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Corporate social responsibility and its influence on the reputation of a company – a case study of Morgan Stanley

Morgan Stanley

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Abstract

The purpose of this thesis is to evaluate different theories and approaches regarding corporate social responsibility and how corporate social responsibility can influence a company's reputation – in this case Morgan Stanley's. The problem which is about to be analysed in this project is as follows: ***"How does corporate social responsibility influence corporate reputation?"***. Main justification for the selection of this problem is the sheer fact that being CSR friendly and having a positive approach towards sustainability is getting more attention from companies by each year and logically every company wants to be a part of it since it can influence the reputation of a company which leads to increasing its value. Companies that practice good corporate social responsibility stand to gain great value in reputation, including trust, more willing recommendations, a buffer against scandals and other reputation busters, as well as a greater likelihood for consumers to use their products and services. An excellent corporate responsibility offers several benefits, but the most important of these is trust. Simply put, if a company does the right thing (environmentally, socially), then consumers feel they can trust them to do the right thing in all situations. Firstly, a brief historical overview of the development of Corporate Social Responsibility theory will be presented to understand the genesis of its core principles and ideas. Secondly, the theoretical argumentation behind the analysis will be formulated, based on the existing academic literature and scholars' contribution to the field. The empirical part of the thesis is based on the sustainability reports published by Morgan Stanley. In the final three chapters of the thesis the reader will be able to find results, discussions, final conclusions from the performed analysis, and last but not least, reflections and perspectives about my research.

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List of acronyms

CEO – Chief Executive Officer

CR – Corporate reputation

CSR – Corporate social responsibility

EBITDA – Earnings before interest, taxes, depreciation, and amortization

ESG –	Environmental, Social and Governance Criteria
GDP –	Gross Domestic Product
M&A –	Mergers and Acquisitions
MS –	Morgan Stanley
NGO –	Non-governmental organisation
IPO –	Initial Public Offering
YoY-	Year over year

Acknowledgment

This following master's thesis has been conducted during the 10th semester in MSc – International Business Economics (IBE) and served as a part of my examination at the Aalborg University, Denmark.

The development of this project would not be possible to accomplish without the help of several people along the way. Firstly, I would like to express my gratitude to my supervisor, Mrs. Liliyana Makarova Jørsfeldt for her guidance during the process of writing. I would also like to thank her for being supportive from the beginning and for giving me a lot of useful advice that helped me to finish this thesis.

And lastly, I would like to express my gratitude to the employees of Morgan Stanley for the opportunity to research this topic for without their time invested in helping me by providing essential information the creation of this thesis would not have been possible.

1. Introduction

Corporate social responsibility is a business philosophy gaining popularity in the 21st century. Corporate social responsibility policy is aimed at building self-regulating mechanism that enables the business to monitor and ensure efficient compliance with the spirit of law, international norms and ethical standards (Asemah, Edegoh and Anatsui 2012). According to Asemah, Edegoh and Anatsui (2012), CSR is one of the management strategies where companies try to create a positive impact on society, while doing business. Corporate social responsibility is an important factor of competitive market, it is important to stand out from the crowd. Suppliers have to work harder to win contracts, so developing a CSR policy is a way of demonstrating the integrity of a company, which can only reflect well on the company's customers. In this new era of competition, companies have to adopt social responsibility (Brammer and Pavelin 2006, Fombrun 2005) which act as a key attribute to judge the company reputation. Schnietz and Epstein (2005) have identified reputation as antecedent of social responsibility. Lindgreen and Swaen (2005) argue that approaches relating to responsibilities are being entrenched within the relationships that fortify business reputation. Corporate social responsibility since its creation has aroused increasing interests from academic field and corporations. While pursuing profits, corporation should also fulfil social responsibilities to advance social well-being, which can in turn contribute to the success of business. A number of studies have manifested the benefits generated by fulfilling social responsibilities. Positive brand image and reputation can be created through corporate social activities (Hsu 2012). Corporate social responsibility represents an integral part for adopting differentiation strategy (Gardberg and Fombrun 2006, McWilliams, Siegel and Wright 2006). It is also an innovative means for companies to enhance relationship with customers (Bhattacharya and Sen 2004).

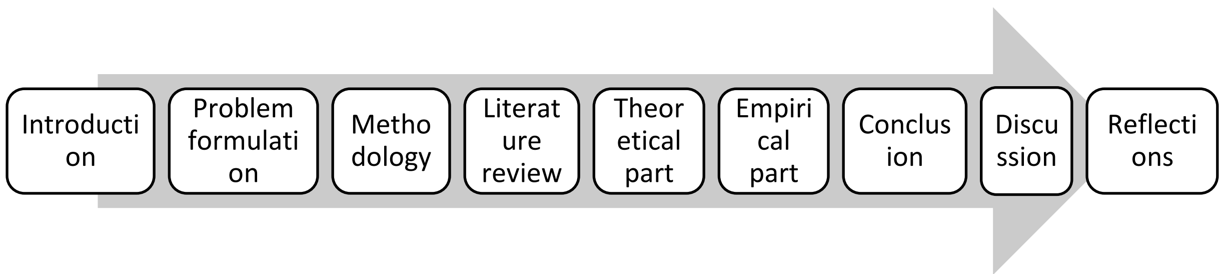
The harsh feelings pent up around irresponsible business practices have culminated into a huge movement towards corporate social responsibility in the recent decades. New technologies and the new uses of media has resulted in people being able to express outrage over bad business practices and movements against businesses who abuse their power, consequentially watching them crumble. This is why businesses should no longer see CSR practices as optional. Good CSR strategies are necessary for a successful business. Socially responsible companies gain the loyalty and adoration of customers and employees alike. Nowadays, people have a desire to work for a reputable, ethical, and charitable company because they find that they are happier doing so, and when employees take pride in the company they work for company's production rates, employee satisfaction, and overall bottom line is more positive.

The early roots of corporate social responsibility can be traced back to 1917, when Henry Ford announced that the aim of Ford Motor company is that *"to do as much as possible for everybody concerned, to make money and use it, give employment, and send out the car where the people can use it… and incidentally to make money"* (Lee 2008, p. 54). From a business practice perspective, Ford was one of those companies, who initiated social responsibility activities. From a research perspective, many scholars seem to agree that the following study *Social Responsibilities of the Businessman* (1953) written be a scholar named Bowen is the first work to discuss the relationship between corporations and society (Carroll 1979, Wartick and Cochran 1985). In this book, the author emphasizes that in order to achieve long-term superior performance, the corporations need to be cognisant of business ethics.

The aim of this thesis is to explore to what extent and how can corporate social responsibility contribute to helping in influencing the reputation of a company active in the financial sector – in this case Morgan Stanley. To achieve this goal, I will review and examine the literature to find out what other scholars have covered with regards to corporate social responsibility and corporate reputation.

Managers continually encounter demands from multiple stakeholder groups to devote resources to corporate social responsibility. There pressures emerge from customers, employees, suppliers, community groups, governments, and some stockholders, especially institutional shareholders. Therefore, with the amount of different goals and objectives with regards to CSR, it is difficult to create a single, unique, and versatile definition (the topic shall be discussed further in detail under chapter no. 4 – Literature review). As per Carroll (1979, p. 500), CSR is described as *"the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectation that society has of organizations at a given point in time"*. Another definition of CSR was made by Whetten et al. (2002) where they define the term as *"societal expectations of corporate behaviour, a behaviour that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business"*.

