terms of CSR this means that all different corporate social responsibilities share a common essence, and that the model recognises that the vital function of a business is economic; even so, business decisions consist of continuous interrelated economic and moral components, helping managers to recognise that different types of obligations are in constant and dynamic interrelationships.

Zu (2009) compares and contrasts the concentric circles model to Carroll’s CSR pyramid and the intersecting circles model. Firstly he notices similarities throughout the models, stating that the concentric circle model is similar to the pyramid model in that it views the economic role of business as its core social responsibility, and similar to the intersecting circles model in that it emphasises interrelationships among the different CSR. Zu then goes on to explain that despite these similarities
there are essential differences in the very definition of corporate responsibilities. The pyramid defines the corporate economic role in terms of narrow self-interest (“be profitable), whereas the concentric circles model defines the same role as to enhance the good of society (“be constructively profitable). This means that the concentric circles model outlines the non-economic social responsibilities as embracing and permeating the core economic responsibilities, which contrasts with the CSR pyramid which scales down the importance of the non-economic social responsibilities, and also contrasts with the intersecting circles model which, along with interrelationships, also allows for no relations among the different domains of responsibility (Zu, 2009).

2.10 Stakeholder theory

Ed Freeman is widely credited for the development of stakeholder theory since its very early stages. Since then stakeholder theory has gained currency in business and society literature in recent years, and in light of its practicality from the perspective of managers and scholars (Jamali, 2008), stakeholder theory is often seen as “a necessary process in the operationalisation of corporate social responsibility” (Matten, Crane, & Chapple, 2003).

Donaldson & Preston (1995) regard stakeholders as persons or groups with legitimate interests in procedural and/or substantive aspects of corporate activity. Thus stakeholders are identified by their interests in the corporation, whether the corporation has any corresponding functional interest in them. They also go on to add that the interests of all stakeholders are of intrinsic value, meaning each group of stakeholders merits consideration for its own sake and not merely because of its ability to further the interest of some other group, such as the shareholders. Donaldson & Preston (1995) also offer enlightening visual representations comparing the classic input-output model of corporations against the stakeholder model, the input-output model as shown in the figure below.
This model indicates how investors, employees and suppliers are depicted as contributing inputs of the firm which then transforms into the outputs for the benefit of the customer. They add that in comparison, the stakeholder model as shown in the figure below contrasts explicitly with the input-output model in all its variations, in that all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and that there is no bias of one set of interests over another, hence the arrows between the firm and its stakeholders run in both directions and are all the same size and shape.

(Donaldson & Preston, 1995)
2.10.1 Advantages of stakeholder theory

Implementing stakeholder theory offers many advantages to organisations. When properly engaged during the decision-making process stakeholders can offer valuable input, improve outcomes and build consensus (Ryckman, 2015). One key advantage put forward by Ryckman (2015) is that involving stakeholders who have a unique insight into different issues can lead to increased transparency which can help decision making and aid in building trust between stakeholders.

This increase in transparency can lead to “a huge competitive advantage when everyone knows what everyone is working on and getting done” (Widrich, 2013). This competitive advantage is built on many different perspectives. McQuerrey (2015) adds that it demonstrates respect for employees and customers alike; it can build a positive public perception by showing the public you have nothing to hide which shows integrity, it increases staff involvement which can increase staff loyalty, improves customer service and finally can help maintain or improve brand image.

Leborg (2012) explores this mentioning of brand image by stating that the greatest value of a company is its brand, therefore by putting stakeholders’ needs at the beginning of any action enhances the brand. This use of stakeholder theory not only supports ethics in business management, but may also be used as a framework for corporate social responsibility, thereby further strengthening the brand.

Kurucz et al (2008) build on the advantages of stakeholder theory stating that stakeholder management is the key to achieving competitive advantages that will enable sustained growth of economic value through for instance, cost and risk reduction, employee or customer loyalty, more favourable treatment from regulators, and the acquisition of reputation and legitimacy.

2.10.2 Disadvantages of Stakeholder theory
Fundamentally one of the central problems in the development of stakeholder theory has been confusion about its nature and purpose, for example stakeholder theory has been used either explicitly or implicitly for descriptive purposes (Donaldson & Preston, 1995). As an example of the confusion, Brenner & Cochran (1991) present a ‘stakeholder theory of the firm’ for two purposes; to describe how organisations operate and to help predict organisational behaviour. They then contrast this with different ‘theories of the firm’ without questioning whether in fact the theories have comparable purposes. Donaldson & Preston (1995) further explain that these differing theories have different purposes and therefore different validity criteria and different implications, adding that much of stakeholder theory literature is implicit rather than explicit, which is one reason why diverse and sometimes confusing uses of the stakeholder concept have not attracted more attention.

King (2006) argues that many scholars have problems with stakeholder theory, with some arguing that stakeholder theory lacks specificity, and thus cannot be operationalised in a way that allows scientific inspection. Meanwhile others allude to the fact that stakeholder theory offers no decision-making criteria that would adequately guide corporate governance. Felin (2006) contributes his opinion that stakeholder theory lacks any grounding in reality, offers an unrealistic view of how operations operate and fundamentally misses the point of the need to prioritise, the need to consider costs and more.

Ryckman (2015) offers a more practical explanation of the downsides of implementing stakeholder theory in an organisation. He explains firstly that, involving stakeholders often takes a lot of time and that some organisations may not have sufficient time to involve stakeholders concerning decision-making issues, or this time may be an opportunity cost to the organisation which could be better served elsewhere. Secondly, he adds that involving stakeholders in situations where decisive action is needed can give the impression that the supervisor does not have solid leadership abilities. Finally if an organisation involves stakeholders but decides against the stakeholder advice, this can lead to distrust and hamper morale as expectations have potentially been raised which have not been met.
2.10.3 Critique of Stakeholder theory

King (2006) offers a critique of stakeholder theory, explaining that there are so many different versions of stakeholder theory that’s it’s difficult to know where to begin. He splits them up into two, the first perspective, which he calls the blank-state of stakeholder theory, is when an organisation is a shell that can be written upon freely by the various groups that lay claim to the corporation. The second perspective he calls the adversarial stakeholder camp, in which the firm has its own economic interest, and so do the stakeholders. He goes on to say that of course each camp represents extremes, the first perspective seems to ignore the institutional requirements of a modern corporation where managerial incentive is nowhere to be seen, as he puts it this reduces the firm to a social construction that can easily change its interests to meet the demands of crying stakeholders.

King (2006) argues how the second perspective means that firms are always seen as value maximising and they have sufficient information to weigh the costs and benefits of negotiating with secondary stakeholders. The second perspective means there is no room for a firm that might actually prefer to forego some profit for the benefit of a collective good. Overall he explains that the problem with both camps is that neither represents a realistic view of what goes on in a firm. King suggests what is needed is a way to think about the firm as a social actor that allows for heterogeneity of interests without simply seeing the firm as a blank-slate willing to be written upon.

Weiss (2006) also offers a critique of stakeholder theory, firstly he states that in general there are cracks in the conceptual and empirical foundation on which it rests, and these flaws thus weaken it and mask some of the implications. The first crack he states is the conceptual mix up, the problem arises in that within stakeholder theory the terms enterprise and corporation tend to be used interchangeably, confounding what are actually two distinct concepts. This causes confusion and obscures differences in the range of ways in which business activities can be governed, causing things to be more problematic than necessary. He suggests stakeholder theory is ultimately about the control and governance of business activities, however
questions concerning who shall control them and in whose interests they are conducted are not addressed.

Weiss (2006) identifies further cracks in stakeholder theory, and explains that in some forms of stakeholder theory it is argued (although more often implicitly assumed) that there exists a social contract between business and society that provides a moral basis for social control of business activity. This assumes that the actions of enterprises can be legally and morally constrained, and that moral obligations can be placed on corporations because business is a creature of society. However this ignores the fact that there is already a social contract for business in contemporary society which includes the minimalist morality of modern capitalism, therefore stakeholder theory claims a moral justification for limiting the rights of owners, and importing the interests of stakeholders in to the operation of the enterprise. These limitations are inconsistent with the arrangements of the institutions of modern capitalism where this is accepted as moral behaviour, Weiss concludes that these cracks in the foundations of stakeholder theory consequently mean that questions can be raised concerning the utility and validity of any moral conclusions and prescriptions it offer (Weiss, 2006).

2.11 Profit maximisation theory

O’Farrell (2015) defines profit maximisation as when a firm’s primary focus is on profits and when it uses its resources to get the biggest profits possible, regardless of the consequences or the risks involved. He goes on to outline some of the benefits of implementing a profit maximisation approach to business, including the big advantage of creating cash flow which, can allow businesses to reduce debts or save for potential expansions.

O’Farrell (2015) continues building on this by adding that profit maximisation presents benefits when it comes to financing and potentially investments. He explains that investors and financiers in the company may require a certain level of profits to secure funds for expansion, for which profit maximisation will help. Also shareholders expect returns on their investments so profit maximisation should
always be a consideration. Siddiqui (2012) agrees that profit maximisation provides benefits to business, reiterating that it allows businesses to run smoothly through making profits whilst staying solvent at the same time, Siddiqui goes as far to say that profit maximisation is the most important objective of a business entity and that a business without a profit maximisation strategy cannot survive.

Miksen (2015) recognises that although there are some companies that achieve profit maximisation ethically, there are plenty of others who are maximising profits unethically via marketing, slashing employee expenses, lowering product quality, or impacting upon the environment negatively. He goes on to add that, this unethical behaviour can lead to smeared public relations and a loss of trust and respect on the part of the customer. Kokemuller (2015) agrees, reiterating that profit maximisation can cause public image problems. He also goes further to add that it can also cause a business to have a short-term orientation with regards to strategy, so while benefitting in the short-term, in the long-term more problems may arise.

White (2014) similarly recognises the ethical issues that a profit maximisation strategy can bring and, explains that many companies toe the line between doing profitable business and being ethically responsible, and when that line is crossed in an effort to maximise profits legal repercussions and costly brand damage can occur. He continues to add that these lines are usually crossed when lost profits begin to occur and businesses become so desperate they choose between remaining profitable or doing ethical business. These dilemmas can create internal and external tension within a company, which is where the profit maximisation strategy starts negatively affecting the business.

Mansell (2009) also agrees that if profit maximisation is the only legitimate objective for business, then the exercise of responsibility towards other ‘stakeholders’ is unobtainable, and that this pursuit of shareholder wealth is primarily to blame for, the recent string of accounting scandals and other ethical failures. For example the Enron scandal, documented by Barrionuevo (2002) shows that the chief executives who guided Enron through its spectacular rise and even more stunning fall, were found guilty of fraud and conspiracy, were found guilty of lying to investors,
employees and government regulators in an effort to disguise the crumbling fortunes of their energy empire.

Silverstein (2013) reflects back on this scandal stating that this company’s failure in 2001 represents the biggest business bankruptcy ever and acts as a stark reminder of those implications of being seduced by charismatic leaders, or more specifically, those who sought excess at the expense of their communities and their employees. He concludes that in the end, those misplaced morals killed the company while injuring all those that went along for the ride. He questions that when there are profits to be made, some type of scheme that attempts to skirt the law or even cross boundaries will often occur. He argues that Enron won’t be the last case of corporate malfeasance, but that its tumultuous tale did initiate a new age in business ethics.

2.11.1 Limitations of profit maximisation theory

Magill, Quinzii & Rochet (2013) state that the implementation of a profit maximisation strategy by large firms leads to lower production, higher prices and less innovation than would be optimal due to their high market power and cost cutting measures. Kumar (2015) offers a critique of profit maximisation theory stating that there is ambiguity in the concept of profit, he questions whether it is rate of profit, total profit, or net profit that a firm is aiming to maximise because it is not made clear, and each of which have entirely different implications for price theory.

Kumar (2015) adds that in the modern business environment there is usually a separation between ownership and control of a business, and so managers who are in control generally cease to look for profits beyond the level which suffices to pay their salaries and keep shareholders quiet, so there is no need to maximise profits. Also laws and regulations play a role in profit maximisation, in some developing countries there are many enterprises that are legally forbidden to maximise their profits (Kumar, 2015).
2.12 The Business Case for CSR

The business case for CSR refers to the “underlying arguments or rationales supporting or documenting why the business community should accept and advance the CSR ‘cause’” (Carroll & Shabana, 2010). In general business practitioner terms a ‘business case’ is a pitch for investment for a project or initiative that promises to yield a suitably significant return to justify the expenditure. In what has become known as the ‘business case for CSR’ the pitch is that a company can ‘do well by doing good’, meaning that it can perform better financially by attending not only to its core business operations, but also to its responsibilities toward creating a better society (Kurucz, Colbert, & Wheeler, 2008).

2.12.1 Cost and risk reduction: optimisation subject to constraints

Kurucz, Colbert & Wheeler (2008) provide a summary of the key value propositions evident in the research on the business case for CSR, and described four general ‘types’ of the business case, or four models of value creation, each of which will now be discussed. They state that the first of these four ‘types’ or models is ‘cost and risk reduction: optimisation subject to constraints’, they explain that the focus of this approach is that the firm chooses to engage, or not, in CSR related activities in order to reduce costs and risks to the firm, under this perspective the primary view is that the demands of stakeholders present potential threats to the viability of the organisation, and that corporate economic interests are served by mitigating those threats through a threshold level of environmental or social performance (Kurucz, Colbert, & Wheeler, 2008).

