

AN ABSTRACT OF THE DISSERTATION OF

Rajat Panwar for the degree of Doctor of Philosophy in Wood Science presented on June 5, 2008.

Title: Corporate Social Responsibility in the Forest Products Industry: An Issues Management Approach.

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Business is a social institution and society has always designated a role for business which has been undergoing changes with changing societal values and paradigms. Thus while business has always had some responsibilities, the modern connotation of the words corporate social responsibility commonly refers to business assuming responsibilities in economic, social and environmental realms. Relevance and acceptance of this view regarding the role of business in society has been increasing and is especially important for sectors such as the forest products industry. However corporate social responsibility in the forest products industry is an under-investigated area, more so, in the US context. To fill this gap, this research investigates corporate social responsibility in the US forest products industry. This is done by first developing a general theoretical foundation about the concept of corporate social responsibility, followed by investigating students' perceptions regarding the success of the US forest products industry in fulfilling its economic, social and environmental responsibilities. These students were drawn from four academic majors at Oregon State University and University of Montana and their perceptions were assessed on items covering economic, social and environmental responsibilities that were developed in Finland. The results suggest that students with different academic majors perceive the US forest products industry's success in fulfilling its economic, social and environmental responsibilities differently. Differences in perceptions were also found

between male and female students. Limitations associated with this study led to conducting a broader study by first identifying social and environmental issues associated with the US forest products industry and then assessing the perceptions of general society with regards to industry's performance on these issues. Issues were identified by developing a two stage framework that consists of key-informants interviews and a Delphi group decision-making technique. Societal perceptions were assessed relative to industry perceptions for developing insights into business and society interaction. This was done by developing an issues evaluation framework consisting the legitimacy gap and expectational gaps components. Results suggest that significant legitimacy and expectational gaps exist between societal respondents and industry managers, indicating managerial attention to the social and environmental issues facing the US forest products industry.

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Corporate Social Responsibility in the Forest Products Industry: An Issues
Management Approach

by
Rajat Panwar

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I understand that my dissertation will become part of the permanent collection of Oregon State University libraries. My signature below authorizes release of my dissertation to any reader upon request.

Rajat Panwar, Author

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CONTRIBUTION OF AUTHORS

Dr. Eric Hansen was involved with all aspects of this dissertation. Tomi Rinne and Dr. Heikki Juslin contributed with literature synthesis and writing of Chapter 2, "Corporate Responsibility: Balancing economic, social, and environmental responsibilities in the forest products industry". In Chapter 3, "Students' perceptions regarding CSR success of the US forest products industry", Dr. Heikki Juslin and Tomi Rinne developed the questionnaire, and Dr. Roy Anderson helped with collecting data at University of Montana. Dr. Rob Kozak contributed to the conceptual refinement, questionnaire development and organization of Chapter 5, "Evaluating social and environmental issues facing the forest products industry". Dr. Alix Gitelman provided statistical input for data analysis.

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CHAPTER 1 - INTRODUCTION

As a social institution, business is expected to perform those functions that society entrusts it. Over time, such entrusted functions have both increased and evolved and business has been expected to shift its bottom line to one that best aligns with newly evolved expectations. Gordon (1991) maintains that

“Prior to the 1960s, most companies could adopt the assumption that society's primary demands of them were to provide both services/products and jobs while operating within a relatively unrestricted framework. A shift in societal values from the preeminence of property rights to the preeminence of human rights has produced radical changes in these expectations.”

In addition to changes in socio-political ideologies, heightened concerns regarding the general deterioration in the physical environment characterize contemporary society. Events such as the Rio Earth Summit of 1992 and the declaration of millennium development goals (MDGs) in 1999 are testimony to a global environmental mandate. As an institution that is considered having significant impact on the environment, business is increasingly being held accountable for its environmental performance.

In brief, contemporary business organizations operate in a society that is markedly different from the one that expected business to fulfill only economic functions by producing good and services. Today's organizations are expected to assume social and environmental responsibilities as well. The notion that business must transcend exclusively financial motives and also assume social and environmental responsibilities is commonly referred to as corporate social responsibility (CSR).

Four decades back, Davis (1967) points out that discussions about the role of business in society were reaching a high pitch which led him to predict that because of the changing social system, new modes of conduct would be required. Three decades later Morgan and Reynolds (1997) report that globally, companies are spending over \$1 billion per year on ethics consultants. Such expenditures are likely to have further increased since then.

Societal expectations of companies are likely to vary from one industry to another (Gordon 1991). The forest products industry, for example, is often subjected to higher expectations because of its dependence on forests for its raw materials. While most other industries are scrutinized only for production related environmental impacts, the forest products industry is expected to be environmentally responsible both as a producer and raw material purchaser. Miles and Covin (2000) maintain that various stakeholder groups have put pressure on the forest products industry for addressing issues such as practicing sustainable forestry; enhancing wildlife habitat; protecting water-sheds; providing jobs; supporting community projects; enhancing wage and income opportunities for employees; and providing carbon sequestration.

In the US context, while the forest products industry can be considered to have responded to such demands, very little systematic research has been conducted for investigating CSR. It is with the objective of contributing an enhanced understanding of CSR in the US forest sector that this research is conducted and documented.

This dissertation is written in a manuscript format having four separate manuscripts (Chapter 2, Chapter 3, Chapter 4, and Chapter 5).

Chapter 2, titled “Corporate responsibility: Balancing economic, environmental and social issues in the forest products industry” is a primer on corporate social

responsibility. It synthesizes the literature regarding evolution of the CSR concept, its modern connotations, and implementation. Additionally, it contains a section that documents the development of the CSR field in the forest products sector, including three illustrative cases from Europe, South America, and the USA. This chapter was published as a feature article in the *Forest Products Journal* in February 2006. This chapter brings forth that CSR is a context-specific proposition and may convey different meanings to different people in different contexts.

Chapter 3, titled, “Students’ satisfaction with CSR in the US forest products industry” is an empirical exploration of context-specificity in that students with different backgrounds (academic majors, gender, and place of upbringing) were examined regarding their satisfaction with CSR in the US forest products industry. Students’ perceptions regarding CSR is a topic of interest for many reasons. Laszlo (2003) maintains that while the concepts of sustainability and CSR have become commonplace and organizations are expected to take actions that are in accordance with such perspectives, these actions require capable people that understand the challenges, embrace the new paradigm and can think long term. This research was conducted on students pursuing degrees in Business, Engineering, Forest Economics, Forest Ecology and Environmental Science at Oregon State University and University of Montana. Dr. Roy Anderson collected data at University of Montana. The findings of the study supported the notion that background has an effect on CSR perceptions and that CSR perceptions may be driven by the context. This chapter will be submitted to *Journal of Business Ethics*.

The results of chapter 3 motivated me to conduct a broader investigation of CSR in the US forest products industry. I embraced an issues management approach

for this. Issues management has seen little use in CSR research. Noted CSR scholar Carroll (1979) maintains

“The major problem with issues management approach is that issues change over time and they differ for different industries. It is partly for this reason that the issues approach to examining business and society relationships gave way to managerial approaches that are more concerned with developing or specifying generalized modes of response.....”.

Coming from a context-specific perspective, I was excited for what is traditionally considered a threat. I found issues management more relevant and promising. If CSR is a dynamic phenomenon that changes its form with changing time and context, then a dynamic approach that is based on industry-specific issues must be more relevant. Additionally, I also did not agree with there being any problem with the approach, as such.

Issues management is a three-step process consisting of issues identification, evaluation and response. My excitement was short lived as I found very little academic literature regarding issues identification. This is explained, in part, by Wartick and Rude (1998) who maintain that issues management has often been misunderstood with crisis management, and also by Heath (2002) who notes that issues management emerged as a response strategy and early warning tool for dealing with emergent protest against business in the USA.

Chapter 4 deals with issues identification. A methodological framework is proposed and used for identifying social and environmental issues that the US forest products industry must address in order to be socially responsible. This chapter has been submitted to *Corporate Social Responsibility and Environmental Management*.

Chapter 5 deals with evaluation of the issues generated in Chapter 4. Buchholz and Rosenthal (1997) maintain that there are three main theoretical approaches that provide a descriptive and analytical framework to aid in explaining the interaction between business and society. These three approaches are stakeholder theory, normative theory, and social contract theory.

I used social contract theory for issues evaluation. The theoretical part of this research is built around the concept of legitimacy and legitimacy gap, which are central to social contract theory. The legitimacy gap concept is theoretically connected with expectational gaps (a concept that resides within the issues management literature). Combining these two concepts (legitimacy gap and expectational gap), I developed and used a framework for issues evaluation. Issues evaluation conducted based on this framework generated insights that may be used by industry for developing strategic responses to issues.

Contribution

This research provides several contributions. Chapter 2 provides an easy-to-read synthesis of the main concepts in the field of CSR. Because of the vagueness of many concepts and its liberal boundaries, CSR has developed into a discipline that may render an entrant scholar confused. Chapter 2 not only provides a brief overview of the field but also serves as a first CSR synthesis piece in the context of the US forest products industry.

Chapter 3 provides insights regarding students' backgrounds and their perceptions regarding the US forest products industry's level of success in fulfilling

CSR. An important implication of these findings may relate with preparing future industry professionals that are more aligned with ideas of sustainability and CSR.

The most important and novel contributions of this research are contained in Chapters 4 and 5. Chapter 4 proposes a methodological framework that, at an applied level, generated a set of issues that the US forest products industry should address in order to be responsible. This framework involves a two-stage qualitative research consisting of an interview stage and a group consensus building (using Delphi technique) stage. This framework can also be used for other industries, at a changed time, or in different contexts.

In terms of contribution to the body of knowledge, Chapter 5 is the first empirical testing of expectational gaps. By using the concept of legitimacy gap, a theoretical ambiguity surrounding expectational gaps in the literature is clarified. This clarification allowed juxtaposing legitimacy gaps with expectational gaps. As a result of this, an issues evaluation framework is developed. This framework is used for demonstrating the differences in gaps between corporations and family-owned companies.

At an applied level, Chapter 5 provides insights regarding issues response. Precisely, this chapter illustrates the extent of ideological and/or perceptual gaps that exist between society and industry managers and allows managers to focus on the largest gaps.

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CHAPTER 2 - CORPORATE RESPONSIBILITY: BALANCING ECONOMIC,
ENVIRONMENTAL, AND SOCIAL ISSUES IN THE FOREST PRODUCTS INDUSTRY

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The role of business in society and the way it is perceived by society have undergone many distinct changes throughout history. Eberstadt (1977) has studied these changes ranging from ancient Greece to modern times and he argues that today's corporate responsibility movement is an attempt to restore a 2,000-year-old tradition of businesses being connected to the community. Things changed in the medieval period when itinerant traders replaced local craftsmen in filling the needs for merchandise. Society often had a negative attitude toward these early traders, viewing them as exploitative. The industrial revolution exacerbated this situation with an increased focus on wealth creation or profit making, largely separated from social concerns.

Over time, awareness of the impact of business and its interplay with societal and environmental concerns has emerged, along with parallel growth of socio-regulatory pressures. This evolution of business and societal concern has led business to gradually re-embrace its formerly displaced social orientation and assume increased responsibility and consideration for both social and environmental well-being. The corporate response to environmental and social issues, commonly known as corporate responsibility (CR) or corporate social responsibility (CSR), has been studied by many pioneering authors and is viewed as progressing through the following three stages: profit maximization management, trusteeship management, and "quality of life" management (Hay and Gray 1977).

Stage one reflects the belief that the individual's drive for maximum profits and the regulation of the competitive marketplace would interact to create the greatest aggregate wealth for a nation and therefore the maximum public good.

Stage two, which began during the 1920s and 1930s, reflected a shift from a mere profit motive, incorporating the maintenance of an equitable balance among the competing claims of customers, employees, suppliers, creditors, and the community, including shareholders. An important reason for the shift is said to be the emergence of a pluralistic society such as in America and Europe that suggests no group in society should have unbalanced power over all others and that each has direct or indirect impact on all others. The major groups exerting pressure on business during this period were labor unions and national governments, but today such influencing factors have grown to include minority, environmental, and consumer groups.

Stage three, referred to as “quality of life” management, rests on the premise that societies became saturated with goods and services. Furthermore, because of this economic success, other societal concerns surfaced such as inequitable distribution of wealth, air and water pollution, degraded landscapes, and a general disregard for consumer concerns, interests, or safety. Stage three was furthered by changing sentiments in society regarding the inherent trade-offs between economic gains and declining social and physical environments. A new societal consensus emerged. Business was now expected to assume responsibilities beyond the realm of economic considerations.

Most recently, globalization, advances in communication technologies, and the emergence of ethical investment opportunities have resulted in an increased focus on CR. Globalization refers to the cross-border flow of people, products, information, and money. To varying degrees, globalization is resisted by societies concerned with the social and environmental implications of large companies operating throughout the world. Therefore, it becomes increasingly important for organizations to attempt to be

proactively responsive to social and environmental issues in order to ameliorate social concerns.

Advances in the area of information technology have facilitated the focus on CR. These advances have allowed instantaneous global information flow at an extremely low cost (Andriof and McIntosh 2001, Niskala and Tarna 2003). Easy access to detailed information on corporate activities has increased transparency and heightened public awareness regarding the impacts of corporations worldwide. In turn, this awareness has aided citizens and activists seeking corporate change, and boosted global discussion about CR and its adoption by companies. Advanced information technologies also provide a means by which companies can communicate their social and environmental orientation to a global audience. In particular, electronic media has fostered web-based exchange through which companies make available information to the public. For example, more than 80 percent of Fortune 500 companies address CR issues and actions on their corporate websites (Smith 2003).

When pursuing ethical investments, individuals and organizations seek out companies with a positive reputation while avoiding companies linked to environmentally damaging practices, poor employment practices, oppressive regimes, etc. The increase in ethical investment has encouraged companies to give attention to CR. Ethical investment is a growing niche among institutional and individual investors and public concerns regarding a lack of CR have fueled this growth to the point that some estimates suggest total ethical investment to be approximately \$2.0 trillion (Schepers and Sethi 2003).

In this article, we explore the general concept of CR and its development and implementation, and then outline CR practices in the forest products sector.

Drivers of CR

Paine (2003) suggests that companies have diverse motivations to adopt corporate responsibility. These motivations can range from meeting basic mandatory legal requirements aimed at controlling destructive business practices to consideration of CR as a tool for increased productivity and improved financial performance. Further, she notes that functional areas such as risk management and market positioning, are also expected to improve with increased attention to CR.

Table 2.1 outlines a number of potential instrumental benefits from CR.

Table 2.1. Business benefits of CR practices as depicted by Kotler and Lee (2005) and Azapagic (2003).

Kotler and Lee (2005)	Azapagic (2003)
<ul style="list-style-type: none"> • Enhanced corporate image and clout • Increased sales and market share • Strengthened brand positioning • Increased ability to attract, motivate, and retain employees • Decreased operating costs • Increased appeal to investors and financial analysts 	<ul style="list-style-type: none"> • Cost savings and benefits of innovation • Lower health and safety costs • Lower labor costs • Easy access to lenders and insurers • Best practice influence on legislation as model cases • Company reputation • Market advantage • Opportunity to attract ethical investors

However, companies at the leading edge of responsibility issues are often not motivated by instrumental use but rather act out of internally motivated, ethical considerations.

Research has shown that companies that care for the environment and exhibit good CR practices experience increased consumer purchase preference in addition to

increased investment appeal (Gildea 1994, Zaman et al. 1996). It has been further suggested that by adapting business practices and philosophies to socio-cultural norms and societal values, companies can improve the likelihood of securing their legitimacy or license to operate. This legitimacy contributes to company survival and prosperity by reducing stakeholder conflict and associated costs while improving long-term sustainability and employee satisfaction (Bansal and Roth 2000).

Legislative entities have also provided encouragement for the adoption and practice of CR through establishment of both incentive and prescriptive policy. In particular, an increasing array of domestic and international regulations aimed at improving environmental protection, pollution control, gender and social equity, minimum wages, and safety and health benefits have been adopted and enforced.

Many authors also feel that CR is a philosophical shift inside the corporate culture driven by ethical considerations. However, the extent to which ethical or instrumental (economic and legal) considerations influence the adoption of CR is difficult to ascertain. Further, ethics and instrumental aspects are not necessarily in conflict. CR can emerge from either or both. The shift in corporate focus towards environmental and social responsibility has been especially prevalent during the last two decades, reflecting a change in societal values. In addition to instrumental and ethical drivers, it is reasonable to believe that this phenomenon is advanced through a collective change in society and business toward post-modern values that span from social to environmental concerns with an increasing consideration of present and future generations.

Concept and Definitions

Academically, CR can be traced to Bowen (1953) and his book *Social Responsibilities of the Businessman*. In this work, CSR is defined as “an obligation to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society” (Bowen 1953, p. 6). However, CR has seen continuous debate about its meaning, approaches, and even the terminologies used to explain the “beyond mere profit” orientation of businesses. Following are terms that are sometimes used interchangeably to explain the socio-environmental orientation of companies (Marrewijk 2003):

- Corporate citizenship
- Sustainable entrepreneurship
- Triple bottom line
- Business ethics
- Corporate social responsibility

Individual researcher conceptualizations and interest areas within CR have led to a number of definitions to illustrate the concept. The box below outlines various definitions that have been proposed to capture the meaning of CR.

Various definitions of Corporate Responsibility

“CR is concerned with treating the stakeholders of the firm ethically or in a responsible manner...The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation (Hopkins 2004).”

“The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point of time (Carroll 1979).”

“CR refers to a company’s status and activities with respect to its perceived societal or, at least, stakeholder obligation (Brown and Dacin 1997).”

Models Depicting CR

There is no universally accepted definition of CR; however, several models have been developed that effectively capture elements of CR and make it a workable proposition for practitioners and researchers. Figure 2.1 shows a continuum model developed by Carroll (1979) that conveys a “proportional” set of responsibilities of the firm such that larger elements represent greater responsibility. According to the model, the primary firm responsibility is economic success.

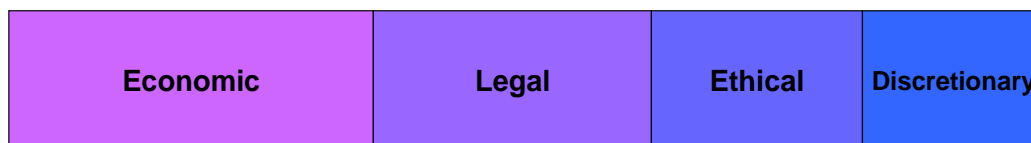


Figure 2.1. The continuum of business responsibilities (Carroll 1979).

The continuum further reflects the importance of legal responsibilities, followed by ethical and discretionary responsibilities. While the model emphasizes a financial consideration, the inherent makeup suggests the basic premise that companies must also look to issues beyond financial interests. Ethical and discretionary responsibilities espoused by Carroll (1979) have been further developed by others to consist of social and environmental elements, which ultimately make CR a multidimensional construct.

The multi-dimensional construct of corporate responsibility is introduced by emphasizing the interdependence among economic, environmental, and social dimensions in responsible business behavior (Fig. 2.2).