Figure 1: Framework of the master's thesis



Source: Own fabrication (2018)

As you can see from the figure above, the thesis will be divided into nine subsequent chapters. **The first chapter** introduces the reader to the context of the research, followed by a description of the background. The subject of the **next chapter** will be the problem formulation backed and enriched with research questions and problem justification. Apart from this, I would like to dedicate a small paragraph in this chapter to the company being investigated (Morgan Stanley), their background and their involvement with corporate social responsibility. In the **methodology part**, paradigms in social science, qualitative and quantitative data collection, and paradigmatic approach will be addressed, and the choice of research approach is presented. In the **fourth chapter**, the topic of corporate social responsibility, corporate reputation and their subsequent development throughout the years shall be discussed. Firstly, I will define what corporate social responsibility is, its evolution from the beginnings, address different approaches/schools of thought, how it is correlated with corporate reputation, and what advantages come from investing in corporate social responsibility for the company. The same will follow for the term corporate reputation. In the **theoretical chapter** those theories shall be further discussed, which have the most relevance to my case. The main sources of information will be the possible series of interviews with various employees from Morgan Stanley stationed in Budapest, and observations within the premises of the company. Other relevant documents shall be used from verified official websites of the company. In the **empirical part**, the most relevant theories discussed in the previous chapter will be reflected on the case company. Afterwards, the **conclusion** part will follow, where I will summarize the acquired knowledge. In the **discussion chapter** I shall interpret and explain the acquired results, answer the proposed research questions and problem formulation, justify my approach, and conclusively critically evaluate my study. The whole thesis will be closed by the **reflections** part where I will be addressing the topic of my research experiences and limitations I encountered during the research process.

2. Problem formulation

The purpose of this chapter is to give the reader a better insight into how the problem formulation was developed and which factors made the authors choose this over other alternatives. In today's constantly quickly changing time is an absolute necessity for enterprises to pay great importance to corporate social responsibility and to its reputation, because corporate social responsibility is a key element for maintaining a positive reputation which leads to organization survival. The company is not alone in the market and a lot of other competitors are waiting for its mistakes which can lag the company behind the general pace in which companies evolve. Pressure on corporate social responsibility is growing around the world, mainly thanks to pressure from consumers and growing global interconnectivity. Corporate social responsibility is considered to be a part of long-term sustainable development and it is supported by international organizations, such as NATO, EU, OECD and a number of international non-governmental organizations. It is a field that is gradually becoming an essential part of a business strategy. Philosophy of corporate social responsibility deals with business development, ethics, morale, the environment, and with hope for the current and future generations. Corporate social responsibility is a concept, which allows companies to show that they acknowledge their part in the state and functionality of a society. Based on the basic concept of corporate social responsibility, companies amend their traditional economic goals by adding goals that focus on social and ethical and environmental issues. In accordance with these they modify their visions and strategies.

As mentioned previously in the introduction section, with the ongoing overall development of the business sector and companies situated in this sector, the term corporate social responsibility and corporate reputation plays gains on its importance each day. By this being said, it is imperative for the companies to stay ahead and stand out from competition. In a certain way, it can be argued that CSR is also a sure type of investment a company has to make in order to be unique on the market. CSR enables companies to build better relations with primary stakeholder, such as customers and employees, helping them to develop intangible, valuable assets which can be sources of competitive advantage (Hillman and Keim, 2001).

CSR activities make the corporation more attractive for variety of stakeholders such as employees, business partners, shareholders, governments, and customers, increasing its brand loyalty, image and awareness, long-term commitment, and environmental protection, and so reducing the loss of corporate reputation (Jonhson, Connolly and Carter 2010; Lacey and

Kennett-Hansel, 2010). Corporations are realizing various social responsibility programs both domestically and internationally on the basis of primary stakeholders' expectations and needs to become stronger than before. (Kim and Kim, 2010), if any of the stakeholder groups withdraws its support to the corporation, the corporation's activities are adversely affected (Mishra and Suar, 2010). Corporate social responsibility is a way of actively contributing to the society's basic order, in doing so enhancing the company's reputation. A good reputation increases the value of the brand and company's goodwill (Falck and Heblich, 2007). Therefore, deducing from all these statements, the following problem formulation was created in order to fully understand the impact of corporate social responsibility activities on the reputation of a company:

"How does Corporate Social Responsibility influence corporate reputation?

2.1. Research questions

In order to effectively answer the problem formulation, the following research questions were raised:

- What are the key different approaches of corporate social responsibility?
- What is corporate social responsibility's role in company's reputation?
- What is the current stance of the company (Morgan Stanley) with regards to corporate social responsibility?

2.2. Problem justification

The main justification for choosing this topic is the sheer fact that the concept of corporate social responsibility is taken more seriously by each day and logically every company wants to be a part of it since it can influence the reputation of a company which leads to increasing its value. Companies that practice good corporate social responsibility stand to gain great value in reputation, including trust, more willing recommendations, a buffer against scandals and other reputation busters, as well as a greater likelihood for consumers to use their products and services. Corporate social responsibility matters to the world because companies typically have great resources to enact positive change. But beyond satisfaction of knowing that the company is making a positive impact, they are also building a great reputation to themselves. An excellent corporate responsibility offers a number of benefits, but the most important of these is trust. Simply put, if a company does the right thing (environmentally, socially), then consumers feel they can trust them to do the right thing in all situations. That is why, according to the

Reputation Institute (Sickler 2015), the higher is a company involved in CSR activities, the more supportive consumer behaviour are delivered.

The word sustainability has become essential in business terminology, with implications much more far-reaching than environmental friendliness. Savvy leaders understand that in order to gain a competitive edge, they must incorporate sustainable business practices to ensure the long-term success of their companies. By developing CSR, a firm becomes integrated in the environment and establishes valuable relations with employees and partners. It becomes a sensitive actor towards third parties, it captures others' sympathy and support in an easier and more profitable manner, it is provided with higher chances for achievements and superior rates of success (Chien and Peng 2012; Samy, Odemilin and Bampton 2010; Sava, Moisa and Langa 2011).

When companies go above and beyond what they're expected to do environmentally or socially, they're engaging in corporate social responsibility. While regulations may require companies to limit pollution or engage in certain human resources standards, companies that go the extra mile in this regard are practicing corporate social responsibility. Examples of effective corporate social responsibility may include:

- Reducing corporate carbon footprint
- Improving labour policies such as vacation time, parental leave, and/or working conditions
- Donating to or volunteering with charities
- Charitable giving, such as giving products to the needy
- Providing services to charitable causes
- Participating in environmental cleaunps
- Changing corporate policies to develop greater efficiency and environmental savings
- Making investments that are socially and/or environmentally conscious (Reputation Management 2015).

As for the role of banks in corporate social responsibility, they can be referred as an important component of the economic system. They have an important role owing to their function of attracting financial resources from the economy and their redistribution to businesses that are looking for financial resources to finance new projects or projects in development. In addition, financial institutions are able to catalyse the introduction of rules on sustainable development.