Smith (2005) argues that CSR activities undertaken by a business such as equal employment opportunity (EEO) policies and practices enhance long-term shareholder value by reducing costs and risks. Carroll & Shabana (2010) add that the cost and risk reduction strategy may also be achieved through CSR activities directed at the natural environment, and that these environmentally responsible commitments may also reduce the negative impact of social concern.
It is also pointed out that undertaking CSR activities directed at managing community relations may also result in cost and risk reductions (Berman et al., 1999). Carroll & Shabana (2010) expand on this by explaining that by building positive community relationships it may contribute to a firm attaining tax advantages. In addition it can also decrease the amount of regulation imposed on the firm because the firm is perceived as a sanctioned member of society. An example of a direct cost reduction as a result of CSR activities include a restaurant purchasing locally grown produce that is cheaper than the offerings of its usual distributor, or Facebook’s recently opened 476,000 square-foot data centre in Altoona, which is almost entirely powered by wind energy which suppliers call the ‘lowest-cost energy source’ available (Bliss, 2015).

2.1.2.2 Competitive advantage: adapting and leveraging opportunities

Kurucz, Colbert & Wheeler (2008) state that the second ‘type’ or model is creating a ‘competitive advantage: adapting and leveraging opportunities’, in this case CSR initiatives are conceived strategically to gain competitive advantage over industry rivals. Carroll & Shabana (2010) add that competitive advantage allows firms to use CSR to set themselves apart from competitors; justifications contend that by engaging in certain CSR activities firms may improve their competitiveness. They explain this is because stakeholder demands are seen as opportunities rather than constraints, with resources strategically managed to meet these demands. Zabin (2013) states a similar opinion that CSR which was seen as corporate philanthropy till the 1990s is today considered a strategy to gain competitive advantage.

Gaining a competitive advantage through the use of CSR includes the characterisation of value creation occurring through the firm adapting to its external context, in order to optimise this advantage in its given industry. Social investing, or as Porter and Kramer (1999) call it “strategic” giving’ also comes under this approach, where firms elect to engage in philanthropic efforts that are supported by the core competencies of their organisation, adapting to stakeholder expectations in
order to generate sustainable performance with regard to stakeholders needs and their own competitive advantage (Kurucz, Colbert, & Wheeler, 2008). Porter & Kramer (2006) conclude that many approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society. If instead, corporations were to analyse their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, constraint, or charitable deed – but that it can be a source of opportunity, innovation, and competitive advantage.

A practical example of CSR being used to gain a competitive advantage is Toyota. Porter and Kramer (1999) explain how Toyota has concentrated on its hybrid technology, and because more “motorists’ demand greener and more efficient cars” (Tovey, 2014), this has meant that Toyota has built a competitive advantage from the environmental benefits of its hybrid technology.

2.12.3 Reputation and legitimacy: building a responsible brand

Kurucz, Colbert & Wheeler (2008) state that the third ‘type’ or model of the business case for CSR is reputation and legitimacy: building a responsible brand. They explain that the business case in this domain is focused on exploiting CSR activities in order to build value through gains in firm reputation and legitimacy, with a focus on value creation by leveraging gains in reputation and legitimacy made through aligning stakeholder interests.

One way in which CSR activities and strategies are directed towards developing reputation and legitimacy is through cause marketing. Cause marketing is a strategy where in addition to emphasising product advantages, the product benefits are linked to charitable appeals (Smith & Alcron, 1991). Carroll & Shabana (2010) expand on this explaining that the benefits of this strategy include creating purchase incentives and enhancing company and product images, companies are able to illustrate that
they can, mutually, pursue their profitability goals and meet the needs of different stakeholders in society, therefore demonstrating they ‘belong’ in society.

Zackal (2015) explains that cause marketing is a partnership between a non-profit and profit, for mutual profit. The term was coined in 1983 in America after a campaign to restore the statue of liberty. He explains popular types of activities usually undertaken by cause marketers, firstly point-of-sale, cashiers asking for a donation as a sale is made, secondly purchase of action triggered donation where a consumer buys a product and a donation is made to a cause, and a third popular method is licensing, a company pays to use a non-profit’s brand on its product, a good example of this is (RED)™, (RED) is a non-profit organisation which has partnered with profit companies such as Apple and Coca Cola in order to fight AIDS. Waters (2015) provides some examples of cause marketing in practice, one very successful cause marketing program was by Uber, Uber launched to give vets jobs, find homes for cats and dogs and collect clothes for the needy, using their app and customer base for social good. He adds that another good example is Facebook with its ‘Stop Ebola’ campaign; Facebook added a ‘donate’ button at the top of its newsfeed, using its mass customer base and reach to raise millions towards the cause.

Reputation is often overlooked in business in favour of profits or keeping shareholders happy. However Bracey (2012) expresses that the reputation of a business is essential to its survival, and the trust and confidence of the consumer can have direct and profound effects on a company’s bottom line, especially in the modern age of social networking, websites and other instant communication methods. Harrison (2015) builds on this by explaining some of the benefits having a good corporate reputation can bring, for example you can gain customer preference in using your business when there are other similar cost and quality products or services available, it can also give you the ability to charge a premium for products and services, lastly it helps maintain stakeholder support during any times of controversy.
2.12.4 Synergistic value creation: seeking win-win-win outcomes

Kurucz, Colbert & Wheeler (2008) state that the final ‘type’ or model of the business case for CSR is synergistic value creation: seeking win-win-win outcomes. They explain that the focal point of this approach is in finding win-win-win outcomes by seeking out and connecting stakeholder interests, and creating pluralistic definitions of value for multiple stakeholders simultaneously.

Pies & Koslowski (2011) argue that business ethics are relevant to economic value creation because formal institutions and private contracts are always necessarily incomplete, they indicate that an important implication of value creation as an approach to business ethics is that companies can use moral commitments as a systematic favour of production, the underlying idea being that prudent moral commitments can trigger a powerful win-win outcome for the company by convincing stakeholders of its reliability.

Porter & Kramer (2011) explain that the problem with value creation is that businesses remain trapped in an outdated approach, which views value creation too narrowly whilst optimising short-term performance. Often missing the most important customer needs and broader influences which determine longer-term success. They build on this by stating the solution is shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges. Dow Chemical Company is a successful practical example of implementing this win-win-win strategy, firstly in the 1990s they constructed a wetland built in lieu of a new wastewater treatment facility at a Dow-owned site in Texas, this not only serves as a thriving habitat for wildlife benefiting the environment and local community, but it has also saved the company over $100 million since it was built (Gerholdt, 2014). Secondly Dow announced Omega-9 Healthy Oils developed by Dow AgroSciences, which are virtually free of trans-fat and contain the lowest saturated fat content of any vegetable oil, this has aided in capturing a dominant market share of U.S fast food restaurants, the seeds that the oil comes from have a large yield which makes them attractive to farmers, plus the oils have taken billions of pounds of trans-fats out of the American diet, making consumers
healthier, so many stakeholders benefit (DHL, 2014). However, while Dow have made good steps towards helping society and the environment, there are other aspects of their business which have attracted a lot of negative publicity, in the 1960s they were found guilty of testing dioxin (a poison by-product found in herbicides) on 70 Philadelphia prison inmates, many of which suffered severe side effects (Robbins, 1983). Additionally in May 1979 an explosion damaged Dow’s Pittsburgh facility killing two workers and injuring 38 others (Beitler, 2006).

In summary the business case for CSR gives four distinguished yet somewhat interlinked reasons and strategies for implementing CSR activities into a business, CSR has become a more prominent feature of business and society, corporate social performance, global corporate citizenship and stakeholder management, and it is now seen as a key to long term success, reputation and brand image. More and more companies are realising that in order to stay productive, competitive and relevant in a rapidly changing business world, they must become socially responsible (Zabin, 2013).

2.12.4 Critique of the business case for CSR

Kurucz, Colbert & Wheeler (2008) also point out some critiques of the business case of CSR. Problems of justification are brought about through CSR literature as building a ‘business case’ for CSR implies the building of coherent justification for a corporation to invest in CSR activities.

Firstly there is an ongoing search for definitive causal connections between corporate social performance (CSP) and corporate financial performance (CFP) which so far have yielded inconclusive results (Griffin & Mohon, 1997). Rowley and Berman (2000) express the opinion that it is essentially pointless, because the ‘business case for CSR’ is working under the assumption that corporate social and financial performance are universally related, and it is an extreme, untenable proposition to assert that any management initiative is always correlated with financial results. Carroll & Shabana (2010) echo this opinion as they express that
this implied assumption that the positive correlation between carefully chosen CSR initiatives and the firm’s financial performance is perpetual, and this assumption may not be accurate.

Kurucz, Colbert & Wheeler (2008) identify a problem with how justification is presented, often characterised as a schism between economic and ethical justifications for CSR with the implication that economic evidence is not normative and is value free. This problem is “perpetuated due to an inherent defect in the construct of CSR itself: by asserting that corporations must attend to ‘social responsibilities’ in addition to ‘business responsibilities’, we admit that the two are distinct and separable” (Kurucz, Colbert, & Wheeler, 2008). Mintzberg (1983) argues that firms may be rewarded in an economic and financial sense for engaging in CSR practices to a certain extent, but beyond that, given level of CSR investment, the market will cease to reward it.

2.13 The case against implementing CSR

Shafique (2011) identifies a fundamental problem with CSR initiatives, in that they are not high on the list of a company’s priorities, thus they are more often a function of the marketing or PR department, rather than an element of a company’s core business strategy. This view is shared by Macalister (2004) who believes that CSR is being used as a public relations tool adding that it is no coincidence that companies in areas such as oil, mining and tobacco are some of CSR’s biggest public champions. Gilman (2014) similarly voices concern that CSR is just another PR gimmick to help businesses make more profits, with Kan (2012) admitting that some people see CSR as a marketing gimmick where companies try to get the attention of consumers and improve performance and sales. Bazillier & Vauday (2010) conclude from a recent study that of the consumer products analysed, 95% of the companies claiming to be green were found to commit at least one of the sins of greenwashing. Greenwashing is the practice of making an unsubstantiated or misleading claim about the environmental benefits of a product, service, technology or company practice (Rouse, 2007). Kielmas (2015) supports this adding that corporate social responsibility can be an exercise in futility as a company’s management have a
fiduciary duty to its shareholders, and CSR directly opposes this. Thus responsibility to shareholders to maximise profits can result in some companies talking about CSR but doing nothing about it.

Servaes & Tamayo (2013) identify another potential problem with implementing CSR, they believe that CSR activities are costly and that the cost doesn’t always outweigh the benefits. They found that empirical studies on the relation between the value of a firm and its CSR activities had mixed results, including an impressive number of studies reporting a negative relation. This view is echoed by others, with Cicurel (2015) adding that corporate social responsibility schemes are expensive to implement and time consuming to maintain, and Kielmas (2015) explaining that CSR costs fall disproportionally on small businesses as they can often not afford to allocate a large budget to CSR reporting, plus extra personnel which may be needed by the business may not be affordable.

Mashungupa (2014) identifies various reasons not to implement CSR. Firstly he claims that detecting measurable bottom line benefits is a challenge as social and environmental programmes are hard to account for with regard to financial gain. Vogel (2008) believes there will be no financial gain as he claims that CSR doesn’t pay, arguing that only a handful of customers know or care about the environmental records of more than a handful of firms and that, CSR is largely irrelevant to financial performance. Mashungupa (2014) adds that CSR can cause a loss of focus for a firm, as current CSR guidelines have expanded much beyond the basic initial emphasis, taking focus away from other aspects of the business.

2.14 Conclusion

This comprehensive review of the literature has outlined an introduction to CSR, helping to understand further ISO 26000 through analysing advantages, disadvantages and potential implications of implementing this EMS. A deeper understanding of CSR is gained through analysing the triple bottom line and relevant theoretical models such as Carroll’s CSR pyramid, the intersecting circles model and
the concentric circles model in order to realise how sustainable development plays a part in the CSR story.

CSR is clearly a contested issue, particularly regarding the business case for CSR. Developing an effective CSR strategy can be difficult due to the vagueness of this disputed concept, whilst the “practical implementation of CSR is faced with a lot of issues and challenges” (Kazim, 2013).
Chapter Three Methodology

3.1 Introduction

This study will use a custom-built framework based around the 7 core principles of ISO 26000 in order to analyse and rank the CSR policies of the major UK supermarkets. The supermarket sector has been chosen as it has been subject to multiple CSR scandals in recent years, with multiplier supermarkets abusing their market power to behave unethically. In 2007 Sainsbury’s and Asda, along with dairy groups, were fined £116m by the Office of Fair Trading after admitting fixing the prices of milk, butter and cheese (Walsh F., 2007). 2013 brought about the horsemeat scandal as major UK supermarkets including Tesco and Aldi products were found to contain horse DNA, described as the biggest food fraud of the 21st century (Lawrence, 2013). UK supermarkets (such as Tesco, Asda, Sainsbury’s and Morrisons) have also been criticised for not paying workers a living wage, because of this taxpayers are forking out £11bn in subsidies because of these hundreds of thousands of low-paid workers (Waugh, 2015).