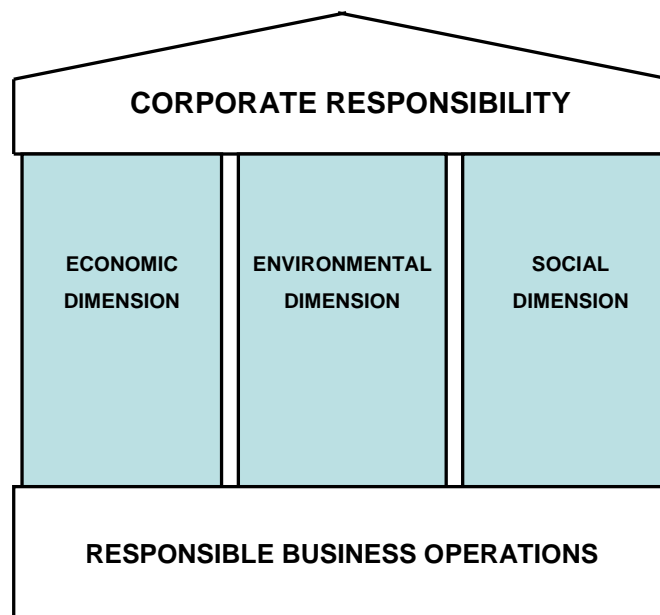


Figure 2.2. The multidimensional construct of CR (adapted from Niskala and Tarna 2003).

These elements of CR are generally referred to as the “triple bottom line.” CR in this sense can be understood as the balancing of economic, social, and environmental roles that companies play when conducting business.

Stakeholder Approach to CR

Obligations to society, managerial processes, social contracts, etc. are a few of the approaches that have been used to discuss CR. The mainstream approach advocates that companies have obligations to stakeholders. According to the World Business Council for Sustainable Development (WBCSD 2000), companies have a responsibility to the following stakeholders:

- Owners and investors – high profits
- Employees – consistent, fairly compensated employment
- Customers – high quality products and service
- Business partners – fair, ethical treatment as partners
- Suppliers – consistent customer upon which to base the supplier’s business
- Competitors – maintain industry image
- Government regulators – meeting or exceeding regulations
- Non-governmental organizations – meeting or exceeding their expectations
- Communities – stable employment for community members

Different stakeholder groups often have varying and sometimes conflicting interests, thus requiring companies to balance these varying demands. Also, as Zadek (2004) outlines, companies need to successfully predict and credibly respond to changing and sometimes volatile stakeholder views and expectations of CR.

Issues and Challenges to Implementation of CR

Despite the increase in attention given to CR, choosing the right form of CR and successfully implementing it is no trivial task. It has been pointed out by Bhattacharya and Sen (2004) that favorable consumer reaction to CR is not as clear as some

marketplace polls suggest and that there are a number of factors that interplay in affecting whether CR initiatives by a company will be rewarded via consumer purchases. A company anticipating a favorable consumer response to CR efforts must understand consumer awareness and attitudes about firm motivations to engage in CR. CR initiatives must be communicated clearly so that consumers can distinguish between marketing/promotion and true CR initiatives.

In a study of 18 Dutch companies participating in the Dutch National Initiative for Sustainable Development, researchers concluded that line managers need clear elaboration of CR benefits to the company as well as a definition of their individual role in implementing CR (Cramer et al. 2004). In addition, personality, scope of activity, and functional position also shaped employee attitudes about CR. The lesson from the study is that open discussion within the company about CR initiatives and their potential merits for the company and the employees is necessary for success.

Cost is an important issue when considering adoption of CR practices. This is particularly relevant for firms that have special concerns over short-term costs (Ahmed et al. 1998). However, there is considerable evidence to suggest that inaction towards societal issues ultimately leads to higher costs (Russo and Fouts 1997). Azapagic (2003) further suggests that the financial benefits resulting from CR business practices may in fact be realized after a lengthy gestation period. In the absence of clear, industry-specific research, a full cost-benefit analysis cannot be done; however, as the adage suggests "an ounce of prevention is worth a pound of cure," and adoption of CR may indeed be valuable prevention.

Effective communication is very important and therefore companies must focus on making consumers more aware of their CR initiatives. However, using CR

exclusively as a promotional tool can do more harm than good to the companies (Bhattacharya and Sen 2004). For example, many companies have been accused of “greenwashing” when conducting environmentally oriented advertising.

Today, large corporations generally provide annual reports of their responsibility efforts. This trend arose from environmental reporting and has grown to include other aspects of responsibility. These reports are an essential element of corporate communication. Dawkins (2004) asserts that alignment of CR communications with stakeholder concerns is essential to fully capture the reputation benefits of CR. He further suggests that the biggest challenge in this endeavor is that stakeholders have diverse expectations and satisfying these divergent expectations in one report can be challenging. He also emphasizes the importance of internal communication, as employees can be important messengers of initiatives to a broader audience. Companies should develop a clear communication strategy and carefully tailor the content and style of communication in order to enhance their corporate reputation. For example, responsibility reports could be divided into different sections that would provide an explanation of company actions designed to meet each stakeholder group’s expectations.

Embracing CR

CR strategies should be specific to the company and chosen with consideration given to organizational resources, needs, and position in the marketplace. Each organization must develop its own CR portfolio and design the implementation. Zadek (2004) illustrates the typical stages involved in organizational response to societal

issues. This model can serve as a guiding matrix for companies striving to initiate their own unique approach to CR (Fig. 2.2).

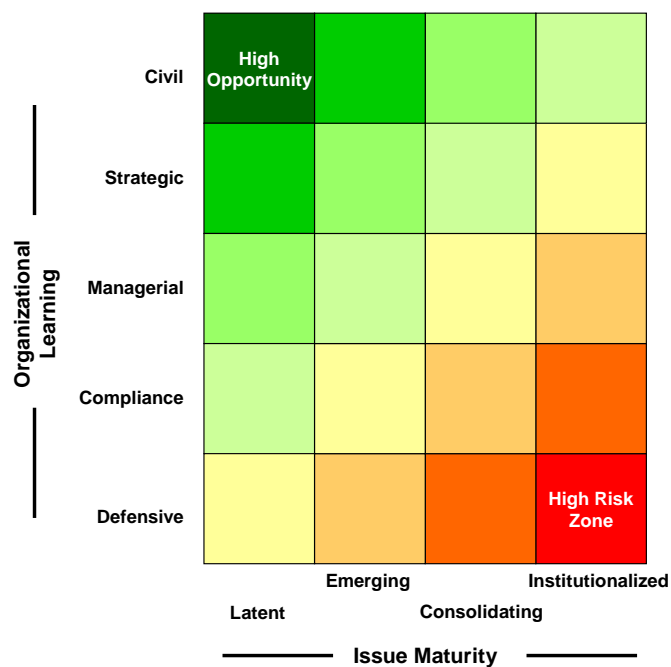


Figure 2.3. Matrix depicting organizational and issue maturity stages (adapted from Zadek 2004).

Zadek (2004) argues that most organizations pass through five stages in their handling of corporate responsibility. In addition, societal views of issues mature over time, so organizations must stay aware of public opinion. Table 2.2 outlines five organizational learning stages, what organizations do at each stage, and why they act the way they do.

The second dimension of the matrix shown in Figure 2.2 relates to the four stages of issue maturity as adopted by Zadek (2004). Table 2.2 illustrates the issue maturity stages and their respective characteristics.

Table 2.2. The four stages of issue maturity (Zadek 2004).

Stage	Characteristics
Latent	<ul style="list-style-type: none"> • Active communities and NGOs are aware of the societal issue • The issue is largely ignored or dismissed by the business community
Emerging	<ul style="list-style-type: none"> • Political and media awareness of the issue • Leading businesses experiment with approaches dealing with the issue
Consolidating	<ul style="list-style-type: none"> • Emerging body of business practices around the societal issue • Sector-wide and issue-based voluntary initiatives are established • There is litigation and an increasing view of the need for litigation • Voluntary standards are developed and collective action occurs
Institutionalized	<ul style="list-style-type: none"> • Legislation or business norms are established • Embedded practices are normal parts of a business excellence model

The matrix shows that promoting broad industry participation in CR regarding latent issues provides the highest opportunity for reaping benefits. An industry-wide effort can best achieve the instrumental benefits that CR provides and also strengthen the industry business environment. However, few industries have reached the Civil stage of organizational learning (Table 2.3); therefore, the matrix can be used by individual companies to help recognize new issues they will face and to monitor how competitors choose to deal with those issues.

Table 2.3. The five stages of organization learning (Zadek 2004).

Stage	What Organizations Do	Why They Do It
Defensive	Deny practices, outcomes, or responsibilities	To defend against attacks to their reputation that in the short term could affect sales, recruitment, productivity, and the brand
Compliance	Adopt a policy-based compliance approach as a cost of doing business	To mitigate the erosion of economic value in the medium term because of ongoing reputation and litigation risks
Managerial	Embed the societal issue in their core management processes	To mitigate the erosion of economic value in the medium term and to achieve longer term gains by integrating responsible business practices into their daily operations
Strategic	Integrate the societal issue into their core business strategies	To enhance economic value in the long term and to gain first-mover advantage by aligning strategy and process innovations with the societal issues
Civil	Promote broad industry participation in corporate responsibility	To enhance long-term economic value by overcoming any first-mover disadvantages and to realize gains through collective action

Through better assessment of issues and self assessment of their ability to meet them, companies can position themselves for successful navigation of challenging social and environmental issues.

CR and the Forest Products Industry

Throughout history, forests have fulfilled a myriad of needs ranging from the experiential and aesthetic to the most basic needs of warmth and shelter. Forests are often held in special reverence by society, resulting in high attention regarding their use and treatment. The forest products industry is very familiar with the increasing societal expectations regarding its use of forests throughout the world. In light of these societal

views, and also a business climate that is experiencing increasing consolidation and globalization, it is not surprising that CR has become an increasingly relevant issue within the industry.

Another trend that can promote an interest in CR is increased outsourcing in search of low labor and raw material costs, which extends forest products industry activities to new geographical areas. Outsourcing has long-debated socio-economic implications for both exporting and importing countries. The shift from traditional production regions to new ones has aroused public debate because in many cases the establishment of new units overseas has forced companies to rationalize existing operations.

Forest products industry operations have endured extensive criticism since the 1970s, as real and perceived environmental impacts began to attract public interest (Halme 1997, Näsi et al. 1997). More recently, public debate has broadened to increasingly cover social aspects such as employee welfare and interaction with local communities. Increasing societal awareness and expectations for responsible business behavior and transparency of operations have established new responsibility standards for the forest products industry. The industry has responded by implementing new environmental and social policies aimed at addressing public concerns.

Sustainable practice reports are an example of the industry's response to public concerns. Sharma and Henriques (2005) researched stakeholder issues in sustainability practices of the Canadian forest industry and contend that the industry has gone beyond mere pollution control and eco-efficiency and reached the phase of adopting sustainable practices. They further note that stakeholders are likely to

negatively impact the reputation of companies that do not adopt the holistic practices of CR.

Economic Responsibilities

As previously mentioned, economic performance is a fundamental organizational responsibility. The forest products industry is no different in this regard and the call for steady and sustainable increases in company value and profitability to provide for shareholder economic interests is imperative. Beyond individual investors and owners, the industry provides significant economic benefit by producing taxable income and providing employment. In recent years, the forest products industry has not adequately met investor expectations of financial returns. The industry suffered from poor profitability in the 1990s (Juslin and Hansen 2002) and the same trend has continued in this decade. According to PriceWaterhouseCoopers, the return on capital employed in forest product industries reached only 5.4 percent in 2004, whereas investors expect 10 to 12 percent (PWC 2005). The forest products industry must focus on economic profitability of operations to ensure expected returns.

The economic responsibilities of the forest products industries also include their macro economic impact. For example, in Scandinavia, the industry has a considerable impact on the regional economy. Similarly, in the U.S. Pacific Northwest, the forest sector has a significant role in employment and the regional economy. In this context, the development and impact of outsourcing trends is a substantial concern and industry needs to find an amicable balance between outsourcing benefits and regional economic considerations.

Environmental Responsibilities

The debate around environmental responsibility of the industry began in the 1970s, as governments increasingly focused on environmental issues related to industrial operations. Industry topics of social concern that have evolved over time, as identified by Juslin and Hansen (2002), are:

- 1970s – emissions to water and air
- Mid 1980s – recycling
- Late 1980s – chlorine bleaching
- Early 1990s – forestry and forest management
- Mid 1990s – forest certification
- 21st century – global climate change and the role of forests

In response to these environmental issues of public concern, the forest products industry has developed a renewed focus on sustainable use of natural resources and prevention of climate change through energy efficiency and the reduction of pollutant emissions by adopting, for example, ISO 14001 standards.

Globalization trends in the industry have served to raise public concern over issues of raw material sourcing and tracking through the supply chain. To ensure a responsible supply chain, some forest products companies have established comprehensive tracking systems where materials can be followed from harvest to the customer. For example, SCA, a large Swedish company, states the following: “SCA will assess its suppliers and require them to provide verification; so that customers may be assured that their expectations regarding the environmental qualities of SCA’s products are fulfilled.” (SCA 2005, p.22). Corporate purchasing policies are becoming commonplace with many specifically stating preferences for certified wood products or taking specific steps to eliminate the purchase of wood resulting from illegal logging.

The environmental responsibilities of forest products industry companies extend to how forests are used beyond harvesting interests. Specifically, multiple-uses of forests have become a standard in many countries. Multiple-use implies that many different entities and interests can benefit from forests. Additionally, there has been public debate on the industry's responsibility to protect forests. An example of how UPM-Kymmene responded to this issue is demonstrated in Case 1 in the box below.

UPM-Kymmene has long traditions in the Finnish forest products industry. The firm's first mechanical pulp mill, paper mills, and sawmills started operations in the early 1870s. Today, UPM-Kymmene is a leading global forest products corporation, focusing on magazine papers, newsprint, and fine papers, as well as on converting materials and wood products.

In 2002, UPM-Kymmene donated more than 500 hectares of forest land in Repovesi wilderness area in southern Finland to the state, enabling the establishment of a new National Park. In addition, the company volunteered to preserve 1200 hectares of its own forests around the national park for recreational and conservation purposes.

According to company management statements, UPM-Kymmene wanted to complete the long-lasting protection process in the area and to show that the sustainable use of forest resources is important to the company. As a result of the land donation, the WWF Finland granted UPM-Kymmene an award in recognition of the company's resolution to protect the area. Sources: UPM-Kymmene (2003), UPM-Kymmene (2001 and 2002), Rohweder (2004).

Case 1 — UPM-Kymmene and the establishment of Repovesi National Park.

Social Responsibilities

In addition to a growing environmental consciousness, the social aspect of CR has become an increasingly important concern for forest products companies. With the advent of these interests, it is becoming critical that forest products companies effectively balance potentially conflicting stakeholder interests with social and economic responsibilities. Cultural traditions and rights of indigenous people are examples of these kinds of conflicts.

Despite the apparent need to balance these interests, the realities of modern business frustrate this goal. For example, consolidation and globalization of operations is an increasingly common means of growing market share and enhancing profitability. However, these decisions are often accompanied by disruption within the communities that are left behind as production centers shift to new locations. Similarly, investments in other countries have been criticized because of potential negative impacts in the local regions, as shown in Case 2.

Veracel Celulose, a joint venture between Aracruz Celulose of Brazil and Scandinavian-based Stora Enso, began operating a new pulp mill in May 2005 in South Bahia, Brazil.

When the decision to build the Veracel Pulp Mill was announced in 2003, some non-governmental organizations (NGOs) raised concerns related to possible socio-economic impacts of the production unit. The views of Veracel and its owners differed somewhat from the stances of the NGOs, and there was little progress in resolving the debate. Thus, Veracel and its owners looked for a

credible, independent third party who could conduct a study examining the critical issues, and produce reliable and balanced information on the impacts of the pulp mill.

The agreement on cooperation with the independent third party The United Nations Development Program (UNDP) was signed in July 2004. The basis of the work conducted by UNDP is a demographic and socio-economic data survey in the communities surrounding the business, taking into account the Human Development Index (HDI), the tax revenue receipts, and the presence of Veracel in the region. According to the statements of Stora Enso and Veracel management, the objectives of this project are to identify and analyze the effects of Veracel on the well-being of the local population and communities, and to recommend future actions. Veracel owners have committed to fund the \$5 million development plan for the local community suggested by UNDP.

Sources: Stora Enso (2004), Veracel (2004), Global Finland (2004), Stora Enso (2005).

Case 2 — The establishment of Veracel – A joint venture between Stora Enso and Aracruz.

In support of responsiveness to social and environmental actions as a means of positively impacting public opinion, Hill et al. (2002) document the efforts and results of International Paper (IP) in interfacing with community leaders, employees, and government institutions (Case 3 below).

Beginning in 1987, Androscoggin pulp and paper mill in Jay, Maine, faced a strike that lasted 1-1/2 years. The strike effectively severed relations with workers and the Jay community. Environmental violations by the mill were perceived as

crimes and the town enacted ordinances to check emissions. Several years later, IP responded by resolving to change its business approach and chose to develop Androscoggin mill as a model of environmentally oriented business.

The strategy that the mill followed started with bringing in a new management team and entrusting them to bring about change. The mill began by complying with environmental regulations but soon pursued a proactive policy of collaboration with local and federal agencies as well as partnering with stakeholder groups. The new approach went beyond mere compliance to embrace broader sustainability issues. Further steps taken were finding beneficial uses of landfill wastes, replacing hazardous chemicals, reduction in waste, developing an on-site natural gas power generation facility, tying up with another neighboring facility to offer its by-products and, very importantly, forming a Public Advisory Committee (PAC) that included environmentalists, forestry and business experts, mill customers, employees, and an independent forester. Tracing the supply chain in pursuit of sustainability was embraced. The PAC also developed report cards to record effluent quality, waste generation, energy and water use, and emissions. The mill also collaborated on a broader scale, for example, cooperative projects with the Environmental Protection Agency targeting pollution prevention.

Within a few years, the mill turned around its relationship with the community and regulatory agencies, as well as with other stakeholders. Enthused with the Androscoggin success story, IP has formed community advisory committees at each of its pulp and paper mills. Source: Hill et al.2002.

CR Reporting

Proper communication is one of the central issues of all CR programs. In order to build and manage the company's reputation and enlist stakeholder support, forest products firms have widely embraced CR reporting. The current multi-dimensional CR reporting by forest products industry companies was preceded by a focus on environmental reporting. Increased environmental consciousness in the late 1980s translated into increased pressure on companies to disseminate information about their environmental actions and impacts. Consequently, companies began to publish separate annual environmental reports in the early 1990s.

By the mid 1990s, most European forest products industries published environmental reports on a regular basis. The European industries have a longer history of reporting CR initiatives when compared to the North American and Asian industries, particularly reporting with an environmental focus. Rinne (2003) notes that European forest products companies reporting activities have primarily been driven by ethical factors, whereas the North American industries have been driven by legal considerations. A further difference is that European companies focused largely on past performance and actions taken whereas North American companies focused on responsibility policies and procedures that will influence future actions.

In the current decade, forest products industry companies have begun to publish more comprehensive responsibility reports, with a focus on economic, environmental, and social dimensions. However, it has been noted that these reports primarily emphasize economic and environmental dimensions of CR, whereas the social dimension receives relatively less attention (Paldanius 2004). Given that the

social impact component is gaining more attention in the media and with the public, it is likely that future industry reporting will include an increased emphasis on social issues.

Conclusion

The basic concept of CR is clear, regardless of loose boundaries or varying definitions. It is a context-specific, strategic, proactive, and synergistic philosophy of doing business. It means that when defining strategies, corporations need to pay attention to economic, environmental and social issues in a balanced way. The whole CR landscape, though populated by many theories, approaches, and models, calls for each individual company to respond by developing its CR portfolio. In the forest products sector, the scope and relevance of CR is broad as is the implementation, and it deserves further investigation and consideration. Each year new research findings surface that add to our understanding of the concept and the issues involved. Issues like unsustainable use of natural resources, inequitable distribution of wealth, rising corporate crime, upsurge of anti-corporate campaigns, and increasing intra-industry competition and inter-industry threats are on the rise. This creates an audible knock on corporate boardroom doors that it is time to rethink how we sustain our economy, ecology, and society. CR can be an answer.