Similar to other companies, banking and financial institutions have a certain conduct in dealing with the local community, labour and the environment, and their relationships can be used as key tools in imposing principles of sustainability to the borrowers (Matei and Voica 2013). The concept of corporate social responsibility is not new in the banking sector, but nowadays, it becomes highly topical since the crisis has significantly highlighted the need for integration of moral principles in the banking business (Lenka 2011). The international financial crisis was a signal of alarm which resulted in a change of the vision of the social responsibility. Subsequently, due to the 2008 financial crisis, most banks have taken up the initiative to launch various social responsibility programs among the population which aims to help them to improve their understanding of financial matters.

From one of these many companies, in this case companies located in the financial sector, Morgan Stanley can be found on which the research is being conducted. Within this sub-chapter I would like to dedicate a few words about their background, current status of their CSR activities, and future challenges they are facing with regards to this topic.

Morgan Stanley is a financial holding company. The Company is engaged in global financial services. The Company, through its subsidiaries and affiliates, advises, and originates, trades, manages and distributes capital for governments, institutions and individuals. The Company's segments include Institutional Securities, Wealth Management and Investment Management. Through its subsidiaries and affiliates, the Company provides a range of products and services to a group of clients and customers, including corporations, governments, financial institutions, and individuals. With more than 1,200 offices in 42 countries, the people of Morgan Stanley are dedicated to providing our clients the finest thinking, products and services to help them achieve even the most challenging goals. Morgan Stanley came into existence on September 16, 1935, in response to the Glass–Steagall Act that required the splitting of commercial and investment banking businesses.

Since their founding in 1935, Morgan Stanley has been a pioneer in the expansion of the global capital markets. Now, as one of the leading global financial services firm with employees doing business in 42 countries, Morgan Stanley identifies opportunities to fuel innovation and bring bold ideas to life. Their four core values — Putting Clients First, Doing the Right Thing, Leading with Exceptional Ideas and Giving Back — underpin all that they focus on. Morgan Stanley is deeply committed to supporting sustainability, promoting sustainable investing, and focusing capital on the long term. They recognize that to serve their clients’ current and future needs, they have to mobilize capital to help mitigate global risks like climate change as well as promote opportunities for inclusive growth. As for their CSR activities, the company applies its wealth management and capital markets expertise to make sustainability considerations integral to their financial and investing activities. For the company, scalable solutions are necessary in order to shift to a more inclusive, low-carbon economy. They facilitated more than $73 billion in clean tech and renewable energy financing since 2006. Since 2013, the company has led green bond transactions worth more than $27 billion which supports a variety of existing and future energy efficiency and renewable energy projects. Morgan Stanley Investment Management is a signatory to the United Nations-supported Principles for Responsible Investment (UN PRI) Initiative, an international network of investors committed to six Principles for Responsible Investment that incorporate ESG issues into investment practices across asset classes. Within the community development, Morgan Stanley mobilizes capital to support the development and renovation of affordable housing in vulnerable communities. Since 2010, Morgan Stanley has invested $10.6 billion to fund the development of 64.000 affordable housing units, creating, or retaining more than 54.600 jobs. Within the environmental issues, the main goal of the company is reducing GHG by minimizing office space emissions per square foot by 15 percent. Since 2006, they reduced global average office emissions per square foot by 35.85 percent. Morgan Stanley also invested resources in supporting clean technology solutions and the production of clean energy which amounted approximately 2 million kWh in 2015. Apart from all these mentioned activities, there are many other initiatives sponsored by Morgan Stanley, such as employee benefits, volunteering, charitable giving, healthy cities, for which the company has received a vast number of awards and recognitions throughout the years (Morgan Stanley Sustainability Report 2015, 2016).

Figure 2: Transactions referred for environmental and social due diligence by industry*

Industry	2014	2015	2016
Basic materials	38	46	66
Communications	8	2	3
Energy	180	137	159
Financial Institutions	79	76	229
Industrials	168	158	264
Other	–	–	1
Pharmaceuticals	38	54	36
Power and Utilities	55	64	91
Real Estate	46	59	37
Retail	18	23	9
Services**	148	155	216
Transportation	32	8	14
Year Total	**810**	**782**	**1,125**

*While the majority of transactions were submitted by IBD/GCM and Investment Management, the table includes submissions by other Business Units across Wealth Management, Institutional Securities, and Sales and Trading.

**In previous years, we have included "Health Care" separately. We have now added a row for "Other" and have added health care to "Services."

Source: Morgan Stanley Sustainability Report 2016, p. 5

3. Methodology

The methodological chapter will elaborate on the methods, tools and approaches used to answer the problem formulation of this report. The required foundation is created in this chapter to achieve the goals of this report. Every research paper consists of different approaches that are formed in various ways depending on the researcher's needs and viewpoints. Furthermore, different foundation for knowledge depends on the way how the world is perceived by the researcher and how is reality understood. As a reason, it is important to formulate how root assumptions and methodological aspects were built along the way of this research (Kuada 2010).

According to Kuada (2010), methodology is a plan and a strategy of activities that set a guideline for the whole research. It analyses the reasons for the choice by using specific methods in the research. Methodology can be also recognized as a research design or a process that is required to conduct in order to be able to find the desired knowledge (Kuada, 2010). Frankfort and Nachmias (1996, cited in Yin, 2013) stated that methodology brings a plan that helps leading a process of the researcher and subsists of analysing and gathering data, portraying the observations and results. This following chapter analyses the concept of paradigms, describes, and discusses different methodological approaches.

3.1. Theoretical research methodology

3.1.1. Paradigms in social science

To fully understand the research methodology discussed and used in this thesis, the clarification must be made regarding the definition of paradigm. A paradigm is a set of theories, methods, set of beliefs, dominant thoughts and principles that justify the choice that had been made by the researcher in a specific area of the research under the intense examination. The term paradigm is nowadays connected to Kuhn (1970), who is describing and framing various scientific findings over time in different fields. The paradigm represents a set of common understanding and common questions asked about the phenomenon being studied (Kuada, 2011). Kuhn argues that every field of research is characterized by a set of common understanding of what phenomenon is being studied, the kinds of questions that are useful to ask about the phenomenon, how researchers should structure their approach to answering their research questions, and how the results should be interpreted. These common characteristics constitute a paradigm. The main idea is to deeply understand why and how the research had been formed to its final results. Furthermore, according to Burrel & Morgan, there are four main groups of assumptions from which the researcher can distinguish. These are: ontology, epistemology, methodological assumptions, and assumptions about human nature (Kuada, 2010, p. 5). These assumptions which were previously mentioned can be classified as *"the four levels of understanding"* which means, with every assumption of these four, different views, understandings will lead to different research approaches and thus to different outcomes (Raad 2014).

Ontology

There are as many definitions for ontology as there are researchers who are concerned about this concept. As per Kuada (2009, p. 5), *Ontology* is a term used to describe the nature of what the researcher seeks to know something about – i.e. the "knowable" or "reality". The question of whether the social world is real and external to an individual human being is ever impending among some scholars, which therefore imposes itself on whether individuals creates his own social world which would be a product of his cognition. The assumption implies that the findings or part of view of the researcher is considered to be a "reality" (Kuada, 2009).