Supermarkets including Asda and Aldi have been branded as having a “dismal” ethical record when it comes to supporting British farmers, buying local, seasonal food and being environmentally friendly” (Wallop, 2009). Bland (2015) claims that the sector is in an absolute mess at the moment, supermarkets have reputations worth billions of pounds but they put it at risk with a manic obsession with short-termism. Meanwhile Tesco reputation has been damaged further as trading profits were found to have been overstated by £326m (Garside, 2015), and also the supermarket giant has admitted that there have been a 'number of instances' where it has breached the Groceries Supply Code of Practice (Ruddick, 2015).

Additionally Tolhurst (2014) reports how Sainsbury’s was forced to apologise after a motivational poster urging staff to squeeze an extra 50p from every customer was mistakenly put in the window of its Stratford store for customers to see, Sainsbury’s was subsequently mocked on social media after the image posted on social media went viral, this is a good example of how unethical behaviour is punished much more
severely in the modern digital age than previously before, with social media allowing for much larger audiences to be reached, this inevitably leads to damage to brand reputation and brand image. It is abundantly clear that UK supermarkets, despite some of the benefits they bring to society and the environment, are not always acting ethically and in the best interests of their consumers and the environment, therefore further investigation of CSR and sustainability practices is necessary.

These supermarket failures have brought about the emergence of institutions that have formed to guide, support and publicise good performance from supermarkets. For example the Business Social Compliance Initiative (BSCI) was established in 2002 and aims to establish a common, cross-industry platform for monitoring social compliance in global supply chains (Ethical Consumer, 2015). Also all retailers are legally obliged to follow the Groceries Supply Code of Practice (GSCOP) which provides detail on how designated retailers should manage their relationship with suppliers (UK Government, 2009).

ISO 26000 was established in November 2010 intended to assist all types of organisations, regardless of their size, in contributing to sustainable development (ISO, 2010). It is intended to encourage them to go beyond legal compliance to complement other instruments and initiatives for social responsibility, it is not intended or appropriate for certification purposes (ISO, 2010). ISO 26000 consists of 7 core subjects:-

- Organisational Governance
- Human Rights
- Labour Practices
- Community Involvement and Development
- The Environment
- Consumer Issues
- Fair Operating Practices

The framework in this study will allow for each supermarket to be scored individually in each different aspect of the framework in order to gather overall scores for each
supermarket based on their CSR activities. These scores will subsequently be used as a rating system in which the scores of each supermarket will be compared to analyse which supermarket is undertaking the most and high quality CSR activities.

3.2 Data Collection

The data gathered in this study has primarily been gathered from CSR reports published by the supermarkets in the UK which was used to undertake secondary analysis; this use of secondary data brings about some benefits to the study, Ghauri & Grønhaug (2005) state that the first advantage of using secondary data is saving time, Pérez-Sindin (2013) adds that secondary data has the benefit of easier accessibility, Gray (2014) also explains that using secondary data has the advantage of lower costs, the data has already been collected and will cost less than collecting it from scratch. Secondary data does however offer some disadvantages, Saunders, Thornhill & Lewis (2009) state secondary data brings about a lack of control over data quality, Gray (2014) builds on this by explaining that sometimes the data can be incomplete, obsolete, inaccurate or biased.

The secondary data gathered for this study includes a mixture of qualitative and quantitative data, both of which offer different aspects to the study, Vanderstoep & Johnston (2009) compare some of the differences between both types of data in their own model, as shown in the figure below.
Vanderstoep & Johnston (2009) explain that the primary advantage of using qualitative data is that it can represent large samples which accurately reflect the population with statistical validity, however they counter that with a drawback that quantitative data reflects a superficial understanding of participant thoughts and feelings. Vanderstoep & Johnston (2009) go on to explain on the other hand qualitative data allows a rich, in-depth analysis of a sample, but similarly a downside is that it will generally represent small samples not generalizable to the population.

The use of secondary analysis in this study “involves the utilisation of existing data collected for the purposes of a prior study, or in order to pursue a research interest which is distinct than that of the original work” (Heaton, 1998). Heaton (1998) continues to add that the secondary analysis approach can be used to generate new knowledge, new hypothesis or support existing theories; Long-Sutehall, Sque & Addington-Hall (2010) build on this by stating the whole area of secondary analysis has gained interest and momentum due to recognition by researchers.
3.3 Framework

The CSR activities of six UK supermarkets have been analysed using the custom built framework as shown in the figure below.

Figure 14

<table>
<thead>
<tr>
<th>Category</th>
<th>Criteria</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Operating Practices</td>
<td>• Anti-corruption</td>
<td>• Member of the Business Social Compliance Initiative</td>
</tr>
<tr>
<td></td>
<td>• Fair Competition</td>
<td>• Internal and external policies on anti-corruption</td>
</tr>
<tr>
<td></td>
<td>• Promoting Social Responsibility in the Value Chain</td>
<td>• Adhering to the Groceries Supply Code of Practice (GSCOP)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Annual report submissions to the Office of Fair Trading and the Groceries Code Adjudicator (GCA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Internal programmes ensuring Social Responsibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Supporting campaigns ensuring Social Responsibility (e.g. Stronger Together campaign, Love Food Hate Waste campaign)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Supporting suppliers and their workers ensuring Social Responsibility</td>
</tr>
<tr>
<td>Consumer Issues</td>
<td>• Protection of Consumer Health and Safety</td>
<td>• Internal safety and quality management standards</td>
</tr>
<tr>
<td></td>
<td>• Customer Service, Support and</td>
<td>• Third party audits/inspections</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Complaint Resolution</th>
<th>Multiple channels available for customers to get in contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Education and Awareness</td>
<td>• Involvement of external establishments helping customers to be heard</td>
</tr>
<tr>
<td></td>
<td>• Internal programmes increasing food and health education</td>
</tr>
<tr>
<td></td>
<td>• Supporting external initiatives aimed at increasing education levels (e.g. Foodshare, The School Food Plan)</td>
</tr>
<tr>
<td>Community Involvement and Development</td>
<td>• Employment Creation and Skills Development</td>
</tr>
<tr>
<td></td>
<td>• Active Community Involvement</td>
</tr>
<tr>
<td></td>
<td>• Health and Social Investment</td>
</tr>
<tr>
<td></td>
<td>• Graduate training programmes and initiatives in place</td>
</tr>
<tr>
<td></td>
<td>• Supporting external initiatives aiding employment and skills development (e.g. Feeding Britain’s Future Campaign, Movement to Work Initiative)</td>
</tr>
<tr>
<td></td>
<td>• Supporting local charities</td>
</tr>
<tr>
<td></td>
<td>• Supporting local suppliers</td>
</tr>
<tr>
<td></td>
<td>• Internal investment in promoting good health</td>
</tr>
<tr>
<td></td>
<td>• Supporting external campaigns promoting healthier lifestyles (e.g. Change4Life, Government Public Health Responsibility Deal Pledges)</td>
</tr>
<tr>
<td>The Environment</td>
<td>• Prevention of Pollution</td>
</tr>
<tr>
<td></td>
<td>• Sustainable Resource Use</td>
</tr>
<tr>
<td></td>
<td>• Climate Change Mitigation and Adaptation</td>
</tr>
<tr>
<td></td>
<td>• Internal campaigns aimed at reducing food waste</td>
</tr>
<tr>
<td></td>
<td>• Supporting external initiatives aimed at reducing food waste and increasing recycling (e.g. WRAP)</td>
</tr>
<tr>
<td></td>
<td>• Ensuring sustainable resources are used</td>
</tr>
</tbody>
</table>
for products such as fish, palm oil, timber and more

- Complying with the appropriate governing bodies where applicable (e.g. Sustainable Fisheries Partnership, Forest Stewardship Council)
- Actively pursuing ways in which to reduce climate change and carbon footprint
- Supporting projects aimed at reducing climate change (e.g. Carbon Disclosure Project’s Forest Programme)

| Human Rights | Internal policies ensuring no forms of discrimination
| Discrimination and Vulnerable Groups | Ensuring support is in place for potentially vulnerable groups
| Economic, Social and Cultural Rights | Ensuring fair salary levels and also other employee benefits
| Fundamental Principles and Rights at Work | Supporting initiatives ensuring producers are paid a fair price for their products (e.g. Fairtrade)
|  | Internal initiatives ensuring fundamental principles and rights at work are upheld
|  | Supporting external initiatives ensuring fundamental principles and rights are work at upheld by suppliers (e.g. Ethical Trading Initiative, UN Declaration of Human Rights)

| Labour Practices | Internal programmes promoting employment
| Employment and Employment Relationships | Investment in training and development for current employees
| Conditions of Work and Social Protection |  
| Health and Safety at Work |  

<table>
<thead>
<tr>
<th>Organisational Governance</th>
<th>Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transparency</td>
<td>• Internally ensuring standards of work are fair</td>
</tr>
<tr>
<td>• Ethical Behaviour</td>
<td>• Supporting initiatives aimed at ensuring suppliers uphold fair working conditions and social protection (e.g. ILO Conventions, Fairtrade)</td>
</tr>
<tr>
<td>• Respect for Stakeholder Interests</td>
<td>• Taking measures internally to ensure health and safety at work</td>
</tr>
<tr>
<td></td>
<td>• Implementing standards above that which is legally required</td>
</tr>
</tbody>
</table>

The framework is split into 7 categories representing the 7 aspects of ISO 26000. Supermarkets will be examined based on each category, with each category containing a set of 3 criteria, these criteria were identified in order to ensure critical aspects of each category are properly examined. Each of these criteria will be assessed based primarily on CSR reports and other reputable sources, providing subtotal scores for each category and an overall total score for each supermarket. Each criterion is scored from 0-3 meaning the maximum total score for a supermarket is 63, the scoring system is as follows:-

- 0 – No evidence of any contribution to this criteria
- 1 – Minimal contribution to this criteria
1. **Satisfactory contribution to this criteria**
2. **Exceptional contribution to this criteria**

The scoring system was developed in order to accurately measure how well the supermarkets meet the expectations required for each category of the framework. The supermarkets examined in this study are Tesco, Morrisons, Sainsbury's, Asda, Aldi and Waitrose. These supermarkets were chosen in order to gain an accurate reflection of the current CSR activities of the major supermarkets in the UK, this selection of supermarkets contains the dominant 'big four' supermarkets which current figures show hold a combined 71.6% market share (Statista, 2016). This sample also includes one perceived 'discount retailer' in Aldi and one perceived 'up-market' retailer in Waitrose, in order to gain a comprehensive insight into the supermarket sector.

### 3.4 Research Philosophy

The best fit research philosophy to this study is an interpretivist approach; this is because interpretivism “involves researchers to interpret elements of the study, thus interpretivism integrates human interest into a study” (Dudovskiy, 2015), this is true of this study in which CSR activities will be interpreted from each CSR report and given a rating according to the scoring system. As the CSR activities analysed against the criteria for each category throughout the framework, they must then be interpreted and the correct score must be determined based on the quality of CSR activities undertaken.

### 3.5 Reliability and Validity

Dudovskiy (2015) explains some of the issues presented by an interpretivism research philosophy; he states that one disadvantage associated with interpretivism is relating to the subjective nature of its approach, creating room for bias on behalf of the researcher since data can potentially be impacted by personal viewpoint and values.
Regarding reliability, the G4 Sustainability Reporting Guidelines state that the organisation should gather, record, compile, analyse and disclose information and processes used in the preparation of a report in a way that can be subject to examination and that establishes the quality and materiality of the information, this is so that stakeholders can have confidence that a report can be checked to establish on the veracity of its contents and the extent to which it has appropriately applied reporting principles (Global Reporting Initiative, 2015). This ensures that the information provided in the CSR reports is reliable, providing many statistics and figures, however how these figures were calculated is not stated. While the GRI Guidelines offer disclosures for many of the social responsibility issues covered in ISO 26000, ISO 26000 gives guidance in more performance areas than the GRI Guidelines (Global Reporting Initiative, 2015). All ISO 26000 issues and related actions and expectations not covered by the GRI Standard Disclosures can be reported on by using organisation-specific indicators (Global Reporting Initiative, 2015). Based on these reasons the framework for this study is based on ISO 26000 and not the GRI Guidelines, a more comprehensive investigation will be achieved as ISO 26000 covers more social responsibility issues than the GRI guidelines.

3.6 Limitations

This study was limited to six supermarkets as this is a representative sample of the supermarket sector, the supermarkets chosen for this study represent an 82.4% combined market share of the supermarket sector (Statista, 2016). The sample contains the ‘big four’ supermarkets (Tesco, Sainsbury’s, Asda and Morrisons), a discount retailer (Aldi) and a perceived up-market supermarket (Waitrose). This provides a diverse range of supermarkets, including different types and sizes, whilst also encompassing all the major market share holders.

3.7 Ethical Considerations
The use of secondary data can bring about some ethical considerations depending on the type of data used, however with relevance to this study; the UoL (2015) state that the use of data already in the public domain does not need to go through ethical approval, that which is not considered sensitive personal data, also that information provided on the Internet and Web that are intentionally public would be valid to consider ‘in the public domain’. The sources used include published CSR and sustainability reports from each supermarket respectively, also other critical literature including reports, journal articles and other digital sources have been used to ensure reliability and validity through the use of multiple sources.
Chapter Four Findings

All six supermarkets were analysed against each criteria as shown in the framework as previously shown. ISO 26000 identifies seven core principles, each core principle then has a number of criteria which must be addressed, each criteria will be given a score based on the quality of CSR activities, giving each core principle a sub-total score, providing each supermarket with a total score which can then be used for comparisons.