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CHAPTER 3 – STUDENTS' PERCEPTIONS REGARDING CSR SUCCESS OF THE US FOREST PRODUCTS INDUSTRY

Abstract

Two-hundred fifty seven graduate and upper level undergraduate students from Oregon State University and University of Montana pursuing different academic majors were surveyed to examine the differences in their perceptions of the US forest products industry's success in fulfilling its corporate social responsibilities. These students were drawn from engineering, business, forest ecology, forest economics and environmental science disciplines. Results suggest that business and forest ecology/environmental science students were least satisfied with industry fulfilling its economic responsibilities. Regarding fulfillment of socio-environmental responsibilities, forest ecology/environmental science students were significantly less satisfied than any other study major. Additionally, a comparison between male and female students suggested that males and females have the similar level of satisfaction regarding industry fulfilling its economic responsibilities. However, males were found to be more satisfied with industry fulfilling its socio-environmental responsibilities than females. These findings bolster the proposition that satisfaction with corporate social responsibility performance is a contextual phenomenon.

Introduction

Although the classical adage by Friedman (1970) suggesting that the business of business is business has dominated contemporary business thinking, contrasting concepts such as corporate social responsibility (CSR) and business ethics have gained increasing importance in both academics and practice. At a rather introductory

level, both business ethics and CSR are considered synonymous. The similarity between these two concepts is that both share a common premise of extending the domain of business responsiveness beyond its potential economic beneficiaries (shareholders or stockholders) by also assuming responsibilities to all those groups (stakeholders) that it does or can affect. With respect to the differences, business ethics and CSR domains are different in that business ethics reflect the value-system of an organization, while CSR may either be the praxis of such values or may be practiced because of a company believing that CSR makes a good business case. Often employees, communities, and the environment are included as forming those legitimate stakeholder groups that, in addition to the shareholders, must receive a company's attention. There are numerous ways scholars define CSR, yet it typically refers to economic, social and environmental responsibilities that an organization is expected to fulfill. Much has been written about business ethics and corporate social responsibility during the past two decades. Ahmed et al. (2003) note that discussion of the social responsibility of business is likely to receive increasing attention.

Jones and Gautschi (1988) observe that media attention of business ethics and CSR was elevating during the 1960s and 70s. Studies during this period (e.g. Baumhart 1961, and Brenner and Mollander 1977) concluded that business executives' concerns for ethics and responsibilities of business were increasing. Almost a decade later in 1988, data collected from 1000 senior executives, deans of business schools, and members of congress suggested that 99 percent of deans, 95 percent of executives, and 77 percent of Congress members in the US felt troubled over the unethical behavior surrounding American business organizations (Walton 1990).

While such studies clearly indicate growing concern for ethics in business, Lopez et al. (2005) maintain that events at companies such as Enron, K-Mart, World Com and Tyson support the proposition that managers still struggle with ethical decision making.

Industry sectors vary in terms of their impact on society and the environment, thereby, creating different levels of CSR expectations that stakeholders may have. Extractive industries (e.g., mining, oil, forestry etc.) are perceived to affect the environment more than many other sectors. Globally, the forest sector is considered to have significant environmental impacts. Increasing deforestation, loss of bio-diversity, illegal logging, and above all the emotional value that people place on forests, are some of the important factors behind the increasing prominence of CSR practices in the global forest products sector. Academic research in the area of corporate responsibility in the forest sector is gaining prominence both in Europe and North America (e.g. Halme 1997, Kärnä 2003, Mikkilä 2005, Vidal and Kozak 2007). Although the forest products sector is generally considered to be lagging behind many industries in terms of its managerial sophistication (Juslin and Hansen 2002), ethical codes of conduct were under development in some forest sector companies as early as the mid-1970s (Molander, 1980).

Parallel to an increasing discussion about companies embracing CSR and adopting business ethics, there is a growing body of literature that deals with the future of CSR. For example, Sobczak et al. (2006) maintain that the future success of CSR depends on the attitude which coming generations have about it. This future focus has made students' perceptions regarding CSR an important theme. The underlying notion

is that as future managers, consumers and members of civic society, current students will, to a large degree, define the future shape of CSR.

Much of past research work has focused on students' perceptions regarding business ethics in general but there is relatively little scholarly work that has focused on investigating students' views about business ethics and CSR in one particular industry sector. For example, Hudson and Miller (2005) study tourism students' ethical orientation and awareness. Others (e.g., Freedman and Bartholomew 1990, Stevans 2001) examine the views of hospitality students regarding business ethics in the hospitality sector. Such views are important in order to make an assessment regarding the future state of ethics or CSR in particular industry sectors. However, one would argue that an industry is surrounded by a number of organizations (both government and non-government) that have tremendous impact on industry behavior. For example, the US forest industry is surrounded by organizations like the Environmental Protection Agency (EPA), Bureau of Land Management (BLM), federal and state forest services, and a range of other government and non-government organizations that considerably influence its social and environmental policies and behavior. It may be assumed that students within the broader field of forestry (ecology, forest management, forest economics) will typically occupy a majority of the jobs in such organizations. Similarly, on the industry side, business and engineering students are likely to occupy a substantial proportion of jobs. Additionally, students can also be considered as proxy for tomorrow's civic society.

This research investigates how successful potential future participants in the US forest products sector consider the US forest industry in terms of its CSR activities.

It is conducted with students pursuing degrees in business, engineering, forest economics, forest ecology, and environmental science disciplines.

While providing the rationale behind their study aimed at investigating MBA students' attitude towards business ethics, Jones and Gautschi (1988) write, "...while we know a good deal about the attitudes of business decision makers, our knowledge of the attitudes of future executives is not extensive..." Two decades later, we broaden the focus of student-based CSR research and propose that while we know a good deal about the general ethical cognition of students from various backgrounds and also that such ethical cognition may vary across study majors and gender, our knowledge of the future decision makers and stakeholders of particular industry sectors is rather limited. It is to this end that this research examines those students, who are likely to be decision makers and a broad range of stakeholders in the US forest products industry, regarding their perceptions about the US forest products industry's success in fulfilling its corporate social responsibility.

Objectives

The objective of this research is to examine the differences in CSR related perceptions among students pursuing different disciplines. Other objectives include examining such differences between male and female students; and also between students who grew up in rural and urban settings.

Theoretical background

The phenomenon of globalization has increased the ethical scrutiny regarding business practices (Ahmed et al., 2003). These authors argue that not only business firms but actors such as politicians, government officials; various national and

international stakeholders as well as some non-government organizations (often in the form of pressure groups) join to create an interplay that forms the general perception regarding ethical behavior of business. Ferrell and Gresham (1985) note that ethical decision making of an individual can be influenced by many factors such as individual attributes and the social and cultural environment. Influence of the social and cultural environment is also supported by Maignan (2001) who finds the American and European consumers differ in their CSR expectations.

While CSR perceptions have often been reflected by undertaking, for example, a study of consumers, an assessment of anticipated future perceptions may most closely be reflected in today's students who will take key positions in tomorrow's society. The importance of focusing on students is emphasized by Ahmed et al. (2003) who note, "It is particularly this group that we believe is of great interest as they are the ones studying at this stage of growing interest and awareness to the ethical dimension of business practices (Ahmed et al. 2003)".

While some scholars (e.g., Ford and Richardson 1994) focus on understanding the effects of personal attributes on ethical cognition, a majority of student-based research focuses on studying CSR perceptions of students from diverse backgrounds. Okleshen and Hoyt (1996) find US students to be less tolerant of business situations involving fraud, coercion, and self restraint compared to New Zealand students. Similarly, Goodwin and Goodwin (1999) and Allmon et al. (1997) find differences among students from different countries in terms of their views regarding, and attitude towards, situations involving ethical choices. More recently, Peppas and Yu (2007) report significant differences between business students in China and the US regarding

their attitudes towards business ethics. Rashid and Ibrahim (2007) summarizes that culture has some effect on perceptions of business ethics.

Business ethics versus corporate social responsibility

The majority of past studies focused on investigating students' business ethics beliefs and generally used CSR as a synonym for business ethics. Arlow (1991), however, is a notable departure by assessing both business ethics and CSR attitudes of students. Results of this study suggest that major discipline of study has greater influence on CSR attitude than on business ethics attitude. In the absence of consistent research findings regarding the relationship between major of study and students' ethical cognition, findings by Arlow (1991) become more important and may be suggestive of the proposition that CSR and business ethics must not be considered synonyms while assessing students' perception.

Burton et al. (2000) maintain that one's ethicality may be more dependent on personal values. Since commonly agreed upon corporate activities within the field of CSR (e.g., reduction of emissions or employee welfare programs) are less value laden than a broad concept such as business ethics, we, accordingly, propose that using students' perceptions regarding specific CSR activities might be more meaningful than assessing their general ethical attitude. Additionally, as Fogarty (1995) argues, ethics is a multi-dimensional construct and, therefore, it is likely that ethical differences between different groups of respondents may be of kind rather than degree (for example, males may hold ethics of justice while females may hold ethics of care). In other words, ethical differences may be attributed to the particular ethical stance one takes. Also, examining abstract questions, such as what students think CSR is, creates

problems because of differences in shared understanding (Hind 2004) as these students come from different ideological backgrounds. Therefore, we chose to assess students' perceptions about the success of the forest industry on specific CSR activities rather asking what are or should be the corporate social responsibilities (or business ethics) of the US forest products industry.

There are a number of ways that scholars conceptualize CSR. Among these, Carroll's (1979) four tiers of responsibilities, Freeman's (1984) stakeholder management approach, and Wood's (1991) corporate social responsiveness approach have received general acceptance. However, ever since the European Union view suggesting that CSR refers to business' commitment to sustainable development, became popular, it has become more common to view CSR through the triple bottom line lens proposed by Elkington (1997). Elkington suggests that companies must pay attention to three bottom lines: economic, environmental and social.

The economic responsibilities of a company refer to profitability and competitiveness. Environmental responsibilities typically focus on issues such as emissions, waste, energy use and product life-cycles. Social responsibilities generally include human rights, employee welfare, community concern, and product safety (Andriof & McIntosh 2001, Niskala et al. 2003).

In this research, we embrace the triple bottom line approach of corporate social responsibility to operationalize the CSR construct.

Triple bottom line approach of corporate social responsibility

As noted, the triple bottom line approach proposes that CSR balances economic, social, and environmental responsibilities and this aligns with the concept of

sustainable development. Balancing the economic, social and environmental considerations has been demonstrated both theoretically and empirically. However, a commonplace understanding that derives out of the dominance of classical economics and the separation of business and the State, implies an inherent discordance between economic and other considerations. It is important to examine if students exhibit any such discordance or they are able to perceive that economic, social and environmental success can co-exist. We found no study that addresses these questions and accordingly, in this research we also study if different groups, i.e., students with different academic majors, genders, and place of upbringing (rural/urban) are able to cognitively associate economic, social and environmental success together rather than considering them mutually exclusive.

Values and CSR perceptions

Fukukawa et al. (2007) argue that personal values shape individuals' CSR perceptions. While several past studies (Stern and Dietz 1994, Merchant 1992) use broader typologies to categorize values and belief systems, we choose to focus on students' beliefs regarding the relative roles of four values for securing social well-being, namely, freely operating market forces, political control of business, corporations adopting more social responsibility, and the non-government organizations strongly participating in societal decision making.

In this research, we examine how students pursuing various majors differ in terms of their perceptions about the US forest products industry's success in fulfilling its corporate social responsibility and the beliefs regarding the best way to achieve social well-being. In addition to the academic majors, we also examine how these

differences are spread across gender, and the setting where students were raised (rural or urban).

Figure 3.1 illustrates the conceptual framework used in this study. Gender, major of study, and urban/rural background are connected with CSR perceptions as background variables while values are connected with CSR perceptions as overarching belief system.

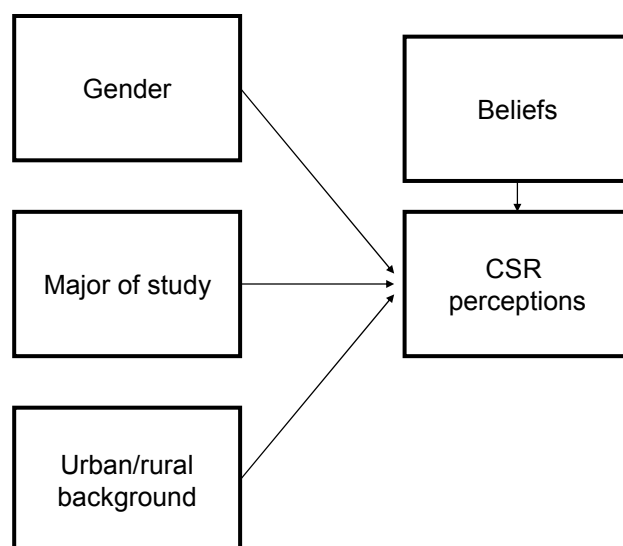


Figure 3.1. Conceptual framework for the study.

Gender and corporate social responsibility

Ford and Richardson (1994) review 14 total studies examining the relationship between ethical perception and various individual characteristics and found no uniform pattern. For example, seven of these studies find gender to have no impact on ethical decision making while the remaining seven studies concluded that females are likely to

act more ethically than males. The results of a meta-analysis by Borkowski and Ugras (1998) regarding the relationship between gender and ethical perception, suggest that most studies found females being harsher than males when judging ethical infractions.

While most of the studies in the field have focused on assessing ethical cognition, notable departures are Paul et al. (1997) and Burton and Hegarty (1999) who examine CSR related perceptions rather than ethical attitude. These scholars find female students to be more sensitive to CSR than males, i.e., they have higher CSR expectations. While past findings suggest that there may be differences in CSR perceptions between males and females, it is likely that such broad perceptions also influence specific perceptions such as CSR related with a particular industry.

In the context of this research, we posit that:

Males and females differ in terms of their perception of the US forest products industry's success in fulfilling its corporate social responsibility.

Using the triple bottom line approach being adopted in this research, the hypotheses for this research are:

H1(a): Males and females differ in terms of their perception of the US forest products industry's success in fulfilling its economic responsibilities.

And

H1(b): Males and females differ in terms of their perception of the US forest products industry's success in fulfilling its social responsibilities.

Similarly,

H1(c): Males and females differ in terms of their perception of the US forest products industry's success in fulfilling its environmental responsibilities.

Academic majors and corporate social responsibility

Past research conducted to assess students' perceptions of CSR predominantly focuses on business students. Hawkins and Cocanougher (1972) conclude that business students exhibit higher tolerance for unethical behavior than non-business students. However, Beltramini et al (1984) find that students majoring in business are more concerned about ethical issues than other students. The apparent contradiction of these two findings is clarified by Ford and Richardson (1994) who maintain that since the studies asked different questions, results do not necessarily reflect any definite inconsistency and further argue that it is possible that business students may be more concerned than others even though they are more tolerant. Scwartz et al. (1991) note that business students are, in large part, taught with a focus on being successful and accordingly the consideration of doing the right things in their decision making is diluted. Similarly, Lysonski and Gaidis (1991) suggest that business schools may be overemphasizing technical training and ignoring ethical considerations. Others holding this view include Waddock (2005) who takes a prescriptive position and suggests that business schools must provide their students a holistic picture regarding the connections between business, society and the environment in order to prevent organizations being run by "hollow leaders".

In sharp contrast with the above findings, Abdolmohammadi et al. (1997), argue that it is not clear if the ethical perceptions of business students are different than the students in other disciplines. Similarly, McNichols and Zimmer (1985) find no significant difference in ethical attitudes between students in different disciplines.

While the results regarding ethical perceptions of students with different majors of study are not consistent, some scholars have even examined the question at a sub-

discipline level. Jefferey (1993), for example, finds that business students majoring in accounting exhibited a higher level of ethical expectations than students with other majors within business. Another study conducted by Cohen et al. (1998) reveals that accounting majors perceive ethically ambiguous decisions as less ethical compared to other business majors and thereby exhibit a higher level of ethical development.

As noted previously, any industry sector employs persons with a variety of educational backgrounds. While it is reasonable to assume that the majority of managers have a business education, it is not only business students who will eventually hold positions that are likely to influence the state of ethics or CSR in particular industry sectors. As there are differences in ethical stances that students from different majors within business disciplines take, there is a logical plausibility to assume that such differences occur among students pursuing other disciplines as well.

In the context of this research, we posit:

Students pursuing various majors differ in terms of their perception of the US forest products industry's success in fulfilling its corporate social responsibility.

Using the triple bottom line approach being adopted in this research, the hypotheses are:

H2(a): Students pursuing various majors differ in terms of their perception of the US forest products industry's success in fulfilling its economic responsibilities.

And

H2(b): Students pursuing various majors differ in terms of their perception of the US forest products industry's success in fulfilling its social responsibilities.

Similarly,

H2(c): Students pursuing various majors differ in terms of their perception of the US forest products industry's success in fulfilling its environmental responsibilities.

Urban versus rural background and CSR

There is little literature that investigates the differences in ethical orientation or CSR perception between persons who were raised in rural versus urban settings.

However, Straughan and Roberts (1999) maintain that place of residence has been a variable of interest in green consumer research and conclude that most studies in the field suggest urban consumers show more favorable attitudes towards environmental issues. In the context of this research, we posit that

H3(a): Students that were raised in urban areas differ from those who were raised in rural areas in terms of their perception of the US forest products industry's success in fulfilling its economic responsibilities.

And

H3(b): Students that were raised in urban areas differ from those who were raised in rural areas in terms of their perception of the US forest products industry's success in fulfilling its social responsibilities.

Similarly,

H3(c): Students that were raised in urban areas differ from those who were raised in rural areas in terms of their perception of the US forest products industry's success in fulfilling its environmental responsibilities.

Data and Analysis

Employing a convenience sampling method, the sample for this study consisted of graduate and upper level undergraduate students from Oregon State University and University of Montana. A total of 257 students from Engineering, business, forest ecology, forest economics and environmental science provided responses (Table 3.1). Students were accessed via professors who were teaching courses in major disciplines

and agreed to survey administration in their classes. Students' turned in the completed questionnaires to professors either at the end of the class or the next time they came to class.

Table 3.1. Summary of respondents across study majors, gender, and urban/rural background.

	Engineering (n=51)	Business (n= 92)	Forest economics/ forestry (n= 68)	Forest ecology/ environmental science (n=46)
Male	88 %	65%	71 %	35 %
Female	12 %	35 %	29 %	65 %
Rural	50 %	51 %	71 %	40 %
Urban	50 %	49 %	29 %	60 %

Oregon State University: 160

University of Montana: 97

Data were collected by using a structured self-completion questionnaire (Appendix A). The questionnaire was originally developed at the University of Helsinki for use in a broader study meant to compare student's satisfaction with CSR in cross-national settings. The questionnaire was translated by a person who is a native Finnish speaker but has lived in the US for 12 years. The translator slightly changed some words that were not relevant to the US context. The translated questionnaire was sent to a PhD student and a professor in Finland and their agreement was secured to the translated version. The questionnaire consisted of items covering a number of themes. However, for the purpose of this research, we use only those themes that deal with beliefs regarding the attainment of social well-being and satisfaction with CSR in the forest products sector.