Epistemology

Epistemology is the next level of understanding related to ontology and the term is describing the nature of knowledge and the means of knowing – i.e. "how we know what we know" or what we conceive as a "truth" (Kuada 2009, p. 5). Epistemology also advocates the way of how the research should be understood by the reader. Since every researcher considers factors of knowledge differently to be crucial for the research, individual's preferences are the core for the epistemological viewpoint. In other words, it is related to the knowledge and by what process the knowledge is created in a certain field of research. Also, epistemology can be adopted by two different standpoints (Kuada, 2014).

Human nature

The third term examines the understanding of the researcher towards the human existence and the environment that is surrounding them. The relationship between the social environments from the outside is what the researcher seeks to find out, if they codetermine each other and this is what also is considered to be the "truth" to the researcher (Kuada 2009). *"Some researchers see the social environment as being outside the individual. Other researchers hold the view that human beings and the social environment co-determine each other"* (Kuada 2011, p. 34).

Phenomenology

Phenomenology is known as an educational qualitative research design (Ponce, 2014; Creswell, 2013, Marshall & Rossman, 2010). The phenomenological approach aims to develop a complete, accurate, clear and articulate description and understanding of a particular human experience or experiential moment. It achieves its goal through the use of a special investigator stance and approach and through specialised methods of participant selection, solicitation of information, systematic data treatment, and assembling of interview components into a final report (Brown 2009).

As per Padilla-Diaz (2015, p. 103), phenomenology can be divided into three distinctive groups:

- Descriptive or hermeneutical phenomenology – it concerns the study of personal experience and requires a description or interpretation of the meanings of phenomena experienced by participants in an investigation.
- Eidetic or transcendental phenomenology – this type analyses the essences perceived by consciousness regarding individual experiences.
- Genetic or constitutional phenomenology – this type concerns the analysis of the self as a conscious entity.

3.2. Practical research methodology

Looking at the social science domain in which we are situated, research methods have been grouped into two broad groups namely, qualitative, and quantitative research methods. The choice of method chosen largely depends on the information one needs and is deeply rooted in one's methodological approach. In this section of the report, I am going to consider both qualitative and quantitative research methods while paying more attention to the specific research methods that I think best suit the project and can help me to gather data that will answer my problem formulation.

The ideal approach chosen for this paper is the case study research. The main purpose of the case study method is to bring a more detailed insight and understanding how organizations and humans operate and interpret the theoretical knowledge into a certain context. As determined by Yin (2009), case study method is an empirical analysis that researches apply. Furthermore, it is an existing phenomenon with a link to the real-life context. Case studies permit the researchers to further investigate the surroundings of events while being within the close proximity to practice, compared to a laboratory research and testing (Yin, 2009 cited in Merriam, 2014). By using the Case study research, the researchers get an understanding of an issue that is complex and is particularly handy in situations when an in-depth knowledge is required to answer the research questions. As Yin furthermore pointed out, using a case study is particularly useful when the researcher is striving to get answers for questions starting with “why” or “how” (Yin 2009).

During the writing process of my thesis I received an opportunity to work for Morgan Stanley in Budapest, Hungary which lead me to the chance to gain a better insight on how a significant financial institution deals with the topic of corporate social responsibility and corporate reputation. I thought it would be truly interesting to get engaged in their activities with regards to the researched issue mostly because of the opportunity to obtain essential information firs-hand. As I mentioned in the previous paragraph dedicated to Yin’s teachings where he stated that the choice of choosing case study research depends very much on the research question and it is most appropriately applied when the study question starts with ‘‘how’’ and ‘‘why’’ and researchers have limited influence over events. Since my problem formulation started with a “how” and considering above discussion, I decided to apply case study for my research.

According to Yin’s studies (2009), three types of case studies for research purposes can be identified and those are:

- Explanatory, or casual studies,
- Descriptive case studies,
- Exploratory case studies.

3.2.1. Qualitative and quantitative data collection

Quantitative data collection is the systematic empirical investigation of observable phenomena via statistical, mathematical, or computational techniques (Given 2008). In other words, it is the calculation of data through statistical technique. There are different quantitative analysis methods such statistics, graphs and charts which allow the researcher to calculate the data more appropriately.

Qualitative data analysis can be defined as the development of concepts which helps us to understand social phenomena in natural rather than experimental settings. Giving due emphasis to the meaning, experiences, and view of the participants (Nigatu 2009, p. 5). The qualitative research method emphasizes words rather than quantification in the collection and analysis of data. Hence, this technique leans towards concepts that come out from various situations and approaches that are not based on statistical data. Furthermore, in the qualitative research, the focus is put more on the words reasoning than numbers that had been collected and then analysed, in other, words it is less important how the data were quantified. Also, this method follows the characteristic of interpretive epistemological approach, thus, the researchers are more on the subjective side and the understanding is gathered by the interpretation of participants. The qualitative data collection brings more information needed for the investigation (Wang and Donets 2017). This is generally done in interviews (in-depth interviewing/conversational interviewing), open ended questions, focus groups, participant observation (Bryman and Bell 2011).

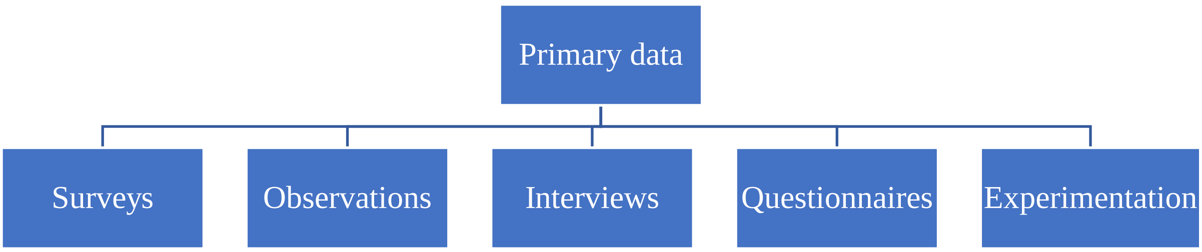
Types of data collection

Two types of data collection can be identified which can help me in answering the formulated research question and these are – *primary data*, and *secondary data.*

Primary data are information collected by a researcher specifically for a research assignment. In other words, primary data are information that a company must gather because no one has compiled and published the information in a forum accessible to the public. They can be gathered via surveys, observations, experimentation, interviews, questionnaires, and focus group interviews, etc. (Saunders et al, 2007).

The primary data have own advantages and disadvantages, for example one of the main advantage of primary data collection is the high reliability it offers, since all the data is collected by the concerned and reliable party and has a full control over the data that are being researched. On the other hand, a big disadvantage can be the fact that the designated data collection takes a lot of time and effort, the coverage is limited, some respondents do not give timely, honest responses, et cetera.