4.1 Aldi

Aldi have achieved many awards over recent years, including Supermarket of the Year at the Mother & Baby Awards 2016, they were also named Multiple Wine Retailer of the Year 2015 at the Drinks Retailing Awards as well as Quality Drinks Retailer of the Year (ALDI, 2016).

4.1.1 Fair Operating Practices

With regard to anti-corruption, Aldi is a member of the Business Social Compliance Initiative (BSCI) which among other aspects aims to fight bribery and corruption; they also offer all employees guidance on the avoidance of bribery and/or corruption (ALDI, 2015). Rating – 3

Aldi also provides guidance to all employees on fair competition, Aldi is also required by law as of February 2010 to submit an annual report to the Office of Fair Trading and the Groceries Code Adjudicator (GCA) under the Groceries Supply Code of Practice (GCSOP) regulations, with the latest report submitted in April 2015 with no disputes raised by suppliers (ALDI, 2015). Rating – 2
Aldi promotes social responsibility in the value chain by actively monitoring partner organisations to ensure their own values are not compromised, firstly all suppliers of high risk commodity groups must comply with the regulations of Aldi’s Social Monitoring Programme (SMP), secondly Aldi joined the Stronger Together educational campaign in 2013 which is a multi-stakeholder initiative to reduce human trafficking and forced labour in the food and agricultural sectors, thirdly Aldi implemented an international accord aiding in fire and building safety for employees of suppliers in Bangladesh, participating companies have committed to implementing measures for sustainable improvement in safety conditions within production facilities in Bangladesh (ALDI, 2015). Rating – 3

4.1.2 Consumer Issues

The criteria set out in the consumer issues category are; protection of consumer’s health and safety, customer service support and complaint resolution, and education and awareness.

Aldi sets out to ensure protection of consumer health and safety through recognised standards for food safety and quality, with safety and quality management standards based on the principle of due diligence, all own label foods must meet nationally recognised standards and production sites undergo annual third-party audit inspections (ALDI, 2015). Rating – 2

With regards to customer service, support and complaint resolution Aldi works with Bazaarvoice, and independent network connecting retailers to authentic voices to help create a community of opinions from a range of Aldi products (ALDI, 2015). Rating – 1

Aldi ensures education and awareness through multiple methods, for example clear nutritional labelling helping customers make informed decisions, reference intake labelling with the effective traffic light labelling system, clear labelling of alcohol for
responsible drinking and also responsible marketing of alcoholic products (ALDI, 2015). Rating – 2

4.1.3 Community Involvement and Development

The criteria set out for the community involvement and development category include; employment creation and skills development, active community involvement and health and social investment.

Regarding employment creation and skills development, Aldi offer employees opportunities to grow and develop placing much importance on training and development and rewarding performance, high quality structured training programmes are in place to aid skills development as well as providing salaries far above the industry average, Aldi was also placed 4th overall in The Times Top 100 Graduate Employers 2014, 1st among other retailers (ALDI, 2015). Rating – 3

Aldi embraces active community involvement through its charity of the year initiative, Aldi supports three ‘Charities of the Year’, these being Barnardo’s, St Vincent de Paul (SVP) and The Prince’s Trust, Aldi also demonstrate regional and corporate donations, charity Christmas cards and product donations, furthermore Aldi supports communities through British sourcing and British farming (ALDI, 2015). Rating – 3

Aldi support health and social investment through signing up to multiple Government Responsibility Deal Pledges to tackle health issues, such as alcohol misuse and obesity, Aldi also support the Change4Life campaign and promote fresh fruit and vegetables to customers through its Super 6 offer (ALDI, 2015). Rating – 2

4.1.4 The Environment

The criteria set out for the environment category are; prevention of pollution, sustainable resource use and climate change mitigation and adaptation.
Aldi aims to prevent pollution by supporting and implementing The Detox Campaign in order to reduce the exposure of humans and the environment to hazardous chemical-based production processes (ALDI, 2015). Aldi has also signed up to The Courtauld Commitment delivered by WRAP to reduce the impact packaging and food waste has on the environment, they are also fully compliant with The Waste Electrical and Electronic Equipment (WEEE) regulations (ALDI, 2015). Rating – 3

Regarding sustainable resource use Aldi promotes sustainable fish sources through collaborations with the Sustainable Fisheries Partnership (SFP), the Marine Conservation Society (MCS), the Marine Stewardship Council (MSC) and the Aquaculture Stewardship Council (ASC), furthermore Aldi are a member of the Roundtable On Sustainable Palm Oil (RSPO) and also all own label toilet paper, tissue and kitchen roll made from recycled material certified by the Forestry Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) (ALDI, 2015). Rating – 3

Aldi endorses climate change mitigation and adaptation by setting objectives regarding the packaging of materials and recycling, also identifying the carbon footprint of packaging materials also suppliers must meet standards for waste management, handling and exposure of chemicals and other dangerous materials, also emissions and effluent treatment must meet or exceed legal requirements (ALDI, 2015). Aldi are also actively working to reduce their carbon footprint from transport emissions by using lighter vehicles, more fuel-efficient tyres and improved aerodynamics, Aldi was awarded a Carbon Trust accreditation again in 2014 after showing a 27% relative reduction in carbon footprint, whilst simultaneously achieving ‘Best in Intensity Carbon Reduction’ award at the prestigious Carbon Trust Standard Bearer’s conference (ALDI, 2015). Rating - 3

4.1.5 Human Rights

The criteria set about for measuring contribution to human rights are; discrimination and vulnerable groups, economic, social and cultural rights, fundamental principles and rights at work.
Aldi takes into account discrimination and vulnerable groups by stating they have Aldi Supplier Standards which all suppliers must comply with, which include the elimination of all forms of discrimination against women, also Aldi will not tolerate any forms of discrimination in hiring, remuneration, access to training, promotion, termination or retirement, regarding vulnerable groups suppliers of high risk commodity groups have to comply with regulations of Aldi’s Social Monitoring Programme (SMP) (ALDI, 2015). Furthermore Aldi states that 48% of employees in the UK are female and 28% of UK Directors are female, which is considerably higher than the industry average (ALDI, 2015). Rating – 3

Similarly, regarding economic, social and cultural rights Aldi values the right to an adequate standard of living as they provide salaries that are considerably above the rest of the industry, also regarding the right to health, Aldi ensure excellent health and safety in the workplace, with employees’ sickness rates over 50% lower than the industry average (ALDI, 2015). Rating – 2

Aldi ensure fundamental principles and rights at work ensuring products manufactured in countries where existing labour laws may not be sufficiently enforced they have partnered with the International Labour Organisation (ILO) which will not tolerate any child labour or forced labour (ALDI, 2015). Rating - 2

4.1.6 Labour Practices

The criteria set for the category of labour practices are; employment and employment relationships, health and safety at work and conditions of work and social protection.

Regarding employment and employment relationships Aldi was ranked 4th overall in The Times Top 100 Graduate Employers 2014, in terms of employment relationships Aldi’s Employment Satisfaction Survey results are market-leading (ALDI, 2015). Rating – 3
Aldi comply with all legislation regarding health and safety at work, they state that excellent standards of health and safety in the workplace has always been a priority at Aldi, coupled with continuous training and ongoing workplace safety checks, they support this by adding that their employee sickness rate is over 50% lower than the industry average (ALDI, 2015). Rating – 2

Regarding conditions of work and social protection, Aldi state that wages paid for regular working hours, overtime hours and overtime differentials shall meet or exceed legal minimums or industry standards whichever is more stringent, and that they don’t accept illegal, unauthorized or disciplinary deductions from wages (ALDI, 2015). Aldi also state that all business partners must comply with applicable national laws, industry standards and the ILO conventions regarding working hours, furthermore Fairtrade products ensure producers in developing countries receive a fair price for products (ALDI, 2015). Rating – 3

4.1.7 Organisational Governance

The criteria set out for the category of organisational governance are; transparency, ethical behaviour and respect for stakeholder interests.

Transparency is embraced at Aldi, they state they work hard to create a culture of openness and transparency, regarding their environmental impact, they are not afraid to admit that almost all aspect of their operations have an impact on the environment, they openly admit that the energy they use for lighting, refrigeration and the fleet or trucks to keep stores stocked full have the most significant input on their carbon footprint, they also provide full transparency regarding suppliers (ALDI, 2015). Rating – 2

Regarding the ethical behaviour criteria, this will be scored based on whether each supermarket has been involved in any unethical ‘scandals’ and how they reacted, Aldi was involved in the horse meat scandal in 2014 during which products sold as beef were actually horse meat, of all the supermarkets Aldi was one of the
supermarkets with the biggest problem of contaminated food (Butler & Smithers, 2014). Although Aldi was not intentionally selling horse meat, they let customers down through not monitoring suppliers closely enough. Rating – 1

Aldi expresses respect for shareholders’ interests as it demonstrates through its corporate responsibility policy the activities it undertakes to satisfy consumers through ensure product safety and quality, suppliers through supporting local sources and ensuring safe working environments, employees through safe working conditions and above average salaries, local communities through donations and support to local charities and finally the environment through ensuring sustainable resources and aiming to reduce its carbon footprint. Rating – 2

Aldi scores:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Criteria</th>
<th>Evidence</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair operating practices</td>
<td>Anti-Corruption</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Fair Competition</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Promoting social responsibility in the value chain</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td>Consumer Issues</td>
<td>Protection of consumers health &amp; safety</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Customer service, support and complaint resolution</td>
<td>✓</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Education and awareness</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td>Community involvement and development</td>
<td>Employment creation and skills development</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Active community involvement</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Health and social investment</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td>The environment</td>
<td>Prevention of pollution</td>
<td>✓</td>
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<tr>
<td>Category</td>
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<td></td>
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<td>-----------------------------------------------</td>
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</tr>
<tr>
<td>Sustainable resource use</td>
<td>✓</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Climate change mitigation and adaptation</td>
<td>✓</td>
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<tr>
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4.2 Morrisons

Morrisons have recently been awarded Most Sustainable Retailer of the Year 2015 at the Retail Industry Awards, also Seafood Retailer of the Year 2014 and Fresh Produce Retailer of the Year 2014. CSR Hub gives Morrisons a CSR rating of 62 out of 100 (CSR Hub, 2015).

4.2.1 Fair Operating Practices

Morrisons promotes anti-corruption through its anti-bribery and anti-corruption policy, stating that Morrisons is committed to conducting business fairly, ethically and within
the law, any form of bribery and/or corruption will not be tolerated, stating that this policy includes all stakeholders from all countries (Morrisons, 2015). Rating – 2

Morrisons have set up a Corporate Compliance and Responsibility Committee, this aims to ensure among other aspects fair competition, also following the Groceries Supply Code of Practice Morrisons actively engage with the Office of the Groceries Code Adjudicator (GCA) and the Competition and Markets Authority (CMA), to build best practice in relation to the code (Morrisons, 2015). Rating - 2

Regarding promoting social responsibility in the value chain, Morrisons promotes aspects of social responsibility such as promoting recycling and food waste management, firstly Morrisons aims to encourage customer recycling by optimising packing, increased recycling content, improving recyclability and improving recycling messages on packs where possible, for example on-pack recycling messages have been moved from the old ‘Recyclopedia’ to the new industry recognised On-pack Recycling Label (OPRL) providing a simpler message, also working with contractors to maximise reprocessing (Morrisons, 2015). Regarding food waste management, Morrisons has partnered with its supply chain in order to reduce food waste during manufacturing (Morrisons, 2015). Rating – 2

4.2.2 Consumer Issues

Morrisons have a Health and Safety Steering Group governing body to review health and safety policies and procedures concentrating on critical safety checks and accurate record keeping to ensure industry best practice, also the training of management in their health and safety duties are reviewed with all management receiving refreshers training at least every five years, Safety, Health and Wellbeing (SHaW) teams are also established to test and improve approaches towards keeping colleagues safe and healthy (Morrisons, 2015). Rating – 2

Morrisons address customer service, support and complaint resolution through providing a warm customer service in order to enhance perception, engagement and
loyalty, they add the in-store operations allow for quick and efficient reactions to customer’s needs, Morrisons also believes that engaged colleagues provides better customer service, with surveys showing a 75% rating on the Colleague Engagement Index (Morrisons, 2015). Rating – 2

Regarding education and awareness, Morrisons launched the Let’s Grow programme which teacher children about the story of fresh food, building on from this programme the Academy of Food online food education programme teaches children even more about the story of food and food production, Morrisons work together with Foodshare, The Scouts Association and Girlguiding and The school Food Plan to aid in spreading education surrounding food, for this Morrisons was presented with the Education award reaccreditation (Morrisons, 2015). Morrisons also promotes education and awareness of healthy eating through product reformation, out of home calorie labelling and front of pack colour coded nutritional labelling (Morrisons, 2015). Rating – 3

4.2.3 Community Involvement and Development

Morrisons promotes employment creation and skills development through its pre-employment programme ‘Our Club’ which aims to get people who have been disadvantaged in society into work, this programme for people aged 18-24 helps young people with little or no work experience gain employment, working together with the IGD’s Feeding Britain’s Future campaign, the Jobcentre Plus and Centrepoint, achieving 89% of ‘Our Club’ candidates in employment (Morrisons, 2015). Rating – 3