The first theme in the questionnaire was belief which consisted of four items each representing one way for achieving social well-being. Specifically, respondents

were asked about the relative importance they place on political control of business, globalization and the free market economy, CSR and the involvement of non-government organizations for securing social well-being. Each item was measured on a 5- point interval scale ranging from 1 (totally disagree) to 5 (totally agree).

Another theme in the questionnaire was perception regarding CSR success. This question consisted of 20 items covering economic, social and environmental domains asking respondents to rate the US forest industry's performance on each of 20 items on a 5-point interval scale (1=Very poorly to 5=Excellent).

Data were analyzed using SPSS 15.0 statistical software. At a basic level, means were used to interpret the magnitude of ratings. A cluster analysis was performed for dividing the respondents based on their belief about securing social well-being. Factor analysis with Varimax rotation was used in order to examine the dimensions of CSR satisfaction. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used to test the appropriateness of factor analysis. KMO values over 0.5 were considered sufficient. Additionally, Bartlett's test of sphericity was used for examining that variables are uncorrelated in the population, and thus suitable for performing factor analysis. According to Pallant (2006), the Bartlett's test of sphericity value should be significant. The differences in CSR satisfaction within study majors were examined by using one-way ANOVA. Between-gender differences were examined using independent samples t-tests.

Results

A cluster analysis was performed on four items that assess beliefs with regards to securing societal well-being. Based on the results of this analysis, the respondents

were separated in two groups: cluster 1 (Sociologists) consists of individuals who believe in some type of integrated system whether it is in the form of legislative control of business, business adopting CSR, or non-government organizations' participation in societal decision making, and cluster 2 (Economists) consists of those who believe that a globalized and free market is the best way to achieve social well-being. Table 3.2 below outlines the gender and academic major composition of the two groups.

Table 3.2. Gender and study-major breakup of the cluster classification.

Categories	Variables	Sociologists (n)	Economists (n)
Gender	Male	39%	61%
	Female	62.5%	37.5%
Academic majors	Engineering	20%	80%
	Business	31.5%	68.5%
	Forest economics and Forestry	57%	43%
	Forest ecology and Environmental Sci.	91%	9%

As can be seen, the proportions of sociologists and economists varies across gender and academic major. The forest ecology and environmental science category stands out in that only 9% of these students believe in the power of free economy as a means to achieve social well-being.

The KMO measure of sampling adequacy value of 0.935 and the significance of Bartlett's test of sphericity suggested that factor analysis is appropriate to perform on the CSR satisfaction items. Using principal component factor analysis, a two factor solution was found to be appropriate. One factor consisted of variables related with economic responsibilities whereas the second factor consisted of variables combining social and environmental responsibilities. One variable (Industry adopting sound

business practices and cooperation) showed very close cross-loading and therefore was eliminated from further analysis (Table 3.3).

Table 3.3. Factor loadings of variables on socio-environmental and economic components.

Variables	Socio-Environmental	Economic
Development of profitability, competitiveness and efficiency	.054	.722
Cooperation with educational institutes	.296	.632
Product safety	.245	.625
Meeting shareholders' profit expectations	-.315	.597
Securing biodiversity of nature	.843	.086
Protection of forests	.840	.111
Soil protection	.824	.129
Sustainable use of natural resources	.823	.095
Water protection	.793	.121
Taking non-economic values of forests into consideration	.793	.012
Air protection	.774	.210
Reduction of emissions	.750	.233
Recycling of waste	.747	.060
Continuing education for personnel	.624	.344
Relationships with local communities	.606	.346
Welfare of personnel	.599	.245
Supporting the economic welfare of society	.594	.344
Sponsoring societal activities	.534	.381
Relationships with forest owners	.495	.431

Factor analysis resulted in combining two categories comprising social and environmental responsibilities. Therefore, a new variable called socio-environmental responsibilities was calculated. Based on this factor solution, that combined social and environmental responsibilities, (b) and (c) parts of hypotheses H1, H2, and H3 were combined to form hypotheses H1 (b+c) and H2 (b+c), and H3 (b+c).

Results of T-tests (Table 3.4) show no evidence for a significant difference between males and females in their perceptions of industry's success in fulfilling economic responsibilities ($p= 0.373$). However, success of industry fulfilling its socio-environmental responsibilities was significantly different with males considering industry to be more successful than females ($p=0.009$).

Table 3.4. Differences between male and female perceptions of economic and socio-environmental success.

Responsibility	Gender	Mean	Sig. (2-tailed)
Economic	male	3.04	.373
	female	2.95	
Socio-Environmental	male	3.65	.009
	female	3.45	

ANOVA results indicate significant differences in perception among students of different academic majors regarding industry's success on both economic and socio-environmental responsibilities. Post-hoc (Tukey's HSD) tests show how different groups differed on both factors (Table 3.5)

Table 3.5. Differences in perceptions among academic majors of economic and socio-environmental success majors.

Responsibility	Major	Mean score
Economic	Engineering	3.87 ^a
	Forest Economics and Forestry	3.62 ^b
	Forest Ecology and Environmental Science	3.57 ^{a,b,c}
	Business	3.39 ^c
Socio-environmental	Engineering	3.18 ^x
	Forest Economics and Forestry	3.08 ^x
	Business	3.02 ^x
	Forest Ecology and Environmental Science	2.56

a, b, c, and x denote insignificant difference at 0.05 level

Table 3.5 shows that engineering students consider forest industry to be significantly more successful in fulfilling its economic responsibilities than individuals studying forest economics/forestry and business. Business students consider industry to be least successful but do not differ significantly from forest ecology/environmental science students.

With respect to socio-environmental responsibilities, engineering students consider the forest industry more successful than any other student group. However, with the exception of forest ecology and environmental science students, which are least satisfied with industry's fulfilling these responsibilities, the difference among other student major groups is not significant (Table 3.5). Forest ecology and environmental science students significantly differ from all other groups.

In summary, results show that male and female students do not show significant difference in terms of their perception regarding US forest products industry's success in fulfilling its economic responsibilities. Accordingly, the posited hypothesis H1 (a) that males and females differ in terms of their satisfaction with US forest products industry fulfilling its economic responsibilities, is rejected.

Results indicate that males and females have a significant difference in their perception regarding industry's success in fulfilling its socio-environmental responsibilities. Accordingly, the hypothesis is supported.

ANOVA results indicate that students with different study majors significantly differ both on industry fulfilling its economic and socio-environmental responsibilities. However, all academic majors do not have significant differences among each other and accordingly, hypotheses H2 (a), H2 (b+c) are partially supported (Table 3.6).

In terms of the setting of respondents' upbringing, there is no significant difference between those who were raised in rural areas and those who were raised in urban areas, in terms of their perceptions regarding industry's success in fulfilling its economic ($p=0.486$) and socio-environmental responsibilities ($p=0.176$). Hence H3 (a) and H3 (b+c) are rejected. We also did not find any significant differences between males and females perceptions within rural and urban contexts separately.

Table 3.6. Original hypotheses, post factor analysis hypotheses and results.

Original Hypotheses	Post factor analysis hypotheses	Result
H1 (a): Males and females differ about the success about economic responsibilities	H1 (a)	Rejected
H1 (b): Males and females differ about social responsibilities	H1 (b) and H1 (c) combined	Supported
H1 (c): Males and females differ about environmental responsibilities		
H2 (a): Different academic majors differ about economic responsibilities	H2 (a)	Partially supported
H2 (b): Different academic majors differ about social responsibilities	H2 (b) and H2 (c) combined	Partially supported
H2 (c) Different academic majors differ about environmental responsibilities		
H3 (a): Students with urban and rural backgrounds differ about economic responsibilities	H3 (a)	Rejected
H3 (b): Students with urban and rural backgrounds differ about social responsibilities	H3 (b) and H3 (c) combined	Rejected
H3 (c): Students with urban and rural backgrounds differ about environmental responsibilities		

Cluster groups comprising sociologists and economists showed no significant difference in terms of their perceptions regarding industry's success in fulfilling its economic responsibilities ($p=0.074$). The two groups, however, were significantly different in terms of their perceptions regarding industry's success in fulfilling its socio-environmental responsibilities ($p<0.001$) with sociologists considering industry less successful than economists do.

It is often suggested that social and environmental responsibility can only be achieved at the expense of economic performance. To investigate the views of students on this matter, we looked at the correlations between the two factors (economic and socio-environmental). Table 3.7 shows how the correlations vary among academic majors, genders, and the setting where respondents were raised. Nearly every student category exhibits a significant correlation between the two factors.

Table 3.7. Pearson correlations (r) between perceived economic and socio-environmental success for different groups.

Groups	Correlation between economic and socio-environmental performance (r)	p-values
Overall	0.36	0.000
Males	0.36	0.000
Females	0.34	0.003
Engineering	0.28	0.051
Business	0.37	0.001
Forest economics / forestry	0.27	0.040
Forest ecology / environmental sci.	0.55	0.000
Rural	0.45	0.000
Urban	0.23	0.025
Sociologists	0.17	0.080
Economists	0.47	0.000

Discussion and Conclusion

Study findings show that business and forest ecology/environmental science students are least satisfied with industry fulfilling its economic responsibilities. The descending order of the satisfaction level of various study majors regarding industry fulfilling its economic responsibilities is:

Engineering → Forest economics / forestry → Forest ecology / environmental science → Business

Regarding socio-environmental responsibilities, forest ecology/environmental science students are significantly less satisfied than any other major. The remaining groups do not show any significant differences. The descending order of the satisfaction level of various study majors regarding industry fulfilling its socio-environmental responsibilities is:

Engineering → Forest economics / forestry → Business → Forest ecology / environmental science

Engineering and forest economics/forestry students consider industry to be very successful in fulfilling both its economic and socio-environmental responsibilities. Business and forest ecology/environmental science students consider performance to be rather low.

Regarding socio-environmental responsibilities, it is likely that increasing exposure of business students to environmental and social problems is shaping their low satisfaction level with industry's performance. Given the academic focus of Forest ecology/environmental science students, it may be assumed that these students have higher social and environmental expectations from industry and hence their being less

satisfied. However, their also being the least satisfied with economic success of industry is somewhat surprising. Engineering and forest economics/forestry students have relatively lower expectations both in economic and socio-environmental domains which may be explained by the relative technical focus of these students.

Potential implications of the findings can be interpreted in two ways: (1) Engineering and forest economics/forestry curricula must incorporate more social, environmental and financial performance related components or (2) If the proportion of business and forest ecology/environmental science students increase in forest companies or related organizations, there will be enhanced pressure on industry for higher performance in both economic and socio-environmental domains.

Females consider industry's socio-environmental success to be significantly lower than males. This aligns well with most of the past research suggesting that females are harsher in evaluating socio-environmental performance of companies. It can be expected that an increased number of females in industry and associated organizations will likely result in higher socio-environmental targets for industry.

The belief that a freely operating economy and globalization is the best way to achieve societal well-being is held by a greater proportion of males than females. A higher proportion of females, on the other hand, hold the belief that is more integrative and is based on corporations, political system, and NGOs coming together to achieve societal well-being. Thus, in a world where multi-stakeholder decision making is becoming common, females appear to align more with this current practice better than males.

Correlations between industry's success in fulfilling its economic and socio-environmental responsibilities indicate that students overall, do not seem to face a

dilemma in industry being simultaneously successful in fulfilling economic and socio-environmental responsibilities. Engineering students are the only study-major that show an insignificant correlation between the economic and socio-environmental performances. This might be interpreted that engineering students are not able to perceive a co-existence of economic and socio-environmental success. Forest ecology and environmental science students have the highest correlation. This could also mean that forest ecology and environmental science students hold the current view of sustainable development more strongly than any other academic major. Similarly, students that were raised in rural settings are able to more strongly place economic success and socio-environmental success together than those who were raised in urban settings, and may, therefore, be considered more receptive of the sustainable development concept.

Surprisingly, those who believe free economy and globalization to be the best way to achieve societal well-being significantly correlate economic and socio-environmental success while those who believe in an integrative, multi-stakeholder model show quite weak and insignificant correlation. It is likely that those who believe in free economy have the tendency to rate industry success higher on both economic and socio-environmental dimensions, whereas, those who believe in a multi-stakeholder model do not consider industry being able to balance its economic and socio-environmental responsibilities.

Limitations and Future Research

Students for this study were not selected randomly and as such the results of this study can, at best, be considered indicative. Replication of this study at more

Universities and colleges may provide robustness to these findings. Also, students from other academic majors may provide a broader base to understand more about tomorrow's informed society. We also compared economic and socio-environmental variable scores between students from Oregon State and University of Montana. While there were no differences on socio-environmental variables, significant differences were found on economic scores. It may be worth a further examination as to why such differences may emerge. Are these differences just because of different compositions of two samples and can be attributed to background variables (study major, gender, and rural/urban) or do they exist even after having accounted for background variables.

While students are likely to be important constituents of various future stakeholder groups surrounding the US forest products industry, and, thus, their perceptions regarding industry's current CSR performance are highly pertinent to the evolution of CSR and business ethics, they do not reflect the current dominant perception that society in general holds regarding CSR of the US forest products industries. Accordingly, a public survey, for example, would provide more useful insights.

At a theoretical level, this study is limited by the selection of the activities considered to form social and environmental responsibilities. Originally this questionnaire was developed in Finland and may not totally capture the activities that US residents relate more with CSR. As such, any future CSR research in the US forest products must first identify context appropriate social and environmental issues using an objective methodology. Finally, the results of this study are limited by the twin nature of the word "successful" as it relates to this study. We do not know whether students' perception of success is defined by higher (or lower) expectations they have

from industry or by higher (or lower) level of perception regarding industry performance. Accordingly, any future research would add substantial value by separately assessing performance and expectations as they relate to CSR activities.

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CHAPTER 4 – IDENTIFYING SOCIAL AND ENVIRONMENTAL ISSUES FACING THE US FOREST PRODUCTS INDUSTRY

Abstract

The issues management approach to corporate social responsibility consists of identifying, evaluating and responding to the issues that an industry must address in order to be socially responsible. However, very little academic literature exists pertaining to the process of issues identification. Fourteen interviews were conducted with key-informants drawn from non-government organizations, government and political offices, forest products associations, a multilateral organization and an extension expert. A rich set of issues was generated covering social and environmental issues. In order to develop a concise set of issues, a Delphi technique was employed consisting of forest products management and marketing academicians from the US. A two-round Delphi resulted in identification of six social and six environmental issues that the US forest products industry must address in order to be socially responsible.

Introduction

Legal mechanisms have traditionally been used to address public skepticism regarding corporate integrity and also to ensure that businesses appropriately use the enormous power that they have. Lately, however, extra-legal, value laden concepts, like business ethics and corporate social responsibility (CSR) have been propounded to define and evaluate business policies and practices that have or are likely to have an effect on social and environmental domains. These concepts, which supplement the existing legal framework governing business behavior, are indicative of changed

societal expectations of business and as such create a significantly changed business environment in which modern businesses operate.

Typically, such expectations require that organizations broaden their bottom line to incorporate social and environmental responsibilities in addition to economic responsibilities (Elkington 1997). Such changes in the business environment have a profound impact on business organizations across different industry sectors and consequently many organizations respond by striving for higher social and environmental performance in the course of conducting their business. Accordingly, evaluation and monitoring of social and environmental performance is an important proposition from the standpoint of both business organizations and society. In addition to serving as a measure of business response to changes in the business environment, Epstein (1987) suggests, social performance of business may also have an impact on public policy in the form of judicial decisions, legislation, executive orders, and administrative regulations.

Sethi (1979) argues that evaluation of corporate social performance is a context and time dependent phenomenon. Accordingly he suggests that the same activity can be considered socially responsible at one time, under one set of circumstances, and in one culture, and socially irresponsible at a changed time or under changed circumstances. Similarly, it may be argued that social responsibility and expectations may also vary from one industry sector to another.

Certain industries, by their very nature, may have a greater impact on the environment or people than others. Accordingly, societal expectations about social responsibilities may vary from one industry to another. The forest industry may be considered an exceptional sector from a CSR viewpoint. The industry depends on

forests, a natural resource with which people often have strong emotional connections. In addition, energy-intensive production process and globalization of both the raw material procurement and manufacturing have created many social and environmental issues such as workers' conditions, emissions related with production, and illegal logging/purchasing. Nasi et al. (1997) note that the increase in environmental awareness has intensified social pressure on forestry companies and therefore increased the need for them to embrace CSR. This has also forced companies to explore different approaches of adopting social responsibility. Among others, issues management is one such important approach that may be considered more relevant than alternative approaches in many ways (Panwar and Hansen 2007). Identification of issues, however, may create significant challenges for companies. Companies may be faced not only with the challenge of how to identify the issues but also with ensuring the social relevance of the selected issues, especially when the social demands are multiple.

Objectives

The objective of this research is to develop a concise set of issues that the US forest products companies may address in order to be socially responsible. Through this research, we propose a procedural framework that can be used for identifying those social and environmental issues that companies can choose to address in order to be socially responsible.

The proposed framework is illustrated in the context of the US forest products industry. The results obtained provide a direct reference for the forest products sector,

but, this methodological framework can be used for issue identification in other geographical, chronological, and sectoral contexts.

Theoretical background

Issues management

While maintaining that business institutions in the United States and other industrially developed countries have suffered a marked loss in social credibility, Sethi (1979) proposes a conceptual framework for analyzing social issues. Societal expectations of business have constantly risen and have placed heightened challenges for business to maintain and enhance its social legitimacy and credibility. Greening and Gray (1994) observe that business organizations have been increasingly held accountable for their performance on a wide range of issues, such as clean air, nutritional labeling, and equal opportunity employment, to name a few. These authors propose that the process of addressing such issues is known as issues management.

Mahon and Waddock (1991) argue that at a global level, the changing socio-political business environment presents potential issues that corporate managers and public policy makers may have or will have to face. In the context of the changed business environment, Mahon and Wartick (2003) emphasize the importance of and the broad role that issues management plays. They suggest that another important area in the purview of issues management is organizations' interface with the political arena. Within this role, issues management deals with recognizing the impact that legislation, regulation, and social action can have on a business cluster (suppliers, buyers, etc.).

A theoretically important conceptualization that Mahon and Wartick (2003) propose is the inclusion of a stakeholder management approach within issues management. Mahon and Wartick (2003) maintain that stakeholder management refers to the methods that organizations use to assess and deal with various stakeholder groups on a given issue. This argument brings issue management to the center of the modern CSR discussion wherein, organizations continually strive for managing diverse stakeholder groups. As a result, organizations do not manage the stakeholders but manage those issues that different stakeholders consider to be important. Stakeholders' salience in this sense becomes issues salience and stakeholders become the vehicles for transporting the issues from the public arena to corporate boardrooms and vice versa.

In the business and society literature, subtle differences between CSR and business ethics concepts pose challenges to many scholars. By bringing in the element of "issues", Epstein (1987) argues that both CSR and business ethics revolve around the issues involved "... during any given time, the business ethics and corporate social responsibility literatures have been mirror images with regard to specific issues and concerns (Epstein 1987)."

Other scholars have emphasized the importance of the issues management approach in different ways. Marx (1986) argues that successful business strategies depend upon the effective integration of public issues management and corporate strategic planning. Accordingly issues are warning signs for future legal requirements (Carroll 1991), should organizations fail to respond to them in a timely manner.

Issues identification

Issues identification is an integral component of the issues management approach (Johnson 1983, Wartick and Rude 1986). Mahon and Waddock (1992) suggest that issues are “problems” as defined by influential stakeholders and accordingly warrant managerial attention. Organizations may feel challenged to identify these problems before they pose serious concerns. Sharfman et al. (2000) maintain that due to the value-laden nature of social issues, managerial values play an important role in the process of evaluating social issues. As a result, it is possible that different organizations choose different issues to address and also that their response to any one issue may be very different. As such, there is no single way to ensure that an organization is choosing those issues to respond to that are expected by society in general and are likely to interest influential stakeholders. In the absence of a well-laid out methodology, it is possible that purely value-based decisions may not adequately reflect the true sentiments of relevant stakeholders.