Figure 3: Types of primary data



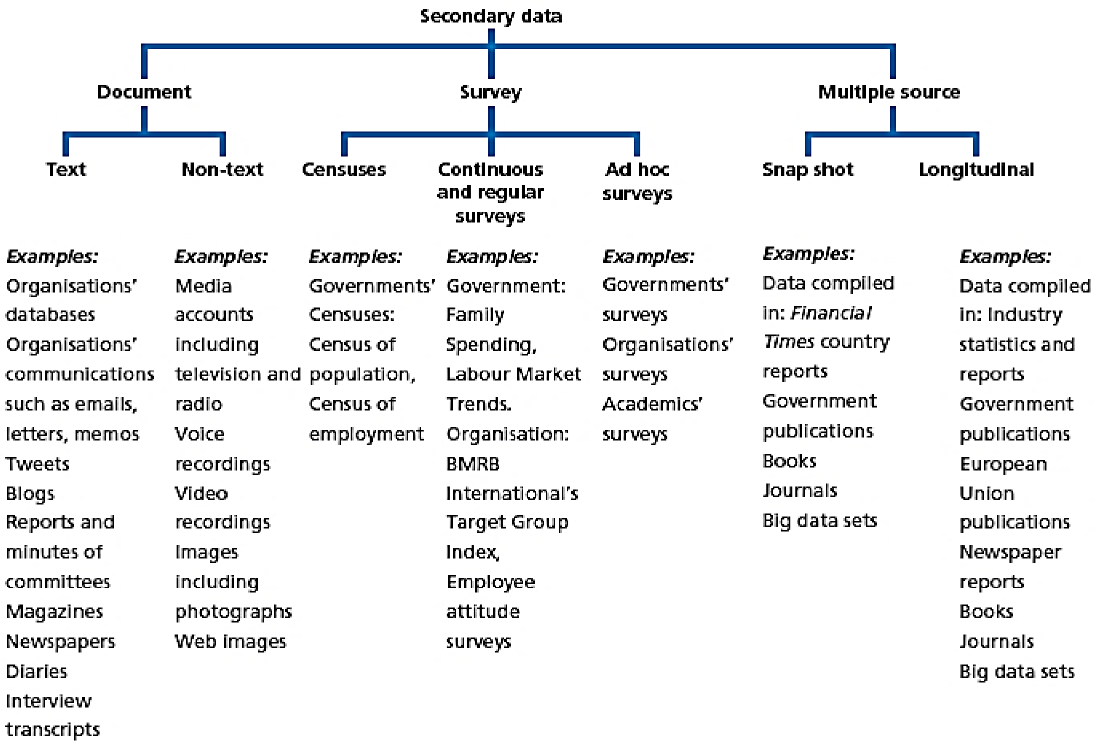
Source: Own fabrication

Secondary data are characterized as all data that can be found for a specific topic and had been collected researched by another researcher in the past. If the researcher uses these data, then these become secondary data for the current users. These may be available in written, typed or in electronic forms. Saunders (et al 2016) implies that secondary data can be both quantitative and qualitative and are part of the explanatory and descriptive research.

As for the advantages and disadvantages of using secondary data, one of the main advantages of secondary data is the fact that these are easily accessible and quite cheap sources of information in comparison with primary data. Another advantage can be the frame of mind it gives to the researcher with regards to the direction the researcher should go for a specific research (Saunders et al 2016). The disadvantage that comes with secondary data, just to name a few, is that the data were originally collected for a different purpose and therefore may not be optimal for the research problem under consideration (Hox and Boeije 2005). Other negative side is that the data becomes obsolete and old by the passage of time.

When deciding if collecting primary or secondary data, there are few factors that need to be considered prior. For many researchers, the main advantage when using secondary data is the advantage of fewer monetary resources that need to be allocated for the research (Janouskova 2017, p. 33).

Figure 4: Types of secondary data



Source: Saunders (et al 2016), p. 319

Reliability and validity

In qualitative research reliability and validity are important criteria in establishing and assessing the quality of research. (Bryman and Bell, 2015, p. 395) A good qualitative study can help us *“understand a situation that would otherwise be enigmatic or confusing”* (Eisner, 1991, p. 58)

This relates to quality concept in qualitative study has the purpose of *"generating understanding"* (Stenbacka, 2001, p. 551). According to Seale (1999, p. 266) *"trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability"*. Thus, two elements are necessary to consider: *reliability* and *validity* (Abbott et al., 2012).

Reliability refers to the consistency of responses and/or findings of the research (Creswell, 2009, p. 195; Saunders et al. 2009, p. 156). However, in qualitative research reliability like generalizability (external validity) "plays a minor role" (Creswell, 2009, p.195). Validity constitutes strength in qualitative research, and it means the accuracy of the findings, their credibility and authenticity (Creswell, 2009, p. 196) In order to check the accuracy of the validity, the findings consist self-reflection, rich and thick description, respondent validation, prolonged involvement, peer debriefing, and triangulation. (Creswell, 2009, p. 196). Apart from that, Lecompte and Goetz (1982) identify four types' views that signify reliability and validity – *external/internal reliability*, and *external/internal validity* (Lecompte and Goetz 1982, cited in Bryman and Bell 2015). *External reliability* means the degree to which study can be replicated. *Internal reliability* when there are more members of the research and the team agree about what they see and hear. *Internal validity* defines whether there is a match in between researchers' observations and the theoretical ides they develop. *External validity* defines the degree to which findings can be generalized through social settings (Bryman & Bell, 2015, p. 395).

The objective of this master's thesis is to achieve internal validity by developing a conceptualized framework that has been created based on the obtained theoretical knowledge from the literature review and case study analysis.

3.2.2. Data sampling

As per Gentles (et al. 2015, p. 1775), in their study analyzing sampling methods in qualitative research derived a more general definition abstracted from individual publications. In this research paper, they defined the above phenomena as *"the selection of specific data sources from which data are collected to address the research objectives."* Within this study they also identify three aspects in which each aspect has a different view on sampling – *grounded theory, phenomenology,* and *case* study.

Figure 5: Different views on the concept of sampling by the three concepts

Grounded theory	Sampling is "where to go to obtain the data" (Strauss and Corbin 1998, p. 201)
Phenomenology	Sampling is "choosing informants" (Cohen et al. 2000, p. 45)
Case study	Sampling applies to selecting cases and selecting data sources "that best help us understand the case" (Stake, 1995, p. 56)

Source: Own fabrication based on Gentles (et al. 2015), p. 1775-1776

When it comes to data sampling, certain sample strategies are needed in order to acquire the necessary data for the research. Many scholars (Berg and Lune 2004; Marshall 1996; Gentles et al. 2015) in their studies mention that there are three main sampling strategies in qualitative studies – *purposeful sampling (also as Judgement sample)*, *theoretical sampling*, and *convenience sample*.[1]

Purposeful sampling is regarded to be the most frequent sampling technique in the qualitative methods literature. According to Yin (2011, p. 311), purposeful sampling can be defined as *"the selection of participants or sources of data to be used in a study, based on their anticipated richness and relevance of information in relation to the study's research questions"*. The concept of *theoretical sampling* has its origins in the grounded theory (Glaser and Strauss 1967). Since then, it is has become more broadly influential as authors make increasing reference to it in the general qualitative methods literature outside grounded theory (Gentles et al. 2015). As per Gentles (et al. 2015, p. 1779-1780), theoretical sampling can be defined as *"a process in which data gathering is guided by the evolving theory and the aim is to develop categories in terms of their properties and dimensions and integrate those categories"*. As for the *last strategy*, it is classified as the least rigorous technique. It is the least costly to the researcher, in terms of time, effort and money, but may result in poor quality data and lacks intellectual credibility (Marshall 1996). For this research, purposeful sampling shall be used since only those participants will be chosen who have relevance and are closely related to the topic of corporate social responsibility activities within the firm.