Morrisons demonstrates active community involvement firstly through the Morrisons Foundation which provides match funding for colleagues and grants to both local and national charities, secondly Morrisons has a partnership with Sue Ryder aiming to raise funds for help and local facilities for those diagnosed with life changing illnesses and their families (Morrisons, 2015). In-store community champions raising money whilst linking each store with its local communities, local food banks charities
are also supported, overall £2.2m was raised for the Sue Ryder partnership in 2014, 132 food bank charities were supported and community champions gave 200,000 hours to local communities (Morrisons, 2015). Rating – 3

Morrisons promotes health and social investment by delivering on 26 Public Health Responsibility Deal pledges on areas including alcohol, food, health at work and physical activity, furthermore Morrisons have partnered with the Government’s Change4Life campaign promoting healthy lifestyles, Morrisons also ensure the health and wellbeing of colleagues through partnering with Aviva, Regional Ambulance Trust and implementing Safety, Health and Wellbeing (SHaW) team in order to ensure colleague wellbeing (Morrisons, 2015). Rating – 2

4.2.4 The Environment

Morrisons ensures the prevention of pollution by reducing waste at each stage of the direct food chain, food waste is managed through partnerships throughout the supply chain, store management using an effective waste reduction programme using careful stock management and rotation, furthermore ‘Blue Dots’ have been introduced to highly perishable goods packaging to reduce waste on these items (Morrisons, 2015). Additionally, Morrisons operate a strong reduction and recycling programme working with key waste service providers to maximise reprocessing, so far a near zero amount of waste has gone direct to landfill for the last 3 years, Morrisons also target waste during the manufacturing process working with WRAP, local suppliers and smoothie suppliers in an effort to prevent and reduce waste during manufacturing, furthermore packaging also plays a fundamental role, with 2014 figures showing a 6.4% reduction in packaging weight than the previous year (Morrisons, 2015). Rating – 3

Regarding sustainable resource use, Morrisons require suppliers to source palm oil, palm kernel oil and derivatives through the Roundtable of Sustainable Palm Oil (RSPO) certified supply chain system; this ensures the palm oil is from certified sustainable sources, Morrisons support certification systems such as the Forest
Stewardship Council (FSC) to ensure responsibly sourced timber; also working with the WWF on their new ‘Forest Campaign’ to develop more sustainable sources of timber (Morrisons, 2015). On top of this, Morrisons partner with many committees to ensure sustainable seafood, for example they are a member of the Sustainable Seafood Coalition (SSC) and many other initiatives to ensure sustainable fish sources are used (Morrisons, 2015). Rating – 3

Morrisons tackle the issue of climate change mitigation and adaptation by first aiming to reduce operational carbon emissions, working in both the stores and manufacturing they have managed to reduce carbon emissions compared to the previous year with refrigerant gas emissions reduced by 40% (Morrisons, 2015). Morrisons are also analysing store energy efficiency levels, trying to reduce carbon impact from within its stores by making changes to the refrigeration units and installing solar panels on the roofs of stores, furthermore Morrisons hosted a renewable energy stakeholder workshop at the Houses of Parliament to discuss renewable energy strategies leading up to 2020, logistics are also being targeted to reduce emissions, with the use of extended trailers, one-way haulers and decreasing delivery frequencies less miles travelled means carbon emissions are cut (Morrisons, 2015). Rating – 3

4.2.5 Human Rights

Morrisons state that they will not tolerate any form of discrimination, victimisation, bullying or harassment on account of an individual’s difference, furthermore the companies values and policies protect the rights of individuals on the grounds of gender (including pregnancy), sexual orientation, religion or belief, marital status (including civil partnership status), age, race (including ethnic or national origin, colour or nationality) and disability (Morrisons, 2012). Rating - 2

There is no evidence that Morrisons go beyond what is legally required concerning economic, social and cultural rights. Rating – 1
Morrisons works in partnership with Sedex, Bangladesh Accord and the Stronger Together initiative to ensure all suppliers must ensure fundamental principles and rights at work, such as fair working conditions for all employees respecting worker’s rights, with 100% of own-brand suppliers becoming Sedex members (Morrisons, 2015). Rating – 2

4.2.6 Labour Practices

Regarding employment and employment relationships, Morrisons look to tackle youth unemployment in the UK through initiatives such as the ‘Our Club’ pre-employment training programme and the ‘Let’s Work’ graduate and management trainee programme, aiming to improve employment relationships and employee engagement by building the skills of leaders (Morrisons, 2015). Rating – 2

Morrisons ensure health and safety at work through implementing a system of continuous improvement in both practice and performance to achieve the highest standards of health and safety, slip resistant footwear, group health and safety restructure and tablet technology have all been implemented to aid effective health and safety which has resulted in a 14.5% reduction in group accidents (Morrisons, 2015). Rating - 2

Conditions of work and social protection are ensured as the Morrisons Group Health and Safety management system is aligned to BS OHSAS 18001 standards, ensuring appropriate policies, procedures and controls are in place to achieve safe working conditions (Morrisons, 2015). Rating – 2

4.2.7 Organisational Governance

Morrisons emits transparency throughout multiple sections of its business, for example they provide transparent promotions and clear shelf edge pricing are provided, pricing policy details are clearly communicated and transparent, also
relevant nutritional policies were updated and reissued to our own brand suppliers to ensure transparency and communication of our public commitments (Morrisons, 2015). Rating – 2

Regarding ethical behaviour Morrisons was involved in a payroll data theft scandal win 2013 when its staff payroll system was stolen and published on the internet, putting 100,000 staff at risk (Brinded, 2014). Rating – 1

Morrisons exhibit respect for stakeholder interests as their vertically integrated business model allows the business to better respond to stakeholder issues, for example the enhanced animal welfare standards introduced in abattoirs in 2014, the CSR report itself is categorised by stakeholder group to address issues specific to each stakeholder (Morrisons, 2015). Rating – 2

Morrison's score:

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<th>Score</th>
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4.3 Asda

Asda were named as the Community Retailer of the Year at the Retail Industry Awards 2015 for the third successive year, also Asda were recognised as one of the Top Employers in the UK for 2014 (Asda, 2015). CSR Hub allocated Asda a CSR rating of 54 out of 100 (CSR Hub, 2015).

4.3.1 Fair Operating Practices

Asda do not demonstrate any programmes or initiatives tackling corruption apart from that what is legally required. Rating – 1
Regarding fair competition, Asda comply with the Groceries Supply Code of Practice (GCSOP) and the Groceries Code Adjudicator (GCA), Asda also provides comprehensive training on these codes to all members of the buying team. During the latest report Asda received a small number of breaches of the code which have now been dealt with, this was based on seven instances of suppliers escalating their concern to Asda’s Code Compliance Officer directly (Asda, 2015). Rating – 2

Asda promotes social responsibility in the value chain firstly by working with farmers encouraging the utilisation of Aber high-sugar grasses (HSG) which can potentially significantly improve product efficiencies and performance whilst reducing carbon footprint. Aber high-sugar grasses allow cattle and sheep to have increased protein utilisation from the grass they consume, resulting in a reduction in ruminant greenhouse gas emissions and is also financial benefits for the farmers (Farming Futures, 2016). Asda communicate with customers about sustainability and living healthier and more environmentally sustainable lives, Asda also works with other suppliers by introducing the Sustain and Save Exchange initiative helping suppliers align with Asda’s long-term strategy for a sustainable supply chain (Walmart, 2013). Rating – 3

4.3.2 Consumer Issues

Asda ensures the protection of consumer’s health and safety through its products, for example they have cut all artificial colours and flavours, flavour enhancers and hydrogenated vegetable oils from all own-brand products, also working with organisations such as LEAF (Linking Environment and Farming) to cut the number of pesticides used during the growing of products (Asda, 2015). Third party independent inspections in the form of a BRC Audit take place to ensure product quality is satisfactory and, product testing is done on all own-brand products to ensure consumer health and safety (Asda, 2015). Rating – 2

Regarding customer service, support and complaint resolution, Asda provide in-store customer service as well as options to contact them via telephone, email or submit
reviews on the website. This complaint data is accessed using Retail Link and CPQC (internal web-based system) to run weekly reports and allow suppliers to track and trend customer complaints and complete reports required by Asda (Asda, 2015). Rating – 2

Asda address consumer education and awareness through the use of dual labelling systems to allow customers to choose healthy options (Asda, 2015). Rating – 1

4.3.3 Community Involvement and Development

Asda ensure employment creation and skills development firstly by supporting the Retail Apprenticeship; a nationally recognised qualification, with 2,827 colleagues completing retail apprenticeships by the end of 2012, skills development has been aided through the Colleagues Steps launch, an initiative aimed at teaching all aspects of the leadership framework (Walmart, 2013). Rating – 2

Asda demonstrate active community involvement through its partnership with local charities such as the Tickled Pink charity, BBC Children In Need, Orchid and Tommy’s charities, Asda also support local communities through its locally sourced produce, Asda has a commitment to local suppliers with a dedicated local sourcing team, winning awards for local sourcing such as the prestigious Ian MacLaurin Award for Supply Chain Excellence (Asda, 2015). Rating – 3

Regarding health and social investment, Asda support the Change4Life campaign to promote healthier lifestyles to customers, Asda also has a Change4Life recipe section on its website educating customers how to make meals healthier, especially with its Sugar Swaps campaign (Asda, 2015). Rating – 2

4.3.4 The Environment
Asda aim to prevent pollution through its Love Food, Hate Waste campaign ensuring that no stores send any food to landfill; working with the Food and Drink Federation and the Institute of Grocery Distribution to standardise industry portion sizes in an effort to reduce waste both in-store and at customer’s homes (Asda, 2015). Asda also use recycling initiatives in order to prevent pollution, Asda’s recycling efforts are focused on eight Asda Service Centres (ASC) which are located next to the distribution centres creating an efficient recycling chain whilst also reducing mileage and carbon emissions (Asda, 2015). Rating – 3

Asda ensures sustainable resources on own-brand products, for example all the palm oil used in own-brand products is from sustainable sources; with Asda being an active member of the Roundtable on Sustainable Palm Oil (RSPO) and were one of the first signatories of the Unilever WWF coalition on sustainable palm oil (Asda, 2015). Furthermore Asda only source fish from responsible sources teaming up with the Sustainable Fisheries Partnership and the Marine Stewardship Council to ensure all fish is sustainably sourced (Asda, 2015). Rating – 2

Asda adopts climate change mitigation and adaptation through the use of Green Champions in stores and Carbon Champions in depots ensuring all colleagues are engaged in sustainability, initiatives involving refrigeration have saved 7,000 tonnes of carbon, vehicle initiatives such as double deck lorries have saved over 90,000 journeys and rail networks are being utilised reducing carbon emissions by an extra 80,000 tonnes (Asda, 2015). Rating – 3

4.3.5 Human Rights

Regarding discrimination and vulnerable groups, Asda demand suppliers to meet their ethical policy which ensures no discrimination is practised and no harsh or inhumane treatment is allowed, these are subject to inspection from Asda, Asda has also a lesbian, gay, bisexual and transgender (LGBT) network along with a website. Regarding vulnerable groups Asda’s Foundation’s Colleague Hardship Fund supports colleagues (including current, retired or those who have left for health-
related reasons) and their immediate family members who find themselves at serious risk of financial hardship (Asda, 2015). Rating – 3

Asda stock Fairtrade products to respect the economic, social and cultural rights of suppliers as it means the producers are being paid a fair wage (Asda, 2015). Rating – 1

Asda ensure fundamental principles and rights at work are enforced by suppliers again through their ethical code; stating that all suppliers must support employees’ rights to the freedom of association and the right to collective bargaining and that working hours are not excessive (Asda, 2015). Rating – 2

4.3.6 Labour Practices

Regarding employment and employment relationships, Asda support the Retail Apprenticeship which is a nationally recognised qualification, Asda aim to enhance employment relationships through its Colleague Steps programme training employees to become leaders, also the Mum2Mum peer maternity mentoring program was launched (Asda, 2015). Rating – 2

Asda ensure conditions of work and social protection of employees of suppliers again through it ethical policy, stating that all suppliers must ensure working conditions are safe and hygienic, regular employment is provided and that no child labour is tolerated (Asda, 2015). Rating – 2

Asda do not demonstrate any added initiatives or programmes regarding health and safety at work except for abiding by national laws and regulations. Rating – 1

4.3.7 Organisational Governance
Asda show transparency throughout its CSR report and Sustainability report, admitting current downfalls for example stating that one area of needed improvement is refrigerant gas leaks which are damaging the environment, throughout the reports they provide details of what actions they are taking, what current results are and how they can be improved in the future (Asda, 2015). Rating – 2

Regarding ethical behaviour, Asda was caught up in the horse meat scandal when “horse DNA and the veterinary drug bute was found in its products” (Neville, 2013), on top of this Asda was also involved in the price fixing scandal after “admitting that they fixed the price of milk, cheese and butter in a scandal estimated to have cost consumers about £270m” (Smithers, Supermarkets fined £116m for price fixing, 2007). Rating – 0

Asda show respect for stakeholder interests addressing and taking action on many stakeholder issues as shown throughout the CSR and Sustainability reports, for example they state they care about Fairtrade and organic products because stakeholders do, they take into account everything from the environment to the respect of human rights of suppliers (Asda, 2015). Rating – 2

Asda score:

Figure 17

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4.4 Tesco

Tesco were recently awarded the Guardian Sustainable Business Award for ‘Communicating Sustainability’ in May 2014, also the Grocer Gold ‘Business Initiative of the Year’ award in June 2014 (Tesco, 2016). CSR Hub award Tesco a CSR rating of 61 out of 100 (CSR Hub, 2016).
4.4.1 Fair Operating Practices