Methods

Identification of issues specific to the forest products industry: Stage one

Ritchie (2003) maintains that qualitative research approaches are desirable for applications where information is collected from individuals that have specialized roles in society and where the nature of the subject coverage is likely to be complex. The field of CSR in the United States forest products industry has not been widely investigated and therefore we chose to conduct this exploratory study through a qualitative approach, using interviews.

Data source

Center and Jackson (2002) show that the perceived will or opinion of an unorganized general public is carried out through small groups that focus on specific issues. Typically, special interest groups either focus on key issues and target multiple industry sectors or are focused on particular industry sectors targeting multiple issues. We posit that industry-focused special interest groups form a more information intensive source of public opinion relevant to an industry. Accordingly, non-government organizations focusing on the forest sector form the primary data source. Other important data sources include government agencies and political office holders that have interest in this sector. Additionally, the organizations that oversee a particular industry's interface with the rest of the world (beyond any specific company's level) such as, industry associations are rich depository of relevant information. Finally, in a globalized world, international agencies, especially those dealing with international level policy formation can be considered having relevant data.

Data collection and results

Patton (2002) maintains that depending on the purpose, more than one qualitative sampling strategy can be adopted. In this research we began with intensity sampling, in which information-rich cases that manifest the phenomenon intensely are selected. These information-rich cases were selected via internet searches and organizations' interest in CSR in the forest products industry. After several such cases were contacted, we relied on snowball sampling in which these information rich cases referred us to other information rich cases. In total, fourteen key informants were interviewed (Table 4.1).

Table 4.1. Description of interview participants.

Political office holders	2
Non-government organizations	6
Government officers	2
Forest Products Association Officers	2
Academic-industry interface expert	1
Multilateral organization forest sector specialist	1

Interviews were conducted with key informants using questions that were designed to draw out social and environmental issues facing the forest products industry. A semi-structured interview protocol was prepared to elicit participant views regarding the social and environmental issues that the US forest products industry should address in order to be socially responsible. Participants were consistently able to identify concrete issues and hence there was little need for interpretation by the researcher. Accordingly, data were recorded via note-taking.

Maxwell (1996) notes that qualitative studies have three types of purposes: description, interpretation, and theory building. Accordingly, he suggests three potential threats to validity. This research aims at identification and description of issues and therefore, based on this purpose, the primary concern is to secure descriptive validity. Maxwell (1996) suggests making thorough notes and the use of member-checks to eliminate the threat to descriptive validity. Additionally, Maxwell (2005) includes bias and reactivity as two threats to validity in qualitative research. In this research, we used direct questions and responses were straight forward identification of social and environmental categories and accordingly required little interpretation by the researchers. Therefore, bias and reactivity threats were minimized by the design and purpose of the study. Maxwell (2005) also suggests respondent validation as one of the important methods to eliminate threats to validity. All the issues and related

explanations that respondents provided were noted and at the end of each interview, the researcher summarized to the respondents the issues that they identified in social and environmental categories. Respondents' agreement to this summary served as respondent validation. Each interview took approximately 30 minutes. Twelve total social issues and twenty total environmental issues were identified at this stage (Tables 4.2 and 4.3).

Table 4.2. Social issues facing the US forest products industry as identified by key informants during stage 1.

<ul style="list-style-type: none"> • Address the problem of illegal immigrants in the US • Improve health care provision for industry employees • Stop unfair employee treatment • Encourage public scrutiny on environmental and land management practices • Create philanthropic foundations • Invest in surrounding communities • Promote responsible consumption among consumers 	<ul style="list-style-type: none"> • Improve industry's public image • Help increase pressures on timberland investment management organizations (TIMOs) • Check urbanization that is leading to decreasing forestland • Stem declining employment in the sector • Engage with the surrounding communities
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Table 4.3. Environmental issues facing the US forest products industry as identified by key informants during stage 1.

<ul style="list-style-type: none"> • Check the increase in insects, diseases and wild fires • Promote and/or practice sustainable forestry • Help check high plant mortality rates • Protect endangered species • Clear the overstock of unhealthy forests • Help stop fragmentation of forests • Help reduce plantation forestry that leads to monoculture • Promote forest certification • Help check illegal logging in other countries • Promote independent third party forest certification 	<ul style="list-style-type: none"> • Increase the use of renewable resources • Reduce point and non-point pollution (air and water pollution) • Improve waste management • Adopt environmentally sound purchasing policies • Mitigate global warming • Promote bio-diversity • Help check deforestation • Increase recycling • Reduce overall energy consumption • Establish environmental management systems (EMS)
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Issues consolidation and selection: Stage two

As can be seen in tables 4.1 and 4.2, the issues identified by key informants provide a wide array of issues that companies face. Limited company resources or the stage of implementing CSR may not allow all companies to address all possible issues. Since different key-informants have proposed different issues, a mechanism is needed that condenses these issues to a concise “do-list”.

Various scholars (Delbecq et al. 1975, Dawson & Barker 1995, Murphy et al. 1998) suggest the use of Delphi technique for reaching consensus in situations that involve lack of agreement. Delphi is a flexible and reliable technique that essentially involves a series of sequential rounds for reaching consensus among a group of experts (Linstone and Turoff 1975). Typically, the first round uses an open ended approach to generate rich data (Powell 2003), yet Delphi can also be used as a part of

larger study (e.g., Oranga and Nordberg 1993) in which the open ended round can be replaced with other methods, and the data generated using any other method may feed into Delphi discussion. Accordingly, in order to shortlist the issues, we chose to adopt the Delphi method and considered the issues generated during stage 1 (interviews) as forming a rich data to feed into Delphi discussion.

Delphi participants

Murphy et al. (1998) maintain that Delphi participants must possess a wide range of direct knowledge and experience. Delphi participants are the individuals who have knowledge of the topic being investigated, referred to as “a panel of informed individuals” (McKenna 1994) or “experts” (Hasson et al. 2000).

Although scholars (Delbecq et al. 1975, Murphy et al. 1998) suggest that participants should form a heterogeneous Delphi group, in this research we had diverse representation via the interviews in stage 1 and generated rich data. Powell (2003) suggests that Delphi participants are typically selected based on their experience and expertise in the area of research interest. However, Jairath and Weinstein (1994) argue that participants should not only possess current knowledge and perceptions but it is also important that they are impartial to the topic. The view of selecting impartial participants is also proposed by Goodman (1987). For such a value-laden topic as CSR, we feel that selecting impartial participants who have knowledge about the field is especially pertinent.

Logically, academicians in the area of forest products can be considered possessing current knowledge and perceptions regarding CSR issues in the forest sector while maintaining neutrality toward this topic. Accordingly, the Delphi

participants for this study constituted forest products business faculty members at various US Universities. Fifteen relevant faculty members were identified and contacted requesting their participation in the Delphi exercise and seven agreed to participate.

Delphi conduct and results

Jones et al (1992) argue that the number of rounds in a Delphi must be dictated by pragmatic factors. To meet our objectives of developing a concise set of issues and for illustrating a methodological framework, we chose to select the top five issues in each of the social and environmental categories, and designed a two-round Delphi. In the first round, we asked Delphi participants to rank the top 10 issues in each social and environmental issue sets identified during stage 1.

Each time an issue was ranked first by any participant, it was assigned 10 points. A 2nd rank was assigned 9 points and so on. In decreasing order this yielded in assigning 1 point if an issue was ranked 10th by any participant. Since there were seven participants, an issue could receive a total combined score between 70 and 7 (7X10=70, 7x1=7).

In the environmental category, three issues stood out as clear leaders in their total scores while seven issues were too close to separate from each other. In the Delphi process, scholars use different levels of agreement to establish consensus. We followed Butterworth and Bishop (1995) who suggested that consensus refers to most participants' agreement. For achieving most participants' agreement with minimum number of Delphi iterations, we decided to identify those issues that were ranked in the top 5 by at least two of the participants. This criterion provided five issues. Combining

these five issues with three clear leaders, we initiated the second Delphi round and sent these eight issues to participants asking them to identify the top five issues. Following the same procedure, in the social category the number of issues selected to be sent for the second Delphi round was six.

Although, we targeted to identify five issues in each social and environmental category, yet at the end of second Delphi round, both in environmental and social categories, there were ties in scores. As a result, we ended up identifying the top six issues (Table 4.4) in the social and environmental categories that our Delphi participants consider the US forest products industries must address in order to be socially responsible.

Table 4.4. Social and environmental issues that the US forest products industry must address for embracing CSR.

Social Issues	Environmental Issues
<ul style="list-style-type: none"> • Encourage public scrutiny on environmental and land management practices • Invest in surrounding communities • Promote responsible consumption among consumers • Stem declining employment in the sector • Engage with the surrounding communities • Improve industry's public image 	<ul style="list-style-type: none"> • Promote and/or practice sustainable forestry • Increase the use of renewable resources • Adopt environmentally sound purchasing policies • Mitigate global warming • Reduce overall energy consumption • Improve waste management

Given that our objectives were limited to identification of a concise set of issues and illustration of a methodological framework for issues identification, we decided not to pursue the Delphi process further.

Discussion and Conclusion

An issue may receive varying attention by organizational decision makers. Accordingly, Greening and Gray (1994) maintain that the same issue may evoke a marketing response from one firm and a public relations response from another. The methodological framework proposed here relates issues with potential CSR response and provides managers with a useful tool for issues identification in the realm of CSR. Wartick and Rude (1986) argue that issue identification approaches range from the “pornographic” perspective (We know it when we see it) to “passive” approach (An issue is what others tells us an issue is). These authors suggest that companies must avoid these two extremes. While our proposed two-stage framework (Figure 4.1) might seem passive in nature, underlying the process is a proactive company stance to identify those issues that are most relevant.

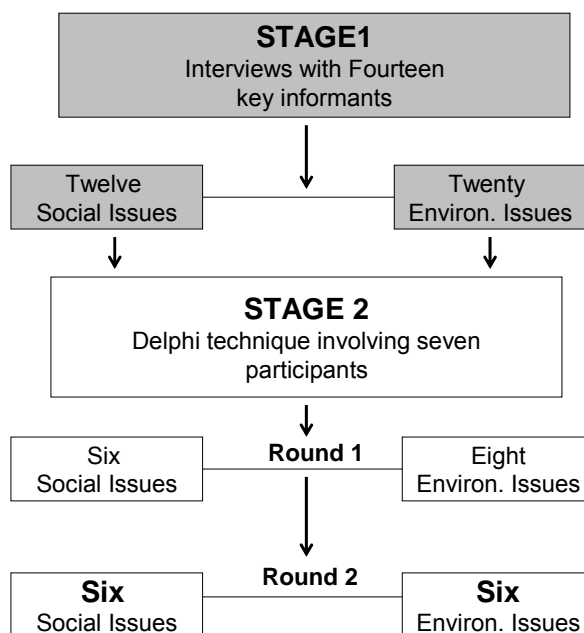


Figure 4.1. Illustration of two stage framework for issues identification with descriptions and results.

A fundamental premise of this research is the need to identify credible issues for incorporation into CSR activities. Given that CSR programs and standards that most companies embrace are often developed in consultation with other business (consulting) organizations, public skepticism about CSR standards and companies' sustainability reports may be expected. For instance, one of our key informants in stage 1 who belonged to a leading non-government organization remarked "Sustainability reports are marketing pieces". The methodology that we propose promises to de-link often criticized marketing (promotional) elements from companies' social responsibility efforts.

The combination of methods: interviews followed by Delphi decision making, provides a much needed bridge between non-government organizations and

companies. In the wake of the sentiment that NGOs and business cannot come together on mutually acceptable and feasible terms, a rather neutral yet knowledgeable community (academic experts) provides a much needed lubrication to the friction created by the differential stances that NGOs and industry often take.

While we propose this method as the one that can be used by other industries and at other geographical locations, we are, at the same time, cognizant of a potential criticism related with the loss of an organization's innovation and creativity in identifying issues that it may want to address. Prima facie, one could argue that this proposed method is an out-sourcing of a company's CSR decisions. We, however, contend that this proposed framework provides (i) priority areas that particular **industry sectors** must essentially address through their CSR efforts and communication (e.g., sustainability reports), and (ii) a "common minimum" that must be taken by **companies** as a necessary but not a sufficient set of issues as a part of their CSR efforts. Striving to go beyond the "common minimum" leaves room for individual **companies'** innovation and creativity. Implicitly, this "common minimum" sets the stage for reactive CSR (following societal expectations) and leaves room for those companies that may want to embrace social responsibility proactively (lead societal expectations). As such, this method can be used by both industry associations and individual companies for identification of CSR issues.

Limitations

From a qualitative methodological perspective, data saturation is a commonly accepted method for concluding data collection. However, we observed that saturation, as defined by the replication of data generated, is dependent on the sequencing of

interviews. As an example, we observed significant replication in data after the fourth interview. However, the fifth interview generated considerable new data. As such, this framework is limited by the lack of data saturation and triangulation but given the illustrative nature of the work, these limitations do not cause serious concerns.

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CHAPTER 5 – EVALUATING SOCIAL AND ENVIRONMENTAL ISSUES FACING THE FOREST PRODUCTS INDUSTRY

Abstract

Issues evaluation is an integral component of an issues management approach. The concept of an expectational gap provides a basis for issues evaluation yet the concept suffers from an ambiguity that limits its application for issues evaluation. The legitimacy gap concept from the social contract theory literature is used to clear the ambiguity surrounding expectational gaps and an issues evaluation framework is developed. Application of this framework is demonstrated in the context of forest products industry by conducting a survey comprising society and industry respondents in the states of Washington, Oregon, Idaho and Montana. The framework is used to assess the differences in various gaps between corporations and family-owned companies. Results indicate the existence of legitimacy gaps and expectational gaps both for corporations and family-owned companies. Responses are proposed based on different gaps that the forest products industry may consider for its alignment with societal perceptions in social and environmental domains.

Introduction

The environment surrounding contemporary business organizations has undergone extensive change in the past few decades and the relevance of the traditional view regarding the role of business in society which classical economists once espoused has considerably eroded. Traditionally, business was considered an institution, the purpose of which was to enhance value for its financial stakeholders (stockholders). In modern times, however, one of the increasingly popular mandates is

that business, being a powerful institution, must assume broader responsibilities. These broader responsibilities, which may differ from one context to another, are typically referred to as corporate social responsibility (CSR). Scholars have proposed a spectrum of rationalities that emphasize why companies ought to embrace CSR. These range from the abstract such as normative theories to mundane such as achieving competitive advantage, improving profitability, or mitigating risk.

CSR has been defined in many ways. Some scholars define it from a perspective of minimizing harm to society, others take a maintenance (conservation or preservation) stance, and still others espouse a proactive, promotional role for business. Regardless of the perspective, there seems a general agreement that CSR refers to business being responsive to society and to environment. There is, however, very little agreement on how to specify “society” and “environment” since, literally speaking, everything affecting humans can be considered societal and everything dealing with all other non-human living organisms is environmental. As such, while more companies in the world now agree on the virtues of adopting CSR, one significant challenge companies face is to specify and implement this “broader set of responsibilities”.

The stakeholder management approach is a commonly accepted framework that helps companies in specifying and implementing CSR. Noted CSR scholar Carroll (1991) maintains, “stakeholder nomenclature puts names and faces on the societal members who are most urgent to business, and to whom it must be responsive.” The popularity of this concept is reflected by Donaldson and Preston (1995) who argue that the ultimate test of corporate performance will be whether a firm is able to satisfy multiple stakeholder interests, not the conventional economic criteria.

With considerable endorsement from the intellectual community and all its strategic promise, stakeholder management has been a dominant framework that has guided the approach of business to CSR. Recently, however, the stakeholder management approach has received criticism. Jensen (2000), for example, maintains that this theory is incomplete in specifying the objective function of any organization. Blowfield (2005) considers the stakeholder concept as one of the orthodoxies of CSR that will be responsible for what he considers the imminent demise of CSR as a discipline.

A rather under-embraced approach called issues management has the potential to develop insights that may be useful both for fine tuning stakeholder management practices and also for developing an alternative framework for CSR management. Although some similarities can be found between stakeholder management and issues management, the fundamental difference between the two is that the former focuses on claimants while the latter focuses on claims. Wartick and Rude (1986) define issues management as “the process by which a corporation can identify, evaluate, and respond to social and political issues”. Accordingly, application of issues management to CSR is a three-stage process including identification, evaluation, and response to social and environmental issues. Panwar and Hansen (Chapter 4 in this dissertation) identify a set of social and environmental issues that the US forest products industry must address in order to be socially responsible. Issues evaluation can be conducted using the concept of expectational gaps as proposed by Wartick and Wood (1998). Expectational gaps refer to three types of gaps that help understand the composition of differences among societal and business view regarding

particular issues. Issues evaluation can also provide foundation for developing strategic response to social and environmental issues.

While issues management literature and the concept of expectational gaps have existed for quite some time, we were unable to identify research in which, this framework has been used for empirical purposes. This research purports to fill this gap.

Objectives

- The overall objective of this research is to develop and demonstrate a framework for issues evaluation using an expectational gaps approach
- The specific objective is an evaluation of social and environmental issues facing the US forest products industry using this framework for a better understanding regarding potential response to these issues

Context of the research

We have chosen to conduct this research on the Western U.S. forest products industry (located within the states of Washington, Oregon, Idaho, and Montana) for several reasons. First, we chose the forest products industry because it has been subjected to changing social and environmental expectations in recent years. Second, we wanted a population in which a large proportion of the general public would likely be relatively well informed about one industry sector. The Western region of the US can be considered a region where, due to strong forestry and forest products industry traditions, a higher proportion of the population is likely to be knowledgeable about the forest products sector. Finally, the forest products industry can be used to draw parallels with other US industries (Sonnenfeld 1981).

Theoretical background

The field of issues management largely developed in response to the need business to engage in public policy formulation. In practice, issues management has traditionally been used as an approach for corporate reputation management. Barring a few scholarly references that tie issues management with CSR (e.g., Wartick and Wood 1998), theoretical as well as empirical support for an issues management approach to manage CSR is under-developed. Organizational legitimacy is an important concept that helps make a theoretical connection between CSR and issues management. Additionally, a legitimacy gap concept in combination with expectational gaps helps in issues evaluation.

CSR and organizational legitimacy

CSR transcends shareholders' and owners' interests, and connects a company with the larger social system in which it is embedded. CSR therefore, is a concept that has its roots in a system-oriented view of the firm (systems-theory). Systems theory suggests that an organization is a part of a broader social system (Gray et al. 1996) and that an organization exists only to the extent that a particular society considers it legitimate for such an existence. Deegan (2002) notes, "...society confers upon the organization a state of legitimacy." Legitimacy can be understood with the help of the concept of social contracts, which suggests that society gives resources to any organization with an expectation that the benefits to society will exceed the cost that society bears by providing such resources to any organization. Suchman (1995) defines legitimacy as a "generalized perception that actions of an entity are desirable,

proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.”

During the period when societal perceptions were dominated by classical economic ideologies based on ideas such as the power of the invisible hand (the idea that good business will take care of societal well-being) (Smith 1776) and the belief that the “business of business is business (Friedman 1970)”, society expected business to provide only financial gains to its stockholders. This was an era when the words “finance” and “capital” were considered undisputable synonyms for each other, and they meant only one thing: money. Money was considered the only resource that business was using. Thus, in those societies, any business could have gained legitimacy by producing sufficient financial benefits. Only one group, the stockholders (or owners) could provide legitimacy to a business.