3.2.3. Data analysis

Qualitative data is often subjective, rich, and consists of in-depth information normally presented in the form of words. Analysing qualitative data entails reading a large number of

[1] The other sampling strategies may be snowball sampling, random sampling, quota sampling.

transcripts looking for similarities or differences, and subsequently finding themes and developing categories. Qualitative data analysis can be divided into the following five categories:

- Content analysis – this refers to the process of categorizing verbal or behavioural data to classify, summarize and tabulate the data. Content analysis can be furthermore done on two levels – *descriptive* (what is the data?) and *interpretative* (what was meant by the data?)
- Narrative analysis – narratives are transcribed experiences. Every interview/observation has narrative aspect. The researcher has to sort-out and reflect up on them, enhance them and present them in a revised shape to the reader. The core activity in narrative analysis is to reformulate stories presented by people in different contexts and based on their different experiences. To summarize, narrative analysis seeks to put together the "big picture" about experiences or events as the participants understand them.
- Discourse analysis – this is a method of analysing a naturally occurring talk (spoken interaction) and all types of written texts. In comparison with narrative analysis, discourse analysis recognises speech not as a direct representation of human experience, but as an explicit linguistic tool constructed by social or ideological influences.
- Framework analysis – this type of analysis is regarded as a more complex which consists of numerous stages such as *familiarization* (transcribing and reading data), *identifying a thematic framework* (identification of the framework from prior issues or from emerging ones), *coding* (usage of numerical or textual codes to identify specific piece of data), *charting* (charts created using headings from thematic framework), *mapping and interpretation* (the search for patterns, concepts, and explanation in the data).
- Grounded theory – this method of qualitative data analysis starts with an analysis of a single case to formulate a theory. Then, additional cases are examined to see if they contribute to the theory (Haregu 2012; Thorne 2000).

3.3. Method of analysis

The objective for this study is to investigate how can corporate social responsibility activities in a way influence the reputation of a company – in this case Morgan Stanley. The study aims to find some possible and sensible answers and conclusions for the problem formulated above in the introduction chapter. In other words, I am going to create and build business knowledge, which will be the foundation of my reflections, recommendations, and conclusions. I am a knowledge creator, a researcher as well as an observer during my stay at Morgan Stanley in Budapest, Hungary. With regards to this study, the qualitative data analysis shall be conducted in the form of narrative analysis.

3.4. Research approach

According to J. Kuada (2011), there are two research types: descriptive and normative. The descriptive research attempts to describe an analysed situation, while identifying the issue through information provided directly or recently. The normative research, the guidelines are involved and needed to be followed for decision making. In this project, the descriptive research type has been chosen. The main reason of decision-making is the specific information related to the project investigation is needed to be collected. Therefore, I chose the descriptive or hermeneutical phenomenological approach for this study, since corporate social responsibility as a term itself can be regarded as a recent phenomenon that has risen into significant acknowledgment in wide theoretical and empirical circles.

During the writing process of this thesis I was able to directly observe, and actively participate in the activities Morgan Stanley conducts on the field of corporate social responsibility since my employment in May. The first experience was when the whole Hungarian branch of Morgan Stanley gathered and various departments from within have participated in a dragon boat race which was intended to raise funds for a Hungarian not for profit organisation called Bátor Tábor located in Hatvan, Hungary. The organisation provides life-changing experiences, strength, and tools to live and to recover for seriously ill children and their families. The whole experience costs no money. Another direct observation was within the global volunteer month – the giving back project conducted by Morgan Stanley – in which Morgan Stanley employees gathered resources and helped various institutions (for instance orphanages in my case) in tackling different tasks accompanied by bond strengthening with the orphans. All these initiatives can be categorised into social activities when it comes to corporate social responsibility. Another chance to collect essential information for my cause was to attend a videoconference call held by Audrey Choi, the chief sustainability and chief marketing officer of Morgan Stanley in which she has mostly addressed the topic of corporate sustainability and the future endeavours of the company with regards to this topic and its brand. However, the main pillars for my empirical research were the documents and articles which are all publicly available on the official sites of Morgan Stanley. One of the many documents used in this thesis were the annually published reports regarding corporate social responsibility.

I, as a researcher am flexible in my investigative techniques and I tend to view on the research as a holistic endeavour because I will persistently try to observe the facts correlated to the theories engaging corporate social responsibility and their influence on the reputation of corporations. Moreover, qualitative research shall be conducted in this semester project which is more appropriate than the quantitative because it will allow me to give a robust description and explanation of the phenomenon instead of getting involved with quantification and statistical procedures. By choosing this method I allow myself more freedom in the information collection process. The goal of this project is to identify and critically discuss how can corporate social responsibility initiatives in a way influence a company's renommé.

4. Literature review

In this part of the semester project I shall be addressing the topic of corporate social responsibility and corporate reputation. With the everchanging business environment and the competition getting more challenging, each company focuses on being different and more successful than the other competitors. In other words, if the company wants to survive on the market, it has to constantly develop and implement solutions which can create certain competitive advantage. From the many possibilities the companies have in their inventories is corporate social responsibility, which as per Maignan and Raltson (2002, p. 497) is *"an excellent instrument to enhance the legitimacy of the firm among stakeholders and develop positive responsibility images"*. This statement can be backed by a number of studies that have been conducted and manifested the benefits generated by fulfilling social responsibilities (Su and Jie 2015; Hsu 2012; Gardberg and Fombrun 2006; McWilliams, Siegel and Wright 2006; Bhattacharya 2004). Concluding from previous studies done on this issue, it can be said that during the last decade, the topic of corporate social responsibility took up on interest and this phenomenon can be generally observed on many distinct levels: multinational companies issue codes of conduct to manage their social, environmental and human rights policies and practices; the number of social and ethical brands increased as well as the number and size of ethical or social investment funds; the number of non-governmental organizations had also grown and there is more interest in promoting more responsible business practices (Perrini, Pogutz and Tencati, 2006).

This chapter will be divided into two sub-chapters in which the topic of corporate social responsibility **(4.1.)** and corporate reputation **(4.2.)** shall be discussed starting with the definition of both terminologies, its genesis and evolution. Within the CSR sub-chapter, different approaches/schools of thought, motivations and benefits will be introduced. The sub-chapter will conclude with remarks on how corporate social responsibility is correlated with corporate reputation.

To address the formulated research questions, the literature review chapter will be conducted in a narrative form (Danson and Arshad, 2014). I have decided to consider various management journals of the highest quality as well as those focused on knowledge-related topics, accounting for both American and European perspectives. I managed to gather information mostly from these journals – *Journal of Multinational Financial Management, Journal of Management Studies, Journal of Business Strategy, Journal of Business Research, Leadership &*

Organization Development Journal, California Management Review, The Journal of Finance, Journal of World Business, Journal of Political Economy, International Journal of Organizational Analysis, Harvard Business Review, American Economic Review, Corporate Finance Review, International Journal of Technology Management, Strategic Management Journal, Journal of High Technology Management research – as well as from different types of books dedicated to the theories of competitive advantage. The keyword for the search was theories of competitive advantage, schools of thought in theories of competitive advantage. The timespan ranges from 1960 to 2016.