Tesco are committed to maintaining the highest standards of ethics and integrity, this includes not tolerating any forms of bribery or corruption, Tesco was named the top retailer by Transparency International, one of the criteria judged was reporting on anti-corruption programmes (Tesco, 2014). This is implemented by ensuring all CEOs within the Tesco Group and leadership team members have been trained in recognising and understanding potential bribery and corruption risks, Tesco also use an e-learning solution to support with anti-bribery training, refresher and assessments, this also includes the new UK Bribery Act and our policy (Tesco, 2014). Rating – 3

Tesco embraces fair competition stating that healthy competition brings lower prices, wider choice and better products, adding that they must always act independently, must not request confidential information from suppliers about the competition, and must use the pushback process if concerns arise (Tesco, 2015). Rating – 2

Tesco promotes social responsibility in the value chain, one way in which it does this is reducing waste, with customers at the beginning of the supply chain; this is where most of the waste occurs, Tesco helps customers waste less by working with WRAP to develop new packaging to provide ‘Love Food Hate Waste’ hints and tips on how to store key products, Tesco also provides customers with an extra day of freshness by working with suppliers to extend the code life of products such as bread and eggs, also ‘buy one get one free’ offers are no longer available on fruit and vegetables, instead simple price reductions, helping reduce waste (Tesco, 2015). Furthermore with suppliers the farm-to-fork analysis has helped where food is being wasted, for example innovations to reduce waste in bananas are implementing through working with suppliers (Tesco, 2015). Rating – 3

4.4.2 Consumer Issues
Regarding protection of consumer health and safety Tesco state their product standards are among the most robust in the industry, covering all food and non-food products ensuring product safety and quality, Tesco add that they have a well-established and comprehensive food safety management system within stores and distribution centres, providing thorough daily checks to ensure the quality and safety of food is maintained, a rigorous store audit programme looks at temperature control of products, management of cross-contamination risks, maintenance of personal hygiene standards, management of cleanliness of stores and equipment and finally pest control measures (Tesco, 2014). Rating – 3

Regarding customer service support and complaint resolution, Tesco provide in-store customer service along with freephone customer service numbers relating to each department of the store (Tesco, 2015). Rating – 1

Tesco embraces education and awareness, firstly they have launched a ‘Farm to Fork’ initiative, so far 400,000 children have taken part in an educational trail at one of the stores, farms or factories educating children about healthy eating and cooking, also Tesco state that through reformulation, new product development and promotional and layout changes we can make it easier for our customers to make healthier choices (Tesco, 2014). Rating – 3

4.4.3 Community Involvement and Development

Regarding employment creation and skills development, Tesco provide a range of opportunities to support young people through graduate and school leaver programmes, Tesco are also a founding member in the Movement to Work initiative which offers a structured vocational training scheme to help prepare young people not in education, employment or training (Tesco, 2014). Furthermore, the Tesco Youth Academy aims at training and developing young people to develop key skills for life and work, Tesco also create more opportunities for colleagues, by further investing in training and skills to develop skills and create leaders (Tesco, 2014). Rating – 3
Tesco demonstrate active community involvement, for example, Tesco have over 300 centrally funded Community Champions who work with their local communities to coordinate support for local initiatives and events, Tesco connect with other communities by for example holding investor and analyst day’s to share business vision ideas with the investment community (Tesco, 2014). Tesco also support communities through products, for example, every year F&F offers a range of Back to School uniforms as part of the ‘Buy One, Give One’ programme. When a Tesco customer buys one product from the range, F&F donates an entire school uniform to a child in the area in which the clothing is made (Tesco, 2014). Rating – 3

Regarding health and social investment, Tesco have launched the Tesco Eat Happy Project – a long-term commitment aimed at improving the next generations relationship with food, providing more information for customers to make it easier to live healthier lives, additionally Tesco have also launched a Healthy Living brand and have launched a new free Health and Wellbeing app and website (Tesco, 2014). Rating – 2

4.4.4 The Environment

Tesco aims to prevent pollution through recycling; firstly in-store recycling can be used for recycling batteries, energy saving light bulbs and ink cartridges, electrical equipment can also be recycled through Tesco, regarding operational recycling Tesco state that 86% of waste produced is recycled, reused or converted to energy across the group (Tesco, 2014). Additionally food waste is one area Tesco are aiming to reduce, since September 2012 over 1,000 tonnes of food have been diverted from Tesco grocery home shopping stores and distribution centres to food surplus charity FareShare (Tesco, 2015). Rating – 2

Tesco ensures sustainable resource use by committing to only sourcing timber from sustainable sources, having committed through working with the Consumer Goods Forum to achieving zero net deforestation by 2020, Tesco also work with the
Sustainable Fisheries Partnership to ensure that sourcing practices do not contribute to overuse or destruction of the marine environment (Tesco, 2014). Rating – 2

Regarding climate change mitigation and adaptation, Tesco have an aim to become a zero-carbon business by 2050, workshops have been introduced to help suppliers implement energy efficient and carbon reduction measures in their production sites (Tesco, 2015). Tesco also continue to drive innovation in fuel efficiency and emissions reduction across operating markets, now using more efficient lorries reducing the number of trips necessary, improvements to the freight network are helping to save 4.3 million kilometres per year (Tesco, 2014). Rating – 2

4.4.5 Human Rights

Regarding discrimination and vulnerable groups, Tesco do not tolerate any forms of discrimination, Tesco aim to employ people who reflect the diverse nature of society, irrespective of age, sex, disability, sexual orientation, race, colour, religion, ethnic origin or political belief, Tesco also ensure all colleagues understand employment and equal opportunities laws and local culture that may have an impact on workplace decisions and ways of working (Tesco, 2015). Regarding vulnerable groups Tesco provide additional support to young people trapped in unemployment through employability training, work experience and, where possible, jobs (Tesco, 2015). Rating – 2

Tesco respect economic, social and cultural rights following all relevant laws and regulations, Tesco also go further by providing employees with an award-winning pension scheme, stating that Tesco is the only FTSE 100 company to provide a defined benefit scheme for all colleagues, which includes life and ill health cover for all colleagues from day one as well (Tesco, 2015). Rating – 2

Regarding principles and rights at work, Tesco state they have a responsibility to respect the human rights of colleagues, customers, those who work throughout the supply chain and people in the communities of which they are part of, the
introduction of the ‘Using our Scale for Good’ and ‘Treating everyone how they like to be treated’ initiatives ensure that activities do not abuses of human rights, the same is expected of stakeholders too (Tesco, 2015). Tesco was a founding member of the Ethical Trading Initiative and also fully support the UN’s Declaration of Human Rights and the Core Conventions of the International Labour Organisation (Tesco, 2015). Rating – 3

### 4.4.6 Labour Practices

Tesco embraces employment and employment relationships, through the Regeneration Partnership Programme opportunities are created for people who are trapped in long-term unemployment, adding that since 1999 over 6,000 jobs have been created for people in long-term unemployment, with youth unemployment specifically a problem in the UK, Tesco helps tackle this issue by employing over 100,000 young people (Tesco, 2014). For current employees, Tesco aims to create more opportunities for these colleagues by investing in training and skills in areas such as; leadership, women in leadership, Tesco academy and fresh food expertise (Tesco, 2014). Rating – 3

Regarding conditions of work and social protection, Tesco believes that a sustainable business needs a sustainable supply chain, one which is underpinned by fair working conditions for all those involved in the manufacture and supply of products, as Tesco is a founding member of the Ethical Trading Initiative they support suppliers to comply with the ETI Base Code to help improve conditions for workers (Tesco, 2015). Rating – 2

Tesco ensures health and safety at work through creating their own standards that exceed basic legal requirements to ensure that no-one is exposed to injury or harm, distribution centres are certified against OHSAS 18001 which is the industry recognised standard for occupational health and safety, additionally Tesco was awarded Silver in the RoSPA International Safety Awards for Health and Safety Management (Tesco, 2015). Rating – 3
4.4.7 Organisational Governance

Tesco admit that in the last six months they have faced serious scrutiny about its behaviour both as a business and as a corporate citizen, they believe the company’s commitment to transparency is now more important than ever, Tesco was recently named the top retailer by Transparency International (Tesco, 2015). Rating – 2

Regarding ethical behaviour, Tesco was involved in the horse meat scandal as they suffered falling sales in nine of its 11 global markets, including a worse-than-expected dip in the UK as a result of the horsemeat scandal (Neate & Moulds, 2013). Additionally, Tesco were involved in the dairy price fixing scandal, and were ordered to “pay a £6.5m fine for its part in a dairy price fixing scandal” (Peacock, 2013). Rating – 0

Tesco shows respect for stakeholder interests throughout its CSR policy, tacking issues such as climate change, pollution, health, food waste and unemployment, whilst improving transparency and connecting with local communities in the process (Tesco, 2014). Rating – 2

Tesco score:

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<th>Criteria</th>
<th>Evidence</th>
<th>Score</th>
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4.5 Waitrose

Waitrose has been rated best supermarket by customers in the 2015 ‘Which?’ favourite supermarket survey, Waitrose was also awarded Best Food & Grocery Retailer in the Verdict Customer Satisfaction Awards 2015.
4.5.1 Fair Operating Practices

Waitrose demonstrates no additional initiative or schemes to tackle bribery or corruption beyond national laws and regulations. Rating – 1

Regarding fair competition, Waitrose state that underneath all their activities are the partnerships ethical principles and their commitment to do business in a fair, sustainable way (John Lewis Partnership, 2014). Rating – 2

Waitrose recognise environmental impacts span all stages of the value chain – from the direct impacts of the estate to the indirect impacts of suppliers and customers. They promote social responsibility throughout the value chain, they support sustainable agriculture by working with suppliers, for example launched the Farm Risk Assessment to understand the challenges growers face helping to improve key issues such as safety, sustainability and quality (John Lewis Partnership, 2014). Furthermore Waitrose support the Love Food Hate Waste Campaign aiming to help customers reduce their food waste (John Lewis Partnership, 2014). Rating – 3

4.5.2 Consumer Issues

Regarding protection of consumer health and safety, Waitrose ensures product quality by aiming to make its good food even better with careful selection of ingredients to create healthier alternatives where possible (John Lewis Partnership, 2014). Rating – 1

Waitrose provides customer service support and complaint resolution both in-store and online, they state that they demand high standards of customer service, not only from themselves but partners also (John Lewis Partnership, 2014). Rating – 2

Regarding education and awareness, Waitrose are committed to helping customers live more sustainable lives, Waitrose’s Sustainable Product Identifier provides information that allows customers to make informed decisions about products,
Waitrose are also partnered with Start – a charity initiative set up to encourage people to live more sustainable lives (John Lewis Partnership, 2014). Furthermore Waitrose have introduced an Energy Efficiency Service where customers can find advice about energy prices and the impact this has on the environment, customers can also find tips on making sure food is kept in the right conditions for longevity and inspirational recipes for using leftovers (John Lewis Partnership, 2014). Rating – 3

4.5.3 Community Involvement and Development

Regarding employment creation and skills development, Waitrose recognise problems such as youth unemployment, to tackle this they aim to develop the skills of young people and give them the confidence and ability to have a fulfilling and successful future, Waitrose’s Partnership Apprenticeship Programme was creating to aid young people in developing behavioural and role-specific skills while providing permanent jobs and qualifications (John Lewis Partnership, 2014). Waitrose also state that during the past year they have been able to create 6,300 new jobs around the country this year through head office, branch openings and by growing distribution operations (John Lewis Partnership, 2014). Rating – 3

Waitrose demonstrate active community involvement in many ways, firstly Waitrose has set up The Golden Jubilee Trust; a volunteering programme allowing partners to apply for a full or part-time volunteering secondment with a UK-registered charity for up to six months, secondly Waitrose’s Community Matters scheme helps raise money for charity by allowing customers to vote at the end of their shop how much is donated to particular local charities, they label this as democratic giving at its best (John Lewis Partnership, 2014). Waitrose also use its ‘Championing British’ scheme to support British farmers and growers, using local sourcing Waitrose can claim one of the shortest supply chains for beef of any UK supermarket, Waitrose was also one of the lead supporters for Open Farm Sunday, allowing the general public reconnect with British farming (John Lewis Partnership, 2014). Rating – 3
Regarding health and social investment, Waitrose are supporting a number of food pledges under the Government Responsibility deal to help with improvements in public health; including calorie reduction, promoting fruit and vegetable intake, salt targets, out-of-home calorie labelling and front of pack labelling (John Lewis Partnership, 2014). Waitrose also refreshed its LOVE Life You Count scheme helping people actively manage their weight (John Lewis Partnership, 2014). Rating – 3

4.5.4 The Environment

Waitrose aims to prevent pollution by supporting the Love Food Hate Waste campaign to help customers reduce the 4.2 million tonnes of food and drink thrown away every year, using methods such as providing practical tools in-store, as well as reducing food waste from store operations (John Lewis Partnership, 2014). Rating – 2