Today’s world is far more complex. The interplay among factors such as the increasing depletion of natural resources and the significant challenges to social well-being are leading to the recognition that non-monetary resources are integral components of capital, expanding its traditional meaning. For example, Adolphson (2004) proposes three types of capital—financial capital, human capital and natural capital. A long held trust in the power of the invisible hand is being eroded and replaced with the idea that: “natural and human capital form the invisible arm that drives the invisible hand (Adolphson 2004)”. According to this view, natural and human capital are considered higher level resources, and financial capital is seen as a derivative of the interaction of these higher level resources. This idea is central to the field of ecological economics and forms the basis for an increasingly popular concept known as sustainable development (Lawn 2001, Rennings 2000).

CSR is a paradigm that can be seen as based on this threefold view of capital. Accordingly, within the CSR paradigm, a business can not gain legitimacy exclusively via stockholders (based on its financial performance), but needs a broader legitimacy that is related to its social and environmental performance. One could argue, then, that the CSR activities implemented by companies are targeted at securing broader social and environmental legitimacy. A similar concept that is more commonly used in CSR literature is known as social license to operate (Kagan et al. 2003).

Seeking legitimacy through stakeholders

A comprehensive view of capital would imply that a business must be accountable to society in its entirety. In practice, responding to all the claims from society proves untenable. Accordingly, organizations develop a framework for segmenting society to “sort out” fewer groups that it considers more relevant than others. This “sorting out” can be traced to the stakeholder theory of the firm (Freeman 1984), which suggests that a firm exists to serve the interests of its stakeholders. It follows then that the groups, which an organization considers most relevant, are commonly referred to as stakeholders of an organization. Thus, in the context of CSR, stakeholder management offers a framework that helps organizations in limiting the social and environmental domains by focusing on certain groups.

Deegan (2002) maintains that stakeholder theory has an ethical (normative) and a managerial (positive) branch. While the ethical branch provides theoretical prescriptions about who an organization’s stakeholder ought to be and how they should be treated, the managerial branch (stakeholder management) is more concerned with

managing the stakeholders. Successful stakeholder management provides stakeholder legitimacy to organizations.

Typically, only powerful groups are able to enter what could be called the stakeholders club of a business organization, while all other potential stakeholder groups engage in a power-struggle among each other. All these groups claim to be representative of broader society, and therefore one important factor determining the power that a potential stakeholder group may have is its own social legitimacy relative to others. For example, the membership drives of non-governmental organizations are reflective of the efforts these groups undertake to enhance their social legitimacy. In order to maintain their social legitimacy, potential stakeholders continuously search for those areas (problems) which broader society considers important. The higher the social legitimacy a group possesses, the more power it is likely to hold relative to both a business organization as well competing potential stakeholder groups. The quest for being a stakeholder can be called a quest for being what Lamertz et al. (2003) call “key social actors.”

Securing legitimacy through issues management

Clarkson (1995) remarks that business organizations which practice stakeholder management, respond to stakeholder issues rather than social issues and in doing so, some of them have a strategic intent to develop long term relationships with stakeholders. However, as Nasi et al (1997) note, many stakeholders change from one problem to another. A new social issue (that society at large considers to be an issue or a problem) may attract groups which champion it and demand business organizations to address. In many cases, it can be a new group which is outside the

stakeholders club of an organization. Therefore, organizations practicing stakeholder management often fail to develop a long term legitimacy.

Nasi et al. (1997) note that legitimacy is not a characteristic of an organization, but rather a measure of societal perceptions of the adequacy of corporate behavior compared to societal expectations for corporate activity on particular issues.

Zyglidopoulos (2003) defines an issue as a controversy that exists at the intersection of the public and corporate arenas, pertaining to the appropriateness of business behavior within a particular society. This means that an organization loses or gains social legitimacy based on how appropriate (or inappropriate) its behavior is considered by society on particular issues. As such, the issues management views legitimacy as associated with particular issues.

Issues evaluation

In the context of legitimacy, Sethi (1975, 1979) argues that a gap arises when societal expectations of corporate behavior differ from perceptions regarding current corporate behavior. This gap is commonly known as a legitimacy gap. From an issues management perspective, legitimacy gaps are associated with particular issues. Therefore, an analysis of legitimacy gap can provide a logical framework for issues evaluation. The next section deals with theoretical underpinnings of legitimacy gap analysis.

Developing insights into legitimacy gap with the help of expectational gaps

A legitimacy gap is the difference between societal expectations (what ought to be) and societal perceptions of current (what is) business behavior. To enhance its legitimacy within a society, an industry would want to minimize this gap. In order to

develop an appropriate response to narrow (or ideally fill) this gap, industry must examine the gaps in light of its own definitions of “what ought to be” and “what is” the behavior of business. The concept of expectational gaps provides a useful framework for such an examination.

The concept of expectational gaps is outlined by Wartick and Mahon (1994), and Wartick and Wood (1998). According to these authors, expectational gaps arise as a result of the relative perceptions of society and industry with regards to “what is” and “what ought to be” the industry’s behavior on particular issues. Husted and Allen (2001) maintain that expectational gaps have both an internal as well as an external focus and as such may arise either within the industry domain or at the intersection of society and industry. Exclusively within the industry domain (internal focus), expectational gaps may arise only in one form known as a conformance gap (Wartick and Wood 1998). However, at the intersection of society and industry (external focus), expectational gaps may arise either as a factual gap or an ideal gap.

In any event, the sum of the magnitudes of internally focused (conformance) gap and externally focused (factual and ideal) gaps is reflected in the societal domain as a legitimacy gap. By combining the legitimacy gap and expectational gaps concepts, we developed a framework that can be used for issues evaluation. This framework is diagrammatically presented in Figure 5.1.

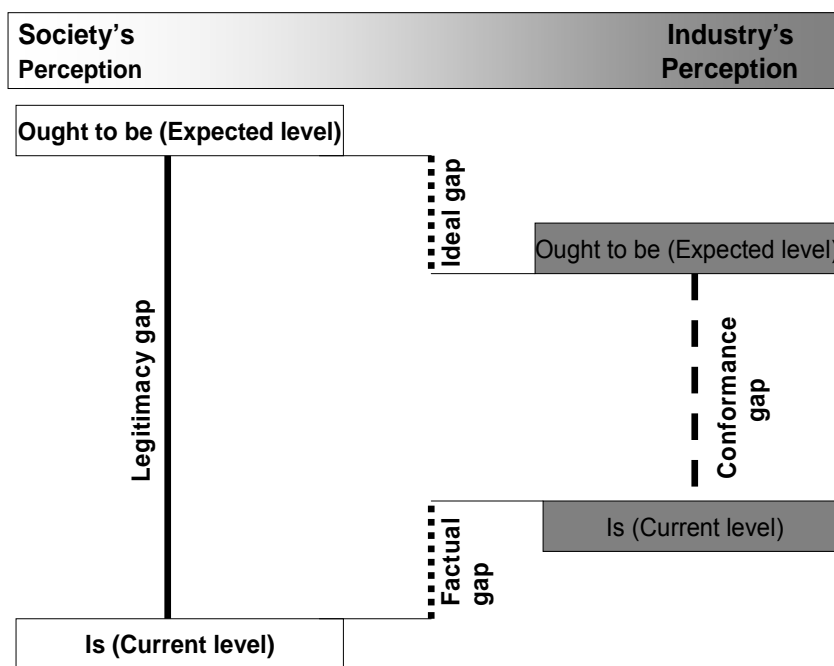


Figure 5.1. Diagrammatic representation of the legitimacy gap and three kinds of expectational gaps

Figure 5.1 can be adapted to represent different situations. For example, it can be used to compare the gaps between two industries (forest industry versus any other industry) or two company types (family-owned companies and corporations) within the same industry. It must also be noted that differences among different gaps shown in this framework are only illustrative and may be very different in certain situations. For example, the conformance gap may be larger than the legitimacy gap. Also, many companies may have higher levels of expectations of their performance than society and thus lead societal expectations. Based on how society perceives the performance of such companies, these companies may have a legitimacy surplus rather than a

legitimacy gap. In Figure 5.1 we illustrate only one scenario to explain the relationship among various gaps.

Factual gap

Factual gaps involve differences between two groups regarding the facts. Wartick and Wood (1998) explain that it is a “what is” versus “what is” difference and can be understood as a gap between the positions of two parties (society and industry in our case) regarding the current state of affairs.

As these are fact-based gaps, communication is an important remedy to address such gaps. Wartick and Wood (1998) recommend that organizations which are faced with this type of gap must have their claims verified and endorsed by a credible external auditor.

Ideal gap

An ideal gap involves differences between two parties’ perceptions about “what ought to be”. Wartick and Wood (1998) explain that it is a “what ought to be” versus “what ought to be” discrepancy and can be understood as one party’s position relative to another regarding the desired state of affairs.

Wartick and Wood (1998) maintain that in the case of an ideal gap, no amount of fact-based communications will help a company. However, debates or discussions over ideals and values may help in reducing or filling this gap.

Conformance gap

Traditional issues management literature provides a somewhat confusing explanation regarding this gap (e.g. Wartick and Wood 1998, Reichart 2003).

Traditionally, a conformance gap is defined as involving one party’s perceptions about inconsistencies in how another ought to behave. Reichart (2003) remarks, “this gap

involves one party's perceptions about inconsistencies in how another ought to behave in light of their current behavior ("what is" versus "what ought to be"). The phrase "one party's perceptions about...another..." might mean one or both of these two possibilities: it may refer to society's views regarding "ought to be" and "is" aspects related with industry behavior; or it may refer to industry's views regarding society. Since industry's behavior is the question of interest here, the latter is meaningless. The former, however, is what is known as a legitimacy gap and is an established label in business academics. Would this imply that conformance gap is a synonym to legitimacy gap or is it a misnomer? We propose that conformance gap can be understood as what can otherwise be called an admitted legitimacy gap, i.e., a gap between what industry considers the "ought to be" and "is" states of its behavior. Accordingly, this is that only gap which arises within industrial domain and is an internally focused gap. It is also a *sort of* legitimacy gap but it is based on industry's definitions of "ought to be" and "is" levels.

Alternative terminologies to explain these three gaps have been suggested. Husted (2000), for example, compares a factual gap to a cognitive conflict, and conformance gap to an organization dilemma in deciding its basic purpose. Situations involving an ideal gap are associated with goal incongruence (Ouchi 1980). As shown in Figure 5.1, a legitimacy gap manifests itself entirely within the societal domain, a conformance gap manifests itself within an organizational (industrial) domain, and factual and ideal gaps are manifested at the intersection of industry and society.

Ownership type: Family-owned companies and corporations

The advent of economic globalization led to a proliferation of multinational corporations. In the context of business and society interaction (CSR), scholars have been interested in understanding how multinational firms interact with local society. While this interest has culminated into a separate field of study, commonly known as corporate citizenship, the focus, for the most part, has been on developing a set of globally applicable guiding principles for business behavior of multinational companies. From a relational perspective, however, appropriateness of business behavior must also be examined relative to the accepted norms: norms that local business and society have collaboratively nurtured and traditionally cherished. It is from this perspective that family-owned companies are of special interest.

It is estimated that ninety percent of U.S. businesses are family-owned (File and Prince 1998), and these businesses are major contributors to the economy (Chrisman et al. 2003). There are a number of ways that scholars have differentiated family businesses from non-family businesses. The common criteria include percentage of ownership, strategic control, involvement of multiple generations, and the intention for the business to remain in the family (Astrachan and Shanker 2006).

Small businesses have long held a community responsibility orientation (Keim 1978, Chrisman and Fry 1982). However, interest in contemporary forms of social responsibility is understood to be associated with large businesses (Arlow and Gannon 1982, Larson 1995). Despite a commonplace understanding that business and society interaction differs between family-owned companies and corporations, available scholarly references in the field are limited to descriptions of the ethical differences

between family and non-family businesses which are largely based on differences in moral reasoning (Wortman 1994, Adams et al. 1996).

A rather limited research base can, in part, be explained by the observation that family business research in its own right has been a rather recent development since much of the past research developed under the umbrella of entrepreneurship research (Litz 1997). The literature reveals few insights regarding how society distinguishes between family and non-family businesses, specifically as it relates to CSR. But, as Beutler et al (1989) maintain, "...family realm differs fundamentally from non-family realms or spheres....it has different ethics, different processes, and different dynamics...".

The foregoing discussion suggests that corporations and family-owned companies may be considered different in terms of the expectations society has of them, and also in terms of the perceptions society hold about them as these expectations and perceptions relate with their respective performance on social and environmental issues. In this research, these two company types have been compared for analyzing different gaps.

Hypothesis development

Hypothesis development is divided into four sub-sections. Each sub-section contains hypotheses related with one type of gap. Hypotheses are developed to examine two aspects: (i) whether a particular gap exists and (ii) whether the gap size is different between corporations and family owned companies. Existence of a gap is assessed related to social and environmental issues, separately for corporations and family-owned companies.

For the ease of reference, hypotheses related with legitimacy, conformance, factual, and ideal gaps are grouped as H-1, H-2, H-3, and H-4. These four groups are further divided based on whether particular hypotheses relate with social (denoted by S) or environmental issues (denoted by E). To distinguish if a hypothesis is associated with corporations or family-owned companies, hypotheses labels are suffixed with either Co or Fo, respectively.

In case of those hypotheses that are associated with examining the differences between corporations and family-owned companies, the hypotheses labels are suffixed with Co/Fo.

As an example, if the interest is in examining whether the sizes of conformance gaps related with environmental issues are different for **corporations** and **family-owned companies**, the hypothesis label is **H-2(E:-Co/Fo)**.

Legitimacy gaps

A legitimacy gap, as was discussed in previous sections, is the difference between societal expectations and societal perception of current performance. While we posit that legitimacy gaps exist both for corporations and family-owned companies in terms of their performance related with social and environmental issues, we also posit that such legitimacy gaps are different between corporations and family-owned companies.

Accordingly,

H-1(S:Co): There is a difference between society's perceptions of expected and current social issues related performance of corporations

H-1(S:Fo): There is a difference between society's perceptions of expected and current social issues related performance of family owned companies

H-1(E:Co): There is a difference between society's perceptions of expected and current environmental issues related performance of corporations

H1-(E:Fo): There is a difference between society's perceptions of expected and current environmental issues related performance of family owned companies

H-1(S:Co/Fo): The sizes of legitimacy gaps related with social issues are different for corporations and family-owned companies

H-1(E:Co/Fo): The sizes of legitimacy gaps related with environmental issues are different for corporations and family-owned companies

Conformance gaps

A conformance gap has been explained as an admitted legitimacy gap.

Accordingly, this sub-section has similar hypotheses as above. These gaps arise only in the domain of industry.

The following hypotheses are proposed:

H-2(S:Co): There is a difference between industry's perceptions of expected and current social issues related performance of corporations

H-2(S:Fo): There is a difference between industry's perceptions of expected and current social issues related performance of family owned companies

H-2(E:Co): There is a difference between industry's perceptions of expected and current environmental issues related performance of corporations

H-2(E:Fo): There is a difference between industry's perceptions of expected and current environmental issues related performance of family owned companies

H-2(S:Co/Fo): The sizes of conformance gaps related with social issues are different for corporations and family-owned companies

H-2(E:Co/Fo): The sizes of conformance gaps related with environmental issues are different for corporations and family-owned companies

Factual gaps

A factual gap arises at the intersection of business and society, and is the difference between society and industry with regards to their perceptions of current performance. The following hypotheses are proposed to examine the presence of factual gaps and to examine the differences between corporations and family-owned companies:

H-3(S:Co): Society and industry differ in terms of their perceptions regarding current social issues related performance of corporations

H-3(S:Fo): Society and industry differ in terms of their perceptions regarding current social issues related performance of family-owned companies

H-3(E:Co): Society and industry differ in terms of their perceptions regarding current environmental issues related performance of corporations

H-3(E:Fo): Society and industry differ in terms of their perceptions regarding current environmental issues related performance of family-owned companies

Ideal gaps

Ideal gaps refer to the differences between expectations held by society and industry. The following hypotheses are proposed to examine the presence of ideal gaps and to examine the differences between corporations and family-owned companies:

H-4(S:Co): Society and industry differ in terms of their perceptions regarding expected social issues related performance of corporations

H-4(S:Fo): Society and industry differ in terms of their perceptions regarding expected social issues related performance of family-owned companies

H-4(E:Co): Society and industry differ in terms of their perceptions regarding expected environmental issues related performance of corporations

H-4(E:Fo): Society and industry differ in terms of their perceptions regarding expected environmental issues related performance of family-owned companies

It can be noted that hypotheses within section 1 are related only with societal perceptions (current and expected performance), hypotheses within section 2 are related only with industry managers' perceptions (current and expected performance) and hypotheses within section 3 are related with both societal and industry managers' perceptions (current and expected performance).

Methods

Sample frame

Data for this study were collected from two sources within the states of Washington, Oregon, Idaho, and Montana: the general public and forest products industry managers.

For the general public, a random sample of 2000 total residents age 18 and above was purchased from USA Data. Sample size for each state was proportional to its population. In total 171 addresses were undeliverable. Total 278 usable responses were received (adjusted response rate= 15.1%). Item-response rate ranged from 12.8% to 14.1%.

For the industry sample, all forest products companies, based on all relevant SIC codes within 24 and 25, having 50 or more employees were selected. Dun and Bradstreet is a leading database provider and its database contained 468 companies that met our criteria. The target respondent in each company was the top executive.

The number of undeliverable was 38, bringing the sample size down to 430. A total of 94 usable responses were received (adjusted response rate= 21.8%). Item-response rate ranged from 19.1% to 20.9%.

Questionnaire development and survey implementation

The questions raised in this research are based on two constructs, namely social issues and environmental issues. The social and environmental issues constructs each had six items as identified by Panwar and Hansen (chapter 4 in this manuscript) and are listed in Table 5.1.

Table 5.1. Items within the social issues and environmental issues construct.

Social Issues	Environmental Issues
<ul style="list-style-type: none"> • Encouraging public scrutiny on environmental and land management practices 	<ul style="list-style-type: none"> • Promote and/or practice sustainable forestry
<ul style="list-style-type: none"> • Invest in surrounding communities 	<ul style="list-style-type: none"> • Increase the use of renewable resources
<ul style="list-style-type: none"> • Promote responsible consumption among consumers 	<ul style="list-style-type: none"> • Adopt environmentally sound purchasing policies
<ul style="list-style-type: none"> • Stem declining employment in the sector 	<ul style="list-style-type: none"> • Mitigate global warming
<ul style="list-style-type: none"> • Engage with the surrounding communities 	<ul style="list-style-type: none"> • Reduce overall energy consumption
<ul style="list-style-type: none"> • Improve industry's public image 	<ul style="list-style-type: none"> • Improve waste management

Respondents' perceptions regarding industry's current and expected performance on each of these 12 items were assessed using a 5-point interval scale

ranging from 1(very low) to 5 (very high). Each of these items (for both the current and expected performance categories) was separated for responses pertaining to corporations and to family-owned companies. Thus, each of six social and six environmental issues were assessed in four different situations: (i) current and (ii) expected performance levels pertaining to corporations, and (iii) current and (iv) expected performance levels pertaining to family-owned companies.