4.1. Corporate social responsibility

The concept of corporate social responsibility (CSR) has a long and varied history. It is possible to trace evidences of the business community's concern for society for centuries. Formal writing on social responsibility, however, is largely a product of the 20th century, especially the past 50 years. Of course, many other studies were published way before. References from this period worth noting include Chester Barnard's (1938) *The Functions of the Executive*, J. M. Clark's (1939) *Social Control of Business*, and Theodore Kreps' (1940) *Measurement of the Social Performance of Business*. In the early writings on CSR, it was referred to more often as social responsibility (SR) than as CSR. CSR began to be assumed as a valid business concept in the 1950s by the publication of Howard R. Bowen's book *Social Responsibilities of the Businessman* which is regarded as a landmark book on this subject (Carroll 2008). In his book, Bowen argued that the several hundred largest businesses were vital centres of power and decision making and that the actions of these firms touched the lives of citizens at many points. Furthermore, he set forth the primary definition of social responsibilities of businessmen: *"It refers to the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society"* (Bowen 1953). For Bowen, the topic of corporate social responsibility meant a lot and argued that CSR has to guide the companies in the future. Carroll (2008) considered Bowen as the "Father of Corporate Social Responsibility". After Bowen's publication, Morrell Heald's (1970) *The Social Responsibilities of Business: Company and Community, 1900-1960* has proven to be a worthy follower in Bowen's narrative. Although Heald has not created or formulated a new definition, he provided an interesting and provocative discussion of the theory and practice of CSR during the first half of the twentieth century (Carroll 1999). Other important literature from the 1950s includes Selekman's (1959) *Moral Philosophy for*

Management; Heald's (1957) *Management's Responsibility to Society: The Growth of an Idea*; and Eells' (1956) *Corporate Giving in a Free Society*.

The modern debate on CSR started in the USA in 1970, when Nobel Prize winning economist Milton Friedman came out with an article where he stated that any company should not deal with issues, which do not directly belong to its core mission of increasing shareholder value and maximizing profit. For Friedman, corporate social responsibility was a fundamentally subversive doctrine and a pure socialism (Friedman, 1970). With the above statement made by Friedman, two scholars – Bill Shaw and Thomas Milligan – did not agree. They argued that companies should still be socially responsible. And, despite the costs which these activities demand, the company should concentrate on emphasizing the usefulness of the conception in the society in general (Poff and Waluchow, 1987, p. 46-57).

Over the last decades, corporate social responsibility has gained greater importance as an idea, as a corporate strategy, and as an organizational value for corporations (Dobers 2009). CSR activities make the corporation more attractive for variety of stakeholders such as employees, business partners, shareholders, governments, and customers, increasing its brand loyalty, image and awareness, long-term commitment, and environmental protection, and so reducing the loss of corporate reputation (Jonhson, Connolly and Carter 2010; Lacey and Kennett-Hansel 2010).

Defining corporate social responsibility

Plenty of studies have defined CSR from diverse perspectives. Mohr (1996) divides definitions on CSR into two types: multi-dimensional definitions and definitions based on social marketing. Multi-dimensional definitions list main social responsibilities for corporations, while social marketing concept views CSR according its impacts on society. Dahlsrud (2008) conducts comprehensive analysis on 37 definitions of CSR (see Appendix 1.) according to relevant literature from 1980 to 2003, and then groups definitions on CSR into five dimensions, including: the environmental dimension, the social dimension, the economic dimension, the stakeholder dimension, and the voluntariness dimension. Corporate social responsibility can be generally defined as the economic, legal, ethical, and discretionary expectations that are driven by contracts between companies and society that society has of organizations (Carroll, 1979).

Theories and approaches of corporate social responsibility

As previously presented, there are lots of definitions for a single term – probably more than 37. From this it can be said, that there is no univocal definition, or an agreement related to the concept of corporate social responsibility. The same can be said about the theories and approaches that encircle the topic. According to Garriga and Melé (2004), there are four different theories and approaches to classify CSR. These are – **Instrumental theory**, in which CSR is a mere instrument to achieve economic and financial results; **Political theory,** related to the power and position that companies have; **Integrative theory**, where CSR is seen as an integrant part of decision-making process; and **Ethical theory** which include ethical principles to contribute to society welfare (Figure 5).

Figure 6: Proposed corporate social responsibility approaches and theories by Garriga and Melé

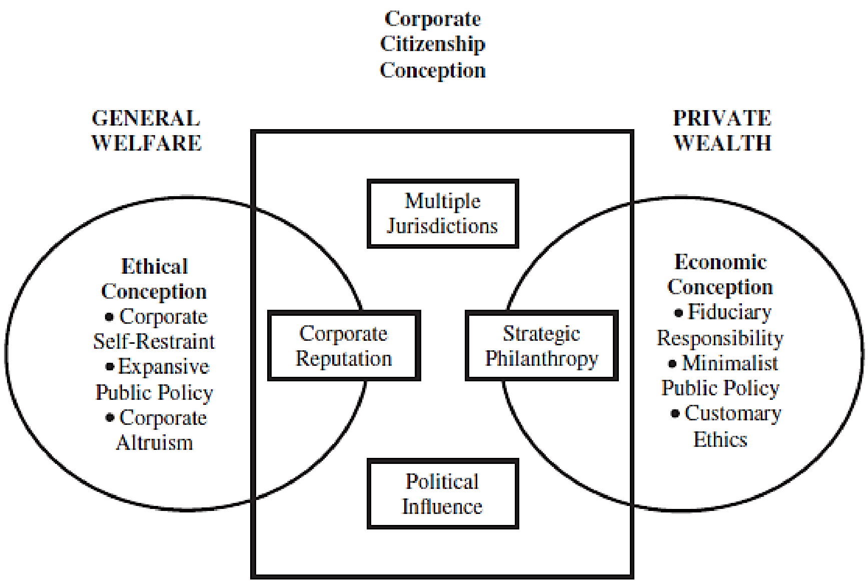
Type of theory	Main idea	Approach	Characteristics	Key references
Instrumental	The social activities that companies should pursue to better achieve economic and financial purposes	Maximization of shareholder value	Any investment in social demands that would produce an increase of the shareholder value should be made.	Friedman (1970); Jensen (2000); Porter and Kramer (2002); Hart (1995); Litz (1996); Prahalad and Hammon (2002); Hart and Christensen (2002);
		Strategies for competitive advantage	Companies should focus on CSR activities, because in the long-term it can create a competitive advantage.	
		Cause-related marketing	Companies should support causes that improve their image and reputation	
Political	The power and the position that companies assume in society should be used in a responsible manner	Corporate constitutionalism	Companies hold a considerable power in society with which they can influence the market balance. Therefore, they should manage that power in a responsible way.	Davis (1960, 1973); Donaldson and Dunfee (1994, 1999); Dion (2001); Wood and Logsdon (2002); Tichy et al. (1997); Wood (1991)
		Integrative social contract	There are an inherent social contract between companies and society that require some indirect obligations from companies to society.	
		Corporate citizenship	Companies have citizenship duties to the society they are part of.	
Integrative	How companies could integrate the social requests in their decision-	Managing issues	Companies should meet, evaluate and answer to the social performance's spinals and expectations coming from community	Preston and Post (1975); Sethi (1975); Greening and Gray (1994); Brewer (1992); Bendheim et al.