Waitrose embraces sustainable resource use as it aims to be a restorative retailer, putting back more than they take from the environment, they support sustainable agriculture through working with suppliers and growers with common values, firstly Waitrose hold an annual farming conference focusing on developing about linking business supply chain strategy with long-term sustainability (John Lewis Partnership, 2014). Furthermore, Waitrose always aim to source raw materials from long-term sustainable supply chains, only stocking responsibly caught or farmed fish that pass their own rigorous checklist, all own-brad soya milk is now Pro Terra-certified; while all other soya purchased is through the Roundtable on Responsible Soy (RTRS) trade certificate, sustainable palm oil, timber, cotton and textiles are also all supported and certified (John Lewis Partnership, 2014). Rating – 3

Waitrose address climate change mitigation and adaptation firstly recognising the need to adapt and future-proof their business against the impact of climate change and minimise their contribution to it, Waitrose have a carbon plan aimed at reducing operational carbon emissions, aiming to reduce carbon emissions from refrigeration
by only committing to only using refrigerant gases that have a Global-Warming Potential (GWP) of less than 10, low-carbon natural refrigeration units have been installed into all new and refurbished stores (John Lewis Partnership, 2014). Carbon emissions are also targeted throughout the transport process, with Waitrose working to improve their fleet by increasing the amount of duel-fuel trucks which provides a modest carbon saving, also working on reducing mileage of both deliveries to stores and to customers, regarding deliveries to customers Waitrose are developing higher productivity smaller vehicles through improved working methods and extra refrigeration meaning less mileage covered, regarding store deliveries Waitrose minimises fleet mileage by making sure they use as much of the available load space as possible, in addition, they minimise empty running by using return journeys to deliver suppliers’ goods into our warehouses (John Lewis Partnership, 2014). Rating – 3

4.5.5 Human Rights

Regarding discrimination and vulnerable groups, Waitrose do not tolerate any forms of discrimination, they ensure this through its Diversity and Inclusion Policy; which helps create a vibrant partner community with a varied range of skills, talents, experiences and backgrounds, within a fair environment free of discrimination and harassment (John Lewis Partnership, 2014). Rating – 2

Waitrose respect economic, social and cultural rights and they go beyond legal regulations to provide employee with added bonuses, for example Waitrose payed out £47m last year in holiday pay, they are also one of the few companies that still offer a non-contributory final salary pension scheme, also being part of the partnership means an annual bonus where a proportion of profits are distributed to partners, other benefits include extended leave, life assurance, dining facilities and holiday and leisure facilities (John Lewis Partnership, 2014). Rating – 3

Regarding fundamental principles and rights at work, Waitrose ensure all suppliers uphold to internationally agreed standards of labour, in particular those set be the
International Labour Organisation, all suppliers must treat employees fairly, honestly and with respect for their human rights and wellbeing (John Lewis Partnership, 2014). Rating – 2

4.5.6 Labour Practices

Regarding employment and employment relationships, Waitrose tackles problems such as unemployment through creating new jobs for society (6,300 this year), also thinking about future employment Waitrose ‘s growth has seen a new distribution centre opened in Lancashire, this opening has initially created 250 jobs serving 42 branches, this warehouse has the potential to serve up to 100 branches in the long-term, which will further drive the growth in employment opportunities in the region (John Lewis Partnership, 2014). Rating – 2

Waitrose ensure fair working conditions and social protection throughout its supply chain by supporting outreach programmes in countries where they source products, for example Waitrose are in partnership with Geosansar in India allowing factory workers access to bank savings accounts, empowering workers to save money safely, therefore allowing some levels of financial security (John Lewis Partnership, 2014). Additionally, Waitrose support the ‘Stronger Together’ initiative to help retailers recognise the signs of exploitation in the food and agricultural industries, aiming to engage more than 1,000 farms, food producers and labour providers, in turn reaching 100,000 workers (John Lewis Partnership, 2014). Rating – 2

Regarding health and safety at work, Waitrose demonstrate no additional measures of initiatives regarding health and safety at work apart from those required by regulation or law. Rating – 1

4.5.7 Organisational Governance
The heart of Waitrose’s commercial strategy is based on creating an open, fair and transparent democracy. Waitrose ensure transparency regarding its supply chain by maintaining control over the provenance of the raw materials that they use and the welfare standards within the supply chain, having these processes in place and using independently verified certification schemes where possible allows for traceability and transparency throughout the supply chain (John Lewis Partnership, 2014). Waitrose’s timber database is also a valuable tool in enabling transparency throughout the supply chain, Waitrose recent electricity contract will also provide greater transparency on the sources of the energy they procure (John Lewis Partnership, 2014). Rating – 3

Regarding ethical behaviour Waitrose have not been involved in any recent scandals. Rating – 3

Waitrose demonstrate respect for stakeholder’s interests throughout its CSR report tackling issues from all stakeholders including local communities, customers and the environment (John Lewis Partnership, 2014). Rating – 2

Waitrose score:

Figure 19

<table>
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<th>Evidence</th>
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### 4.6 Sainsbury’s

Sainsbury’s were recently awarded Convenience Retailer of the Year 2015 at the Retail Industry Awards for the sixth year running, they were also awarded Supermarket of the Year 2015 by the Marine Stewardship Council (MSC) for the second time running. CSR Hub determines a score of 64 to Sainsbury’s for their CSR activities (CSR Hub, 2015).
4.6.1 Fair Operating Practices

Sainsbury's do not demonstrate any additional initiatives or schemes aimed at tackling corruption and/or bribery aside from those legally required. Rating – 1

Regarding fair competition, Sainsbury's state they were the first supermarket to implement a voluntary code of conduct that went beyond the obligations of the Supermarkets Code of Practice, Sainsbury’s consistently support the Grocery Supply Code of Practice (GSCOP), they also issue supplier handbooks to all suppliers which incorporates the GCSOP and Sainsbury's Code of Conduct for Ethical Trade (Sainsbury's, 2015). Rating – 2

Sainsbury’s promote social responsibility in the value chain firstly by embracing Fairtrade; ensuring suppliers are paid a fair price for their products, Sainsbury’s are the world’s largest Fairtrade retailer taking up 20% of all UK Fairtrade sales (Sainsbury's, 2014). Sainsbury's also ensure good animal welfare standards as they were the UK’s largest retailer of Freedom Food, accounting for over half of all Freedom Food sales and they were also awarded Most Outstanding Contribution to Farm Animal Welfare by the RSPCA Freedom Food, Sainsbury's also promotes social responsibility to customers encouraging recycling ensuring that customers waste less food through initiatives such Sainsbury’s Food Rescue tool (Sainsbury's, 2014). Rating – 3

4.6.2 Consumer Issues

Sainsbury’s claim their commitment to the protection of consumers health and safety through ensuring food safety is paramount across all the food and drink products they sell, this is done through extensive controls in place to manage safety throughout the supply chain as well as a product safety management system in place regarding all own-brand products (Sainsbury's, 2014). Rating – 2
Regarding customer service, support and complaint resolution, Sainsbury’s provide in-store customer service and also provide options for online customer service via email or telephone customer service (Sainsbury's, 2014). Rating – 2

Sainsbury’s address consumer education and awareness by helping consumers make more informed decisions when it comes to product purchases through clear nutritional labelling, also calorie labelling has been launched on own-brand wines providing a clearer approach to ABV labelling, Sainsbury’s were also the first retailer to introduce the traffic light nutrition labelling and also the first retailer to change labelling guidance to encourage consumers to freeze products up to use by dates – preventing food waste (Sainsbury's, 2014). Rating – 2

4.6.3 Community Involvement and Development

Regarding employment creation and skills development, Sainsbury’s recognises youth unemployment as a problem in society, tackling this they have employed 10,000 people under the age of 25 in the last year; they have also created a ‘Youth Can’ programme promoting different opportunities in retail to young people; similarly to this they also have a ‘You Can’ programme which helps people gain employment if they have previously faced significant barriers to finding work, including young people, the long-term unemployed or those with learning difficulties, Sainsbury’s were also ranked in The Times Top 50 Employers for Women for 2014 (Sainsbury's, 2014). Sainsbury’s also embrace skills development with over 27,000 colleagues having attended accredited training at one of their seven Food Colleges since 2010, also they have helped 2,809 colleagues receive job-related qualifications in 2013/14 and are the only UK supermarket to achieve and retain Gold standard accreditation from Investors in People (Sainsbury’s, 2014). Rating – 3

Sainsbury’s demonstrate active community involvement through its participation in 24 Community Alcohol Partnerships (CAP) to encourage and divert young people away from drinking alcohol irresponsibly, Sainsbury’s also support local charities and community groups; £100,000 was raised for local causes through colleague volunteering, over £6m has been raised by their own Local Charity Scheme in the
last 5 years (Sainsbury's, 2014). Furthermore, Sainsbury’s demonstrates more community involvement with over 300 stores having food donation partnerships, with millions of pounds also being raised for other charities such as Sport Relief and Comic Relief (Sainsbury's, 2014). Rating – 3

Regarding health and social investment, Sainsbury’s state they have invested over £40m in good causes from customers, colleagues and suppliers, they have also donated £150m worth of Active Kids sports and cooking equipment and experiences since 2005, they have also invested in become the first ever Paralympics-only sponsor, Sainsbury’s also point out that investment regarding food safety such as its investment in DNA testing and supplier standards may explain why no horsemeat was found in any of their products (Sainsbury's, 2014). Rating – 3

4.6.4 The Environment

Sainsbury’s address prevention of pollution by aiming to tackle food waste, they state their Cannock store is the first retail outlet to come off the national grid and be powered by food waste alone, as part of the Positive Waste programme Sainsbury’s achieving zero food waste to landfill; this is through initiatives such as the Love Your Leftovers campaign, donating surplus food to local charities, converting 100% of unsold bread into animal feed and an effective recycling scheme (Sainsbury's, 2014). Rating – 3

Regarding sustainable resource use, Sainsbury’s were one of the founding members of the Roundtable on Sustainable Palm Oil, Sainsbury’s came joint 1st in Marine Conservation Society (MCS) Supermarket Seafood Survey for having long-term commitment to seafood sustainability, they also support Project Inshore to help British inshore fisheries develop sustainability plans, Sainsbury’s also support the Better Cotton Initiative (BCI) (Sainsbury's, 2014). Rating – 3

Sainsbury’s explores climate change mitigation and adaptation through concentrating on its carbon footprint and deforestation, Sainsbury’s were the sector
leader in the Carbon Disclosure Project’s Forest Programme for 2014, using improved packaging to save 135 tonnes of carbon, using initiatives to reduce operational carbon by 8.3% compared to the previous year, and reducing supplier carbon by 128,000 tonnes of collective carbon footprint to date, regarding deforestation Sainsbury’s have planted 2.2 million trees with Woodland Trust since 2004, donations have also been made to the Forest Stewardship Council (FSC) (Sainsbury’s, 2014). Rating – 3

4.6.5 Human Rights

Regarding discrimination and vulnerable groups, Sainsbury’s are committed to ensuring everyone has equal opportunities as an employee, ensuring that all colleagues, job applicants, customers, contractors and suppliers are treated fairly regardless of race, nationality, gender or sexual orientation, and that all colleagues should be able to work in an environment free from discrimination, harassment and bullying (Sainsbury's, 2015). Rating – 2

Regarding economic, social and cultural rights, Sainsbury’s provide employees with multiple benefits on top of that what is legally obliged, these include; yearly bonuses, employee discount cards, a contributory stakeholder pension scheme and an employee assistance programme (Sainsbury's, 2015). Rating – 2

Sainsbury’s respect all fundamental principles and rights at work and state they are committed to proving an inclusive workplace where people have the opportunity to succeed in a safe, healthy, respectful environment (Sainsbury’s, 2014). Rating – 2

4.6.6 Labour Practices

Sainsbury’s approach employment and employment relationships through the creation of over 21,000 people since 2008 via the ‘You Can’ scheme, their Diversity Champion programme has trained 158 store managers and HR managers on the
needs of customers and colleagues with disabilities, Sainsbury’s are also founding members of the Government Access to Work Scheme (Sainsbury's, 2014). Furthermore Sainsbury’s place continued emphasis on colleague engagement championed by their Great Place to Work groups and an annual colleague survey (Sainsbury's, 2014). Rating – 2

Regarding conditions of work and social protection, Sainsbury’s are committed to ensuring materials such as meat, poultry and dairy is sourced from suppliers who adhere to independent higher welfare standards and that they meet or exceed Sainsbury’s own social and environmental standards, to help ensure these happen Sainsbury’s are a founding member of the Ethical Trade Initiative (ETI), they also hosted their first Ethical Trade Conference with over 150 suppliers in attendance (Sainsbury's, 2014). Rating – 2

Sainsbury’s ensure health and safety at work again through the use of their own environmental and social standards, they are also active members of the Bangladesh Accord for Fire and Building Safety since its inception on 15 May 2013 (Sainsbury's, 2014). Rating – 2

4.6.7 Organisational Governance

Sainsbury’s demonstrate levels of transparency throughout their CSR report, they also add that they’re trying to improve transparency throughout its supply chain, this is to be discussed at their second annual Ethical Trade Conference, discussions with key suppliers will take place to highlight the importance of transparency throughout supply chains (Sainsbury's, 2015). Rating – 2

Regarding ethical behaviour, Sainsbury’s were involved in the dairy price fixing scandal, as Walsh (2007) reported that Sainsbury’s were fined £26m for their part in the scandal, Sainsbury’s were also involved in a potato scandal; as Turner (2012) reported a Sainsbury’s potato buyer took part in a scam that stole money from the
supermarket giant; this shows Sainsbury’s are not careful enough regarding monitoring colleagues for this to happen. Rating – 0

On the point of respect for stakeholder interests, Sainsbury’s state that their Live Well for Less ensures they remain focused on delivering value and values for customers, suppliers, colleagues and stakeholders (Sainsbury's, 2014). Rating – 2

Sainsbury’s score:

<table>
<thead>
<tr>
<th>Principle</th>
<th>Criteria</th>
<th>Evidence</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair operating practices</td>
<td>Anti-Corruption</td>
<td>✓</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Fair Competition</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Promoting social responsibility in the value chain</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td>Consumer Issues</td>
<td>Protection of consumers health &amp; safety</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Customer service, support and complaint resolution</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Education and awareness</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td>Community Involvement and development</td>
<td>Employment creation and skills development</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Active community involvement</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Health and social investment</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td>The environment</td>
<td>Prevention of pollution</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Sustainable resource use</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Climate change mitigation and adaptation</td>
<td>✓</td>
<td>3</td>
</tr>
<tr>
<td>Human rights</td>
<td>Discrimination and vulnerable groups</td>
<td>✓</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Economic, social and political rights</td>
<td>✓</td>
<td>2</td>
</tr>
</tbody>
</table>
4.7 Conclusion

Overall, ISO 26000 proves a useful tool for delivering CSR and sustainability, the seven core principles provide guidance as to which areas need to be addressed in order to improve CSR and sustainability activities. The issues within each core principle provide more specific and practical guidance as to where areas of improvement can be recognised, this allows for the implementation and integration of socially responsible behaviour throughout the organisation.