A separate version of the questionnaire was prepared for the general public (society) and for industry managers (Appendices B and C). While the constructs and items were the same in both questionnaires, different questions were used to collect background information about respondents. Questions asked of society respondents included gender, age, education level, and place of residence. For industry managers, the questions pertained to age, experience in the forest sector, education level, industry sector (primary or secondary), and the size of the company (number of employees). Adopting the criteria suggested by the Small Business Association of America and the Electronic Code of Federal Regulations, we made company size a dichotomous variable (≤ 500 or >500 employees).

Both questionnaires were pre-tested on five members of the respective populations (society and industry). Minimal changes were required based on the feedback received.

The total design method (Dillman 1978) was used for data collection. Society non-respondents were sent a follow-up questionnaire (second wave) two and a half weeks after the first wave. Industry non-respondents were sent a reminder post card after two weeks, which was followed by a second wave after two weeks. An online version of the questionnaire was also prepared and the web-link was provided in the

cover letter accompanying the questionnaire. In total eight members of the society sample and five members of industry sample responded online representing 0.028% of all society respondents, and 0.05% of all industry respondents, respectively.

Social desirability bias

Social desirability bias is an important problem in research that involves managers' perceptions regarding social performance of business. In order to minimize its potential impact, we did not ask industry respondents to provide information regarding their company's performance rather they were asked about their perceptions regarding the forest products industry in general.

Data analysis

Data structure

Social and environmental issues being used in this research were identified using a systematic method (Chapter 4 in this dissertation); therefore social issues were grouped together to compute a composite variable called social issues. Similarly, environmental issues were grouped together to compute a composite variable called environmental issues.

However, we also wanted to have an understanding about underlying structure of the data and performed factor analyses separately on industry and society data. While the input items were the same, factor analyses results produced different numbers of factors for industry and society data. The number of factors also differed between corporations and family-owned companies and for data pertaining to perceptions regarding current performance levels and expected performance levels. The number of factors varied between 1 and 3 in these different situations. An expert

statistician was consulted to provide insights into this issue. Since the objective of data analyses was to perform issues evaluation rather than developing a scale, factor analysis was not considered necessary. Our speculation is that respondents distinguish among issues differently in different situations. Some issues may be considered in either social or environmental category.

Hypotheses testing

Mean differences were used to examine the differences between groups. This was done using independent sample and paired sample t-tests. Table 5.2 below summarizes the tests that were used for testing different hypotheses groups.

Table 5.2. Tests used to test different hypotheses groups.

Hypotheses groups	Tests used
1 and 2	Paired sample t-tests
3 and 4	Independent sample t-tests

There are three assumptions behind t-tests: normality, independence of observations and equality of variance. With the sample size in this study, t-tests are fairly robust to the assumptions of normality and independence is secured by the design of data collection. However, when two sample sizes (society and industry sample) are unequal, the assumption of equal variance is important, suggesting the use of alternative tests. However, Ramsey and Schafer (2002) suggest that t-tests can be used in situations where the larger sized sample also has larger variance. This condition was met and accordingly it was determined that t-tests are appropriate to use.

Results and discussion

General description

Tables 5.3 and 5.4 below describe characteristics related with society and industry samples, respectively.

Table 5.3. Distribution of society respondents in different categories.

Gender		Place of residence		
Males	Females	Rural	Urban	Suburban
178	100	126	72	77

Table 5.4. Distribution of industry respondents in different categories.

Management type		Size	
Corporations	Family-owned companies	Small (≤ 500 employees)	Large (> 500 employees)
16	77	61	34

Non-response bias

Non-response bias was assessed comparing early versus late respondents as suggested by Armstrong and Overton (1977). The variables compared included current level of social performance, current level of environmental performance, desired level of social performance, desired level of environmental performance, and egalitarian values scale. Separate assessments were conducted for public and industry respondents. In both categories, no significant differences were found between early and late respondents on any of these variables (both for corporation related responses and family-owned company related responses). Thus, the non-

respondents can be considered similar to those who responded and non-response error is assumed to be negligible.

Reliability analysis

Cronbach's alpha values were calculated for current ("what is") and expected ("what ought to be") performance measures for both corporations and family-owned companies. All values (Table 5.5) were above the minimum acceptable of 0.7 suggested by Nunnally (1978).

Table 5.5. Cronbach's alpha values.

	"Is" (Corporations)	"Is" (Family-owned)	"Ought to be" (Corporations)	"Ought to be" (Family-owned)
Industry	0.87	0.87	0.83	0.83
Society	0.92	0.90	0.72	0.79

Results and discussions are organized separately under the following three sections, as they relate with different hypotheses and different gaps.

Legitimacy gaps

Results suggest that societal respondents perceive current performance levels of corporations to be significantly lower than expected performance levels pertaining to both social (mean difference=1.37, $p<0.001$) as well as environmental issues (mean difference=1.42, $p<0.001$).

Similarly, societal respondents perceive that current performance levels of family-owned companies are significantly lower than expected performance levels for both social (mean difference=1.14, $p<0.001$) as well as environmental issues (mean difference=1.33, $p<0.001$). Table 5.6 below provides summary of these results.

Table 5.6. Society's expected and current levels of performance related with social and environmental issues: Legitimacy gaps.

		Expected performance level	Current performance level	Hypotheses results
Social issues	Corporations	3.94	2.57	H-1(S:Co) supported (p<0.001, N=248)
	Family-owned companies	3.84	2.70	H-1(S: Fo) supported (p<0.001, N=245)
Environmental issues	Corporations	4.29	2.87	H-1(E: Co) supported (p<0.001, N=244)
	Family-owned companies	4.21	2.87	H-1(E: Fo) supported (p<0.001, N=236)

These results suggest that hypotheses H-1(S: Co), H-1(S: Fo), H-2(E: Co), and H-2(E: Fo) are supported, and that legitimacy gaps exist both related with social and environmental issues and for both corporations and family-owned companies.

The legitimacy gap related to social issues is significantly smaller (p<0.001, N=243) for family-owned companies (mean=1.14) than for corporations (mean=1.38). Similarly, legitimacy gap related to environmental issues is also significantly smaller (p<0.001, N= 234) for family-owned companies (mean=1.34) than for corporations (mean= 1.43). These results suggest that society confers upon family-owned companies and corporations different levels of legitimacy related with social and environmental issues. Thus, both hypotheses H-1(S: Co/Fo) and H-2(E: Co/Fo) are supported.

Results suggest that both for social and environmental issues, society does not consider that either corporations or family-owned companies are performing at expected levels. However, that family-owned companies have better standing than corporations in terms of legitimacy related to both social and environmental issues.

Family-owned companies not only receive an advantage of lower societal expectations but are also seen as performing at higher levels. Interestingly, society does not differentiate between current environmental performance of family-owned companies and corporations. One broad interpretation based on legitimacy theory could be that corporations may be more vulnerable to society's criticism than family-owned companies. These findings also indicate that potential stakeholder groups (non-government organizations, for example), in order to gain broader social legitimacy, are likely to target corporations more than family-owned companies.

Conformance gaps

Results suggest that industry managers perceive current performance levels of corporations to be significantly lower than expected performance levels pertaining to both social (mean difference=0.60, $p<0.001$) as well as environmental issues (mean difference=.039, $p<0.001$).

Similarly, industry managers perceive that current performance levels of family-owned companies are significantly lower than expected performance levels for both social (mean difference=0.47, $p<0.001$) as well as environmental issues (mean difference=0.53, $p<0.001$). Table 5.7 below provides summary of these results.

Table 5.7. Industry's expected and current levels of performance related with social and environmental issues: Conformance gaps.

		Expected performance level	Current performance level	Hypotheses results
Social issues	Corporations	3.62	3.02	H-2(S: Co) supported (p<0.001, N=87)
	Family-owned companies	3.55	3.08	H-2(S: Fo) supported (p<0.001, N=88)
Environmental issues	Corporations	3.93	3.55	H-2(E: Co) supported (p<0.001, N=83)
	Family-owned companies	3.93	3.40	H-2(E: Fo) supported (p<0.001, N=82)

These results support hypotheses H-2(S: Co), H-2(S: Fo), H-2(E: Co), and H-2(E: Fo) and suggest the existence of conformance gaps (industry's perception of legitimacy) associated with both social and environmental performance.

Presence of these gaps reflects a situation of industry admittance of not delivering what it ought to. The presence of a conformance gap may reflect many underlying situations such as resource constraints or even managers' moral dispositions vis-à-vis their actual decision making. For whatever reasons this gap exists, a rational choice theory perspective suggests that industry managers would likely attempt to fill this gap. Accordingly, we argue that a conformance gap may be seen in a positive light in that it indicates the presence of an internal yardstick that exhibits intent of moving from *here* to *there*. Thus our findings suggest that the forest products industry is likely to make efforts to increase its levels of performance associated with both social and environmental issues.

The conformance gap related to social issues is not significantly different (p=0.102, N=84) between family-owned companies (mean=0.52) and corporations

(mean=0.61). However, the conformance gap related to environmental issues is significantly larger ($p < 0.013$, $N = 78$) for family-owned companies (mean=0.55) than for corporations (mean=0.42). Thus, hypothesis H-2(S: Co/Fo) is rejected but hypothesis H-2(E: Co/Fo) is supported.

These results are interesting since these suggest that industry's view regarding legitimacy of corporations and family-owned companies is considerably different from that of society. While industry managers do not consider any significant difference between the legitimacy of corporations and family-owned companies with regards to social issues, they consider corporations' legitimacy to be higher than family-owned companies with regards to environmental issues. This is to note here that majority of our industry respondents belong to family-owned companies and their endowing higher legitimacy to corporations is an interesting finding.

Factual gaps

Results indicate that societal respondents and industry managers have significant differences between their perceptions regarding current performance levels of corporations on both social and environmental issues. Similar results were found for family-owned companies. The results are summarized in Table 5.8 and suggest that hypotheses H-3(S: Co), H-3(S: Fo), H-3(E: Co), and H-3(E: Fo) are supported. In each case industry managers perceived the current performance levels higher than societal respondents.

Table 5.8. Differences between societal and industry respondents regarding current levels of performance: Factual gaps for corporations and family-owned companies.

		Industry managers' perception of current performance level	Societal respondents' perception of current performance level	Hypotheses results
Social issues	Corporations	3.02	2.58	H-3(S: Co) supported, $p < 0.001$
	Family-owned companies	3.08	2.69	H-3(S: Fo) supported, $p < 0.001$
Environmental issues	Corporations	3.54	2.86	H-3(E: Co) supported, $p < 0.001$
	Family-owned companies	3.38	2.87	H-3(E: Fo) supported, $p < 0.001$

Support for these hypotheses suggests that factual gaps pertaining to both social and environmental issues exist for corporations as well as family-owned companies. The presence of factual gaps suggests lack of successful communication of their social and environmental performance on part of both corporations and family-owned companies.

The differences in factual gaps between corporations and family-owned companies could not be statistically examined. However, results indicate that the size of the factual gap for social issues is higher for corporations (0.43) than family-owned companies (0.38). Similarly, the size of the factual gap for environmental issues is higher for corporations (0.67) than family-owned companies (0.52).

The presence of factual gaps suggests that both corporations and family-owned companies must focus on better communicating their performance levels to society in a strategic manner. These gaps may also indicate prevalence of mistrust in society

regarding industry claims of social and environmental performance. Accordingly, social and environmental information that companies disclose should be verified by external parties. These gaps also suggest that industry must also pursue promotional disclosures using mass communication modes, as opposed to the current practice of disclosures for interested stakeholders only (for example, sustainability reports).

Ideal gaps

Society's perceptions of corporations' levels of expected performance are significantly higher than industry managers' perceptions of its expected performance both for social issues and environmental issues. Results for family-owned companies are similar (Table 5.9). Thus hypotheses H-4(S: Co), H-4(S: Fo), H-4(E: Co), and H-4(E: Fo) are supported. In each case, society's expectations exceed industry manager's expectations.

Table 5.9. Differences between societal and industry respondents regarding desired levels of performance: Ideal gaps for corporations and family-owned companies.

		Societal respondents' perception of expected performance level	Industry managers' perception of expected performance level	Hypotheses results
Social issues	Corporations	3.98	3.62	H-4(S: Co) supported, $p=0.002$
	Family-owned companies	3.88	3.56	H-4(S: Fo) supported, $p=0.006$
Environmental issues	Corporations	4.34	3.96	H-4(E: Co) supported, $p<0.001$
	Family-owned companies	4.24	3.95	H-4(E: Fo) supported, $p=0.001$

Support for these hypotheses suggests an ideological misalignment between societal and industry perceptions with regards to what is expected of industry in terms of social and environmental performance. Presence of ideal gaps may suggest a defensive stage of organizational learning espoused by Zadek (2004) in which organizations may deny what is expected of them. Filling ideal gaps typically necessitates a change in values.

The differences in ideal gaps between corporations and family-owned companies could not be statistically examined. However, results indicate that the size of the ideal gap for social issues is higher for corporations (0.36) than family-owned companies (0.32). Similarly, the size of the ideal gap for environmental issues is higher for corporations (0.38) than family-owned companies (0.29).

Overall, the results of ideal gap analysis suggest that the forest products industry must assess its social and environmental value system vis-à-vis contemporary society. Inclusion of environmental and social visionaries in boards of directors may be one potential way for industry to better align with societal respondents.

We also examined legitimacy gaps and conformance gaps for individual items within social and environmental categories, both for corporations and family-owned companies. In the case of legitimacy gaps, significant differences were found between society's perceptions of expected and current levels of performance related with each of the twelve issues included in this study. This applies to both corporations and family-owned companies. In the case of corporations, the issue that is found to have largest legitimacy gap is "adopting environmentally sound purchasing policies", while in case of family-owned companies, the largest legitimacy gap is associated with "promoting responsible consumption among consumers". These findings suggest that society does

not have a positive view of corporations with regard to their purchasing policies. This might be one area that corporations may want to focus on improving and subsequently communicating to society. In summary, there are different areas upon which the two company types must prioritize their focus.

Contrary to what may be expected, the smallest legitimacy gaps both in case of corporations and family-owned companies were associated with “stemming the declining employment”. This finding is interesting in the light of different types of legitimacy suggested by Suchman (1995). According to Suchman, organizations may have pragmatic, moral or cognitive legitimacy. Pragmatic legitimacy can simply be understood as a kind of exchange relationship in that it rests on the self interests of an organization’s audiences: this form of legitimacy is granted since it benefits the evaluators. Moral legitimacy, is based on an evaluation of right and wrong, and not judged by the benefits to evaluator. Cognitive legitimacy, as opposed to evaluation-based legitimacies (pragmatic and moral), rests on the premise of acceptance of state of affairs “as they are”. This may happen when particular societies may not even think of the alternative form of behavior (for example, the rights of workers’ domestic partners could be considered an arena where companies have cognitive legitimacy in India, since Indian society, as opposed to other parts of the world, does not consider this as an area that business organizations have any thing to do about). In this study, were the societal respondents seeking self benefit, the largest gap might be expected either for issues such as “stemming the declining employment” or even “investing in communities”. That not being found, we speculate that our respondents are evaluating on moral grounds—morality as defined by contemporary social and environmental

thinking. This is also reflected in that largest legitimacy gaps are associated with areas that improved company performance is not likely to directly benefit respondents.

In the case of conformance gaps, results are interesting in the light of current environmental discussions. We found that industry respondents show no significant differences, both for corporations and family-owned companies, between their expected and current performance related to ‘mitigating global warming’. This suggests that industry managers do not consider this an area where they must improve their performance. In the light that societal expectations are different, this area stands out as the one where societal and industrial views are quite misaligned.

In addition, the issue “stemming the declining employment” provides interesting results. Managers show no significant differences, for family-owned companies, between their expected and current performance related to “stemming the declining employment”. However, these differences are significant for corporations. This implies that in the views of industry managers, corporations may perform at a higher level in stemming the declining employment in the forest sector. However, this finding must be evaluated in the light of our industry sample, in which a majority of respondents belong to family-owned companies.

Conclusion

In a changing society an organization (or an industry) will search for a new state of legitimacy and in doing so, according to Ashforth and Gibbs (1990), may adopt either a substantive management strategy (real, material change in goals and structures) or a symbolic management strategy (portray to appear consistent with social values and expectations). In both cases, organizations aim at changing societal

perceptions regarding their current performance. Organizations choosing to pursue a substantive strategy need a detailed evaluation so as to determine the concrete points of departures from societal perceptions. As theoretically propounded and empirically demonstrated in this research, assessing legitimacy gaps and three types of expectational gaps provide information that may be useful for organizations in developing strategic response. Table 5.10 provides a summary of inferences that can be made based on the results of hypotheses testing.

Table 5.10. Legitimacy and expectational gaps found in this research.

<p>Legitimacy Gaps</p> <ul style="list-style-type: none"> • There exists a legitimacy gap related with social issues performance of both corporations and family-owned companies • There exists a legitimacy gap related with environmental issues performance of both corporations and family-owned companies • Legitimacy gaps related to both social and environmental issues are smaller for family-owned companies than corporations <p>Conformance Gaps</p> <ul style="list-style-type: none"> • There exists a conformance gap related with social issues performance of both corporations and family-owned companies • There exists a conformance gap related with environmental issues performance of both corporations and family-owned companies • The conformance gap related to social issues is not significantly different between family-owned companies and corporations but the conformance gap related to environmental issues is significantly different between family-owned companies and corporations <p>Factual Gaps</p> <ul style="list-style-type: none"> • There exists a factual gap related with social issues performance of both corporations and family-owned companies • There exists a legitimacy gap related with environmental issues performance of both corporations and family-owned companies <p>Ideal Gaps</p> <ul style="list-style-type: none"> • There exists an ideal gap related with social issues performance of both corporations and family-owned companies • There exists an ideal gap related with environmental issues performance of both corporations and family-owned companies

As can be noted in Table 5.10, both corporations and family-owned companies have legitimacy gaps associated with social and environmental issues suggesting a

need for organizational attention to these issues. These legitimacy gaps after being related with expectational gaps reveal that factual and ideal gaps exist in all cases, indicating need for both corporations and family-owned companies to not only communicate more effectively with society about their performance but also for an ideological alignment with society as the ideologies relate with social and environmental role or responsibility of business in society. Presence of conformance gaps suggest that industry managers consider that performance related with both social and environmental issues must be improved. Improved performance might help narrow factual gaps and in turn associated legitimacy gaps.

Another important finding is that conformance gap related with social issues is not significantly different between corporations and family-owned companies. In case of environmental issues the conformance gap is higher for family-owned companies than for corporations. This implies that industry respondents consider family-owned companies to have lower environmental issues related legitimacy than corporations. Given that our sample included more respondents belonging to family-owned companies, this result is challenging to interpret. We speculate that for some reasons, family-owned company managers are being conservative about their role in society. Alternatively, managers' perceptions may reflect reality, in which case it could be said that society's conferring higher legitimacy upon family-owned companies is founded less on knowledge and more on preconceived notions such as "corporations are fundamentally bad."

Short-term effectiveness and long-term survival of business organizations are, in part, determined by their actions taken in response to the external environment surrounding them. In this research we have demonstrated that societal perception

regarding social and environmental issues related legitimacy of the forest products industry is not favorable. Widening legitimacy gaps may have implications for industry in several ways. One, substitute industries, if they gain higher legitimacy may create threat to survival of the forest products industry. Lowering societal legitimacy may also result in imminent legislation that may have considerable impact on industry operations. Timely intervention by industry to improve its performance related with social and environmental issues, on the other hand, may help gain higher legitimacy and thereby manage risk.