	making process and orientations	Public responsibility	Companies have responsibility in public subjects, including the participation in policies' creation.	(1998); Agle and Mitchell (1999);
		Stakeholder management	Companies should taking into account not only the shareholders/owners but also the other stakeholders interests.	
		Corporate social performance	In order to be a socially responsible company, it is essential to perform ethically, economically, legally and discretionarily responsible.	
Ethical	What ethical principles should companies follow in order to contribute to society welfare	Universal rights	Companies should respect and obey to universal human rights, never disrespecting the human dignity.	Freeman (1984); Evan and Freeman (1988); Freeman and Philips (2002); Burton and Dunn (1996); Philips et al. (2003); Weiss (2003);
		Sustainable development	Companies should seek the sustainable development in society, pursuing economic, social and environmental aspects.	
		Common good	As society members, companies should contribute to common good and community progress.	
		Normative stakeholder theory	All stakeholders have justifiable interests in companies' activities. These interests worth *per se*, so companies should answer them, independently if they provide positive or negative effects to shareholders/owners.	

Source: Garriga and Melé (2004), p. 53-62

Another study made by Windsor (2006) argued that there are three key approaches – **ethical responsibility theory, economic responsibility theory,** and **corporate citizenship conception**. Ethical responsibility theory advocates strong corporate self-restraint and altruism duties and expansive public policy strengthening stakeholder rights. Economic responsibility theory advocates market wealth creation subject only to minimalist public policy and perhaps customary business ethics. Economic and ethical perspectives embody competing moral frameworks and political philosophies, they are mutually exclusive and do not overlap conceptually. The citizenship metaphor envisions typically multinational enterprises (MNEs) operating across multiple legal jurisdictions and managers focused on strategically building political influence and corporate reputation.

Figure 7: Three key approaches proposed by Windsor



Source: Windsor (2006), p. 95

These competing approaches superficially share two common themes. First, all profess to improve general welfare. A firm today cannot appear otherwise. Each approach however takes a different path to general welfare. Second, all approaches accept public policy compliance. Acceptance does not constitute a unifying ethics subset because practical necessity requires it independently of any moral duty. Economics and instrumental citizenship concur on minimalist public policy and treat public policy formulation as strictly a marketplace of interest-group competition to be influenced. The economic approach advocates strict limits on both discretionary and mandatory responsibilities (Friedman 1970) and predicts strong long-term social benefits of relatively unfettered markets operated by self-interested actors (Jensen 2000). The ethical conception argues that such a narrow view is both insufficient and myopic, and that impartial moral reflection by managers and investors is instrumentally necessary in business, normatively commanded, and socially desirable (Windsor 2006).

Thirdly, Secchi (2007) proposed his work which also defends the structure of three theoretical approaches, but with a different perspective in comparison with Windsor's work. These three theories are - **Utilitarian theory**, oriented to profit maximization, where company is integrant part of economic system; **Managerial theory**, in which CSR is approached as an internal process of companies; and **Relation theory** focused on the company's relationships.

Figure 8: Three key theoretical approaches proposed by Secchi

Theories	Main idea	Approach	Characteristics	Key references
Utilitarian	Company is a mean to achieve profit and CSR could allow a competitive advantage	Theories on social costs	Corporate non-economic forces influence the socio-economic system in the community.	Velo (2003); Clark (1916); Marshall 1890); Meade (1973); Pigou (1920); Shaw and Barry (1995); Chamberlain (1973); Etzioni (1988)
		Functionalism	Firm is a part of the economic system whose goal derives from its definite function in society: that of making profits.	
Managerial	Corporate social responsibility appears as an internal decision-making process that takes into account the external factors	Corporate social performance	The contribution's measure of social variable to economic performance	Schwartz (1998); Drucker (1973); Kreps (1940); Carroll (1993); Clarkson (1995); Burke and Logsdon (1996); Margolis and Walsh (2003)
		Social accountability, auditing, and reporting (SAAR)	SAAR is essential for a company communicate their needs, to have better stakeholders and disclose concerns	
		Social responsibility of multinationals	Managers should define corporate social responsibility useful tools for multinationals in order to survive in foreign markets	
Relation	Corporate social responsibility analysis comes up in the basis of the firm's relationships	Business and society	Corporate social responsibility emerges of the interaction between business and society	McGuire (1963); Freeman and Liedtka (1991); Frank 2004); Matten et al. (2003); Waddock and Smith (2000); Post (2000); Donaldson (1989); Frederick and Wasieleski (2002)
		Stakeholder approach	To manage the socially behaviour of a firm is essential to understand reality and mainly the different interests exist in firm.	
		Corporate global citizenship	Based on the path that a company develop to behave responsible, through the relationship with its stakeholders and in the continuous search of engagement and commitment.	
		Social contract theory	Corporate social responsibility derives from the moral legitimacy the firm achieves in the society	

Source: Secchi (2007), p. 351-364

Even though all of these three different theories regarding corporate social responsibility have their distinctions, there are visible similarities in the abovementioned approaches and a focus between them (Ismail 2009). Instrumental, utilitarian, and economic conception are very similar since they both are oriented to economic results, in which company is a mean to achieve wealth. Corporate citizen conception, political, and integrative theories can be related to managerial theories. The first approach to managerial theories is associated to political theories in which social responsibility that companies have is based on the idea that each corporation is a community's citizen, thus associated to political theory. The appearance of such duties stands on the social power each corporation has, in which is evident the similarities between integrative, managerial, and corporate citizenship theories (Santos 2011).

4.4.1. Motivational factors for corporate social responsibility

There are various motives for companies that can drive them to be more active on the field of corporate social responsibility activities. The main dilemma is to identify if the decision-makers' motivation comes from an ethical behaviour or it is just a mean to achieve profit. Following Elkington (1997), the Social Economic Council emphasizes that the company's contribution to the welfare of society does not only consist of economic value creation, but concerns value creation in three spheres which is referred to as the Triple-P bottom line: profit (the economic dimension), people (the social dimension), and planet (the ecological dimension). The social dimension is concerned about the impact of company operations on human beings inside and outside the organisation, such as good labour relations, health, and safety, etc. As for the ecological dimension, it concerns the environmental effects a company can do. The company can take several actions that may protect the natural environment such as minimizing contamination, recycling solid residuals, efficiently managing energy resources, etc. (Araña and León 2009). As per Garriga and Melé's study (2004) *Corporate Social Responsibility Theories: Mapping the Territory* they have identified four main aspects that motivate companies to initiate corporate social responsibility activities. These are: meeting objectives that produce long-term profits, using business power in a responsible way, integrating social demands and contributing to a good society by doing what is ethically correct.

Maignan and Ralston (2002) conceptualized CSR and identified three principles of motivations behind CSR as follows (Figure 8).

Figure 9: Motives for corporate social responsibility by Maignan and Ralston

Value-driven CSR	CSR is presented as being part of the company's culture, or as an expression of its core values. It means that a company is internally affected while designing CSR by its philosophy such as corporate value.
Performance-driven CSR	CSR is introduced