Using a framework based on ISO 26000 to analyse UK supermarkets allows for an extensive investigation of numerous areas of CSR and sustainability. While some supermarkets excel when analysed against some core principles, they are often found lacking in others, the seven core principles allow for a comprehensive analysis of many areas of CSR and sustainability. Supermarkets will often only mention the areas in which they prevail, without mentioning potential areas of weakness, ISO 26000 provides a broad spectrum of principles for analysis, exploring all areas of the business, ensuring any hidden weaknesses are found. The ability of ISO 26000 to be applied to all organisations regardless of size or location also proves fundamental to this study, allowing for each different UK supermarket to be analysed using the same framework whilst producing comparable in-depth results.
The fact that ISO 26000 cannot be certified means it provides guidance to organisations rather than requirements. This aids the organisation in translating the core principles into effective actions towards CSR and sustainability as it provides the organisation with flexibility specific to each individual organisation.
Chapter Five Analysis and Discussion

The results from the findings are represented in the figure below:

Figure 21

<table>
<thead>
<tr>
<th>Supermarket</th>
<th>Score Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aldi</td>
<td>50</td>
</tr>
<tr>
<td>Waitrose</td>
<td>49</td>
</tr>
<tr>
<td>Tesco</td>
<td>48</td>
</tr>
<tr>
<td>Morrisons</td>
<td>46</td>
</tr>
<tr>
<td>Sainsbury’s</td>
<td>46</td>
</tr>
<tr>
<td>Asda</td>
<td>41</td>
</tr>
</tbody>
</table>

As the results table shows Aldi were the highest scoring supermarket, ranking marginally above both Waitrose and Tesco, with Asda receiving the lowest scoring of 40.

5.1 Critical Analysis of UK Supermarkets

The first objective of the study has been satisfied as the CSR activities of six UK supermarkets have been critically analysed, exploring in-depth how each of the six supermarkets approach CSR activities and sustainable development; becoming clear some supermarkets emphasise on some parts of CSR over others, for example the majority of supermarkets had their efforts towards the environment highest scoring category whilst the majority also had organisational governance practices as their lowest scoring category.
5.2 Comparison of CSR Activities

The second objective of this study has been satisfied as the CSR activities have been compared and contrasted over numerous categories such as fair operating practices, human rights, consumer issues, community involvement and development, the environment, labour practices and organisational governance. This has been achieved through a relative scoring system; where CSR activities and sustainable development activities for each category have been scored based on how the activities compare relative to other supermarket’s efforts. This links to ISO 26000 as the seven core principles have been assessed based on observations of current practices. Each core principle has been assigned a score based on the CSR and sustainability activities of each supermarket, providing each supermarket with a total comparable score based on the current implementation of CSR and sustainability activities.

The findings show that most supermarkets gathered their highest score throughout the environment category, with Aldi, Morrisons and Sainsbury’s scoring a perfect 9 out of 9 score for that category, the lowest scoring category for most supermarkets was the organisational governance category; with Asda, Tesco and Sainsbury’s scoring 4 out of a possible 9, with 3 supermarkets scoring a 0 for the ethical behaviour criteria for that category. This may be a reflection that supermarkets are prioritising some categories over others based on what they perceive customers want and/or demand from a supermarket in the modern business world.

5.3 Supermarket Ranking

The third objective of this study has been fulfilled as represented in figure 21, the table shows the scores of each supermarket compared with each other; ranking them in descending order allowing for clear viewing that Aldi scored the highest based on CSR activities and sustainable development activities with a score rating of 50 out of a possible 63, meanwhile Asda scored the lowest with a score rating of 40 out of a possible 63.
These results represent the massive overhaul which has occurred in the UK Supermarket sector in recent years, Creevy (2008) explains that the consumer perception of Aldi has fundamentally shifted; after having suffered from negative perceptions in the past, Aldi is now generating unprecedented market share gains as shoppers are impressed by what they find, Paternoster (2011) adds that Aldi has become one of the UK Customer Satisfaction Index stars, becoming one of the top performers in recent years it is now classed in the ‘World Class’ category. The growth of Aldi was cemented in 2013 when Aldi was crowned the nations favourite supermarket according to the annual ‘Which?’ survey, providing value for money and helping to ease the impact of increasing food prices on consumer budgets, Aldi narrowly beat Waitrose which had been voted the best UK Supermarket every year since the survey started in 2007 (Ellicott, 2014). Building on this success Aldi was once again named ‘Which?’ best supermarket of the year in 2015, this time fighting off competition from other shortlisted entrants such as Iceland, Lidl and Waitrose (Smithers, 2015), this shortlist represents the fundamental shift occurring in the supermarket sector, with none of the ‘big four’ supermarkets making the shortlist for the award.

The results from this study represent a similar result to the ‘Which?’ best supermarket award, with the award being swapped between Aldi and Waitrose for the past four years and this study resulting in Aldi marginally beating Waitrose by 1 point, pointing out a clear shift in the supermarket sector in recent years with the ‘big four’ supermarkets no longer perceived as the ‘best’, also this study points out a lack of activity towards CSR and sustainable development from most of the ‘big four’ supermarkets. This study adds reliability and validity to these findings as similar results have occurred from this study than have been found by similar studies from separate institutions. The supermarkets found to be best at implementing CSR and sustainability activities based around the seven core principles of ISO 26000 (Aldi and Waitrose), have been awarded the ‘Which?’ best supermarket award also for the past four years between them. This link suggests that those best at implementing ISO 26000 are gaining a competitive advantage over competitors through aspects such as brand image and reputation, whilst also being recognised by studies such as this and from other institutions. The link also shows that the applicability and usability
of the relatively new standard of ISO 26000 is very good for large organisations, with those most successfully implementing it gaining recognition.

However, the applicability and usability of ISO 2600 for small and medium-size enterprises (SMEs) has come into question, particularly when trying to implement some of the guidelines from theory into practice. The question becomes how an SME can have enough influence over their supply chain in order to implement some of the recommended guidelines from ISO 26000. A study by Perera (2008) for the International Institute for Sustainable Development concluded that SMEs lack power across the value chain and that financial constraints play a fundamental role in their ability to invest in social responsibility. The study also found that a lack of expertise is also a great hurdle, rather than a lack of time, when it comes to implementing ISO 26000, finally the study found that SMEs tend to specialise in particular social responsibility issues, they were unable to concentrate on all seven core principles of ISO 26000 at once in practice (Perera, 2008).

This shows how applicability and usability of ISO 26000 is good for large organisations, however when it comes to SMEs problems begin to occur when it comes to implementing ISO 26000 into practice.
Chapter Six Recommendations

This chapter will include recommendations for UK Supermarkets based on the findings of this study and the subsequent analysis and discussion, including recommendations and implications for potential future academic research.

6.1 Emphasis on Organisational Governance

The first recommendation is that supermarkets should place more emphasis on improving organisational governance, this study has shown that most supermarkets achieving their lowest score rating in the organisational governance category, mainly for the criteria of transparency and ethical behaviour, firstly regarding transparency; as Burke (2014) explains there is currently a real push for transparency in business, with a multitude of factors contributing to its growth in popularity, it does however aid the future of good business helping businesses build trust with customers, and with the modern digital age sooner or later people will find out. Tod (2015) adds that the revolution in digital communication changes the dynamics of many conversations companies previously preferred to keep to themselves, because thanks to social media everybody with an opinion can be heard, it does however also provide a real and rich opportunity for companies to enter genuine relationships with their customers. It is obvious that in today’s modern business world transparency is an absolute must; due to social media and other platforms nothing can be hidden.

6.2 Improving Customer Service

The second recommendation is for supermarkets to improve their customer service and complaint resolution activities, this study has shown that this was also an area in which most supermarkets struggled to gather a high score rating, as previously explained the power of social media can allow one good, or potentially bad, piece of customer service to go a long way and reach millions of people. Trayner (2015) explains an incident in which Aldi managed to tread the fine line between humour
and mockery when responding to a complaint. Aldi were responding to a Facebook complaint from a customer to which they responded with a clever and witty response which then went viral, this example of good customer service allowed Aldi to bag itself a whole lot of goodwill and free advertising, all for the price of a pack of biscuits, some sugar and a little time.

6.3 Future Research

The final recommendation is regarding future academic research as this study has indicated potential areas for future research; firstly this study has indicated the need for a standardised method of CSR reporting, currently each supermarket has their own specific method and interpretation of CSR reporting, meaning for example the custom framework is needed to score each supermarket individually so the score ratings can be compared against each other, a standardised method of CSR reporting would make comparability much simpler and more accurate, as the framework used in this study is still subject to human interpretation.

Secondly, this study has only been undertaken on UK Supermarkets, a more international study would allow for more supermarkets to be covered across a wider range of countries and markets, trends may then be analysed such as discount supermarkets may also be gathering market share and popularity in other countries not just the UK, also an added element of customer perceptions could be added to the study, allowing for comparisons between the scores given for each supermarket and how consumers perceive the scores to be, differences in the actual and perceived scores could be analysed, investigating the part played in consumer perceptions of brand images and marketing activities.
Chapter Seven Conclusion

In conclusion, the research aim and objectives of this study have been fulfilled as the CSR and sustainable development activities of six UK supermarkets have been critically analysed using a framework based on the seven core principles of ISO 26000. Overall ISO 26000 provides organisations with guidance covering all relevant areas of social responsibility through the use of its core principles. Implementing ISO 26000 can bring about benefits such as competitive advantage over competitors, increased reputation regarding CSR and sustainability, also an increased ability to attain and retain workers and customers (Frost, 2011).

However implementing ISO 26000 can cause some problems for organisations, firstly while a lack of certification can at times be seen as a benefit, it can also be addressed as an issue with ISO 26000 as it can lead to misconception and misuse. ISO 26000 also proves difficult to implement for SMEs, as SMEs have expressed having problems with the volume, the degree of detail and the often bulky language of ISO 26000 (Gurtler, 2012). Furthermore ISO 26000 claims that all core subjects are relevant for all organisations, this is not realistic as for example a charity and welfare organisations may not find fair operating practices relevant (Gurtler, 2012).

Overall this study concludes that the benefits of implementing ISO 26000 far outweigh the drawbacks for large organisations, where applicability and usability are much easier and the benefits such as competitive advantage and increased brand reputation can be drawn upon. However for SMEs ISO 26000 causes much more problems when implementing for those with tighter financial budgets and far less market power. In theory ISO 26000 is applicable to organisations of all types and sizes, however because of the reasons discussed, ISO 26000 is not applicable and usable for SMEs until changes are made to the standard.

Ultimately the findings of the study show that when the CSR activities of the UK Supermarkets are inspected and compared using a framework based on the core principles of ISO 26000; Aldi was recognised as the highest scoring supermarket followed closely by Waitrose, meanwhile the CSR activities of Asda were found to be
least satisfactory. The application of the framework has shown that most supermarkets received exceptional ratings for their CSR activities towards the environment as well as community involvement and development, on the other hand the scoring system has highlighted that most of the supermarkets were given lower ratings for the categories of organisational governance and fair operating practices, indicating areas supermarkets can work towards in order to improve their CSR activities as a whole.

This study indicates a correlation between the level and quality of CSR activities undertaken by UK supermarkets and their performance within the UK supermarket sector regarding revenue, profits and market share; the results of this study showing that Aldi and Waitrose had the highest levels and quality CSR activities is supported by Ruddick (2015) who stated that latest figures from the UK supermarket sector are indicating that Aldi, Lidl and Waitrose are the only food retailers in the UK with growing sales figures. This links back to the business case for CSR as Kurucz, Colbert & Wheeler (2008) stated that CSR activities can bring about a competitive advantage, can enhance reputation and legitimacy as previously stated by Creevy (2008) that consumer perception of Aldi has fundamentally shifted; and finally can result in synergistic value creation which is evident as stated previously by Ellicott (2014) that Aldi was crowned the nations favourite supermarket according to the annual ‘Which?’ survey for providing value for money among other things.
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