Contributions

This research provides novel contributions in at least three ways. One, in our understanding, there is no previous research that has examined the state of CSR in any industry using issues management framework. Although, the theoretical notion of expectational gaps is well established, an empirical assessment of these gaps and analyzing these in differing contexts (company types, respondent gender and residence) has been an unexplored line of work in the issues management literature. Second, conceptual refinement of expectational gaps, for example, associating the concept of conformance gap and legitimacy gap, is a novel product of this work. Finally, it provides useful information for the US forest products industry and has an applied utility.

Limitations

This research assesses legitimacy and expectational gaps related with only key social and environmental issues identified by Panwar and Hansen (Chapter 4 in this dissertation). These issues, while being an important subset of all possible social and

environmental issues, should not be considered to form an exhaustive set. On a different set of issues, the results obtained using our framework would provide different findings. As such, we have not provided a scale but rather proposed a contingent framework that can be used in different contexts using different issues. The findings are also limited by sample constraints. This research is conducted based on industry and society samples drawn only from within four states and accordingly, broader comments are only speculative. Additionally, we could not compare the perceptions of family owned company managers with the perceptions of corporations managers because, our industry respondents are predominantly from family-owned companies. However, given that most companies in the US are family-owned, any sample is likely to have this problem.

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CHAPTER 6 – GENERAL CONCLUSIONS

The primary objective for conducting this research was to enhance our understanding regarding CSR in the US forest products industry. As was summarized in Chapter one, this research has added valuable knowledge to the field of CSR in general and CSR in the US forest products industry in particular.

The field of CSR is unique in the sense that its academic premises often touch normative boundaries. Consequently many researchers and academicians cross the boundaries of an objective exploration of the field and inadvertently assume the role of CSR crusaders and embrace a critical-theory research paradigm in which researcher's proactive values are central to research. However, we made conscious efforts to keep this research as far from value-laden interpretations as possible by embracing a positivist paradigm (Chapters 3 and 5) and a postpositivist paradigm (Chapter 4).

A pertinent question arises as to where this research stands between the past and the future. Pascal said, "Man is equally incapable of seeing the nothingness from which he emerges and the infinity in which he is engulfed". I want to touch the infinite possibilities for exploration.

Future research

I believe that this research opens a new door for mainstreaming the use of issues management to understand CSR. However, there are areas where methodologies must be made more rigorous and refined. The issues identification stage, for example, must be further explored. Alternative qualitative methodologies may be used for issues identification. Particularly, I suspect that future research may be conducted using only the Delphi method rather than a two stage process consisting

of interviews and Delphi method as we adopted. However, logistical constraints such as enlisting the time and cooperation of experts for such a Delphi may be challenging.

The current conceptualization of assessing factual and ideal gaps used in this research is based only on the differences in perceptions between industry and society, without taking into consideration the degree of separation between society and industry on a given issue. Separation is meant to refer to the concern that society holds for an issue. Figure 6.1 below illustrates this proposed conceptualization. For illustrative purposes, only a factual gap is shown in Figure 6.1.

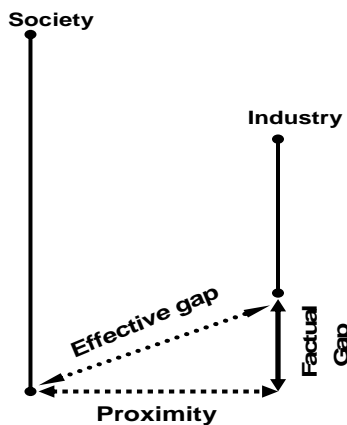


Figure 6.1. Current and proposed considerations in gap assessment.

The current conceptualization assesses only the factual gap (shown as solid arrow). By incorporating the level of concern (how distant or close society considers to the issue: labeled as proximity), the proposed conceptualization may assess an

effective gap (shown as dotted arrow in Figure 6.1). This proposed conceptualization may have the potential of being developed as a theory of issues salience.

Combining issues salience with stakeholder salience may be conceptually closer and this might offer a new approach to examine stakeholder salience. The effective gap may provide a theoretical connection between stakeholder management and issues management.

This research is conducted only in the western states of the US where the forest sector plays an important economic role. Interesting findings may surface if such research is conducted across states that have varying levels of socio-economic dependence on forests.

Another extension of this work may be to examine how industry managers and society oscillate in terms of their social and environmental expectations from an industry during its different stages of economic conditions, for example, recession and boom.

Limitations

There are several limitations to this research and they have been noted in individual chapters. The students' satisfaction chapter, for example, is limited by its sample selection, the issues identification chapter is limited by the lack of data saturation and triangulation, and the issues evaluation chapter is limited by its geographical scope and lack of a comprehensive set of issues. However, these limitations are not critical given the illustrative objectives of each of these chapters.

The major limitation of this work can be related with the concept of CSR. In this research, we evaluated only social and environmental issues. However, the CSR

concept incorporates economic issues as well. During the issues identification stage, we faced a problem of different interpretation of the label “economic issues.” While many key informants as well as Delphi participants consider it to be related with industry’s financial performance (micro-economic aspect), many others relate it with industry’s performance regarding macro-economic issues (its contribution to local as well as national economy). If the latter be the case, then many issues that are traditionally considered social issues may as well qualify as economic issues. For example, industry providing employment can be considered an economic issue. In this research, we limited issues evaluation to social and environmental issues but the CSR academic and research community must address the anomaly surrounding the interpretation of economic responsibilities.

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APPENDICES

Appendix A. Questionnaire for assessing students' satisfaction with CSR in the US forest products industry.

Corporate Social Responsibility and the Forest Products Industry

**A study by the Department of Wood Science and Engineering
Forest Business Solutions Group
College of Forestry
Oregon State University**

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This questionnaire is part of a project investigating corporate social responsibility in the forest products industry. Your contribution is extremely important to the success of this effort so please take time to thoughtfully answer the following questions. Your responses will be held in strict confidence.

SECTION 1. TELL US WHO YOU THINK IS RESPONSIBLE FOR THE WELLBEING OF MEMBERS OF SOCIETY?

As you complete this section, please consider the following definition: Social responsibility means balanced care for people, the economy, and the environment, which results in the common good for society.

1. How should different parts of society contribute to the common good? In your opinion, the best way to achieve the common good for society is...

	Totally Disagree				Totally Agree
...market forces can freely operate (e.g. globalization and economic freedom)	1	2	3	4	5
...the political system can control the business life	1	2	3	4	5
...corporations adopt more social responsibility	1	2	3	4	5
...NGOs (labor unions, consumer organizations, environmental organizations) strongly participate societal decision making	1	2	3	4	5

SECTION 2. TELL US TO WHOM YOU THINK FOREST INDUSTRY CORPORATIONS ARE RESPONSIBLE?

Corporate social responsibility (CSR) can be divided into three parts:

- Responsibility for financial success (company profits and meeting shareholders' expectations for returns)
- Responsibility for the environment (nature)
- Responsibility for people (employees, consumers, forest owners and the surrounding society in general).

2. In your opinion, at the expense of their financial success, do forest industry corporations emphasize...

	Not at all				Very Strongly
...environmental welfare	1	2	3	4	5
...people's welfare	1	2	3	4	5

3. Of the following stakeholders, whose benefits are emphasized most by forest industry? Please rank based on order of importance to the forest industry (from 1 to 6).

- _____ Shareholders
- _____ Customers (industrial customers and final consumers)
- _____ Employees
- _____ Environment
- _____ Forest owners
- _____ Whole society

4. Corporate social responsibility can also be approached by asking who corporations serve. Are they "earning tools" for the owners or should they help assure the well being of various societal stakeholder groups (e.g., those listed in Q#3)? In your opinion, forest industry corporations should...

...make profit for their shareholders	1	2	3	4	5	...create welfare for all stakeholders
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SECTION 3. TELL US YOUR OPINION ABOUT BUSINESS ETHICS IN THE FOREST PRODUCTS INDUSTRY

Ethics direct our lives and guide us to differentiate between right and wrong. Ethical norms are not stated in law but are unwritten guidelines between acceptable and unacceptable behavior.

5. In your opinion, is there anything in forest industry operations that you consider ethically questionable?

Nothing					Yes, Much	For example –
	1	2	3	4	5	

6. Investors can support ethical organizations by investing in ethical mutual funds. In your opinion, are forest industry company shares suitable for ethical mutual funds?

Absolutely not 1 2 3 4 5 Absolutely yes

SECTION 4. TELL US HOW YOU THINK FOREST INDUSTRY CORPORATIONS COMMUNICATE WITH THE GENERAL PUBLIC?

7. The following presents several statements concerning the objectives of forest industry advertising. In your opinion, forest industry, with its advertising, is trying...

	Totally Disagree				Totally Agree
...mostly just to increase sales of products	1	2	3	4	5
...to redirect their customers towards less environmentally harmful consumption	1	2	3	4	5
...to honestly increase people's knowledge of the environmental effects of manufacturing processes in the forest industry	1	2	3	4	5
...to honestly increase people's knowledge of the operations and operating principles of the forest industry	1	2	3	4	5

8. Environmental reporting refers to the documentation and presentation of environmental performance by individual companies. The following presents several statements concerning the environmental reporting by forest industry corporations. What is your opinion of each statement?

	Totally Disagree				Totally Agree
Forest industry is openly and spontaneously informing the media about its environmental issues	1	2	3	4	5
Forest industry publishes environmental reports only to meet societal and legal requirements	1	2	3	4	5
It is easy to get information about the forest industry's environmental impacts	1	2	3	4	5
Environmental reporting is only one of many marketing tools	1	2	3	4	5
Environmental reporting gives useful information that genuinely helps customers	1	2	3	4	5
Environmental reports are mostly published because of image considerations	1	2	3	4	5
Forest industry is genuinely interested in the state of the environment	1	2	3	4	5
Environmental reports are reliable and truthful	1	2	3	4	5
Environmental reports are not exactly telling lies but may leave some issues unmentioned	1	2	3	4	5

SECTION 5. TELL US YOUR OPINIONS ABOUT THE ELEMENTS OF CORPORATE SOCIAL RESPONSIBILITY

As mentioned before, corporate social responsibility means taking care of business, environment and people.

9. How have forest industry corporations succeeded in the following elements of corporate social responsibility?

	Very Poorly				Excellent
Development of profitability, competitiveness and efficiency	1	2	3	4	5
Co-operation with schools and other educational institutes	1	2	3	4	5
Meeting shareholders' profit expectations	1	2	3	4	5
Sponsoring societal activities (e.g. concerts, sports events and charitable donations)	1	2	3	4	5
Supporting the economic welfare of society	1	2	3	4	5
Relationships with forest owners	1	2	3	4	5
Relationships with local communities	1	2	3	4	5
Water protection	1	2	3	4	5
Sound business practices and co-operation with other companies	1	2	3	4	5
Air protection	1	2	3	4	5
Soil protection	1	2	3	4	5
Protection of forests	1	2	3	4	5
Product safety	1	2	3	4	5
Taking non-economic values of forests into consideration	1	2	3	4	5
Welfare of personnel	1	2	3	4	5
Securing bio-diversity of nature	1	2	3	4	5
Sustainable use of natural resources	1	2	3	4	5
Recycling of waste	1	2	3	4	5
Continuing education for personnel	1	2	3	4	5
Reduction of emissions	1	2	3	4	5

SECTION 6. TELL US SOME BACKGROUND INFORMATION ABOUT YOURSELF

Answers to these questions will be used for categorization during data analysis.

16. Gender **Male** **Female**
17. Age ___ **years**
18. What is your major subject of study _____
19. What year did you begin studying? _____
20. Do you have work experience in the forest industry?
- Yes No
21. In what sort of setting where you brought up?
- Rural Urban
22. **Nationality** _____

THANK YOU FOR YOUR TIME!

Appendix B. Cover letter and questionnaire for evaluating social and environmental issues (societal responses).

Business-society interaction in the context of the forest industry



A study by Oregon State University

Contact: Rajat Panwar, PhD student

541-231-9132

Dear

This questionnaire is part of my graduate research investigating interactions between the forest products industry and society in the U.S. Your perspectives will help gain an understanding of society's general expectations of the forest products industry.

Your contribution, though voluntary, is important to the success of this research. In addition, the results of this study will be published and this can be one important way for industry to learn about public expectations.

Completing this questionnaire should take approximately 12 minutes. The questions included below are designed to assess **your opinion about the industry in general rather than any specific company**. Your responses will be held in strict confidence and the information you provide will never be associated with you. If you wish to receive the results of this study, please provide your email address at the end of the questionnaire.

Please return the completed questionnaire using the attached business reply envelope. You may also complete the questionnaire online at <http://owic.oregonstate.edu/panwar>

Thank you for your help.

Sincerely,

(Rajat Panwar)

	owned					
The level at which US forest products companies are engaging with the communities within which they operate	Corporations	1	2	3	4	5
	Family-owned	1	2	3	4	5
The level at which US forest products companies are investing in communities within which they operate	Corporations	1	2	3	4	5
	Family-owned	1	2	3	4	5
The level at which US forest products companies are improving their public image	Corporations	1	2	3	4	5
	Family-owned	1	2	3	4	5
The level at which US forest products companies are stemming the declining employment in the sector	Corporations	1	2	3	4	5
	Family-owned	1	2	3	4	5
The level at which US forest products companies are encouraging public scrutiny of environmental and land management practices	Corporations	1	2	3	4	5
	Family-owned	1	2	3	4	5
The level at which US forest products companies are promoting responsible consumption among consumers	Corporations	1	2	3	4	5
	Family-owned	1	2	3	4	5

3. Which of the following best describes the area where you live?

Urban Rural Suburban

4. For each statement below, please circle the number that best describes **your level of agreement** with the statement. Please note that these statements have nothing to do with the forest products industry but meant to assess your general opinion about social issues.

Statement	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
It is the responsibility of the government to meet everyone's needs with regards to sickness, poverty, unemployment, and old age	1	2	3	4	5
The government must ensure that everyone has a job and that prices are stable	1	2	3	4	5
Personal income should not be determined solely by one's work. Rather, everyone should get what he/she needs to provide a	1	2	3	4	5

decent life for his/her family					
What one gets in life hardly depends on one's own efforts, but rather on the economic situation, job opportunities, and the social services provided by the government	1	2	3	4	5
In the US there are still great differences between social classes, and what one can achieve in life depends mainly upon one's family background	1	2	3	4	5

5. The **highest education level** you have completed :

Some High school High school Some college
 College Graduate Other

6. Your **Age** : _____ Years

7. Your **Gender** : Male Female

8. In the context of the US forest product industry, please circle the number that, **according to you, OUGHT TO BE** the level at which industry should perform in each of the following areas (1=very low level to 5=very high level).

Please provide **YOUR OPINION** for both **corporations (publicly traded companies)** and **family-owned (private) companies**.

Area	Company Type	Very Low	←————→				Very High
			1	2	3	4	
The level at which US forest products companies ought to promote/practice sustainable forestry	Corporations	1	2	3	4	5	
	Family- owned	1	2	3	4	5	
The level at which US forest products companies ought to reduce their overall energy consumption	Corporations	1	2	3	4	5	
	Family- owned	1	2	3	4	5	
The level at which US forest products companies ought to increase the use of renewable resources	Corporations	1	2	3	4	5	
	Family- owned	1	2	3	4	5	
The level at which US forest products	Corporations	1	2	3	4	5	

companies ought to adopt environmentally sound purchasing policies	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to improve waste management	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to mitigate global warming	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to engage with communities within which they operate	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to invest in the communities within which they operate	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to improve their public image	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to stem the declining employment in the sector	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to encourage public scrutiny of environmental and land management practices	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to promote responsible consumption among consumers	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5

Thank you very much for your time and cooperation. Your input is extremely helpful. Please provide your e-mail address (or attach your business card) if you would like to receive the results of the research. E-mail:

Appendix C. Cover letter and questionnaire for evaluating social and environmental issues (industry managers' responses).

Business-society interaction in the context of the forest industry



A study by Oregon State University

Contact: Rajat Panwar, PhD student

541-231-9132

Dear

This questionnaire is part of my PhD research investigating interactions between the forest products industry and society in the U.S. This is a novel effort in the US forest products sector and your contribution, though voluntary, is important to the success of this research. The questions included below are designed to assess your opinion about the industry in general rather than any specific company. Your responses will be held in strict confidence and the information you provide will never be associated with you.

A similar survey is being completed by members of the general public in the Pacific Northwest. Results of this study will help managers make more informed decisions with respect to society's views. If you wish to receive the results of this study, including views of the general public, please provide your email address at the end of the questionnaire.

This questionnaire should take approximately 12 minutes to complete. Please return the completed questionnaire using the attached business reply envelope. You may also complete the questionnaire online at <http://owic.oregonstate.edu/rajat>

Thank you for your help.

Sincerely,

(Rajat Panwar)

companies are investing in the communities within which they operate	Family- owned	1	2	3	4	5
The level at which US forest products companies are improving their public image	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies are stemming the declining employment in the sector	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies are encouraging public scrutiny of environmental and land management practices	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies are promoting responsible consumption among consumers	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5

3. The **highest education level** you have completed

High school Some college College Graduate Other

4. Your **age** ____ Years

5. Your **total experience** in the forest products industry ____ Years

6. Please indicate **your position** within your company _____

7. Your **company type** Family-Owned (Private) Publicly traded (Corporate)

8. Please check the box describing the **sector** that you identify your company with

Primary sector Secondary sector
(e.g., lumber and panels) (e.g., moulding & millwork, cabinets, furniture, pallets, etc.)

9. Please select the category that corresponds to the **total number of employees** in your company. If your company has multiple offices or sites, please select the total number of employees at all US locations.

500 or less More than 500

10. For each statement below, please circle the number that best describes **your level of agreement** with the statement. These statements have nothing to do with the forest products industry or your company, but relate to your personal views about social issues.

Statement	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree
It is the responsibility of the government to meet everyone's needs with regards to sickness, poverty, unemployment, and old age	1	2	3	4	5
The government must ensure that everyone has a job and that prices are stable	1	2	3	4	5
Personal income should not be determined solely by one's work. Rather, everyone should get what he/she needs to provide a decent life for his/her family	1	2	3	4	5
What one gets in life hardly depends on one's own efforts, but rather on the economic situation, job opportunities, and the social services provided by the government	1	2	3	4	5
In the US there are still great differences between social classes, and what one can achieve in life depends mainly upon one's family background	1	2	3	4	5

11. In the context of the US forest products industry, please circle the number that, **according to you, OUGHT TO BE** the level at which industry should perform in each of the following areas.

Please provide **YOUR OPINION** for both **corporations (publicly traded companies)** and **family-owned companies** (regardless of your company type).

Area	Company Type	Very Low	←————→				Very High
			1	2	3	4	
The level at which US forest products companies ought to promote/practice sustainable forestry	Corporations	1	2	3	4	5	
	Family- owned	1	2	3	4	5	
The level at which US forest products companies ought to reduce their overall energy consumption	Corporations	1	2	3	4	5	
	Family- owned	1	2	3	4	5	
The level at which US forest products companies ought to increase the use of renewable resources	Corporations	1	2	3	4	5	
	Family- owned	1	2	3	4	5	
The level at which US forest products	Corporations	1	2	3	4	5	

companies ought to adopt environmentally sound purchasing policies	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to improving waste management	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to mitigate global warming	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to engage with communities within which they operate	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to invest in communities within which they operate	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to improve their public image	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to stem the declining employment in the sector	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to encourage public scrutiny of environmental and land management practices	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5
The level at which US forest products companies ought to promote responsible consumption among consumers	Corporations	1	2	3	4	5
	Family- owned	1	2	3	4	5

***Thank you very much for your time and cooperation. Please provide your e-mail address (or attach your business card) if you would like to receive the results of the research.
E-mail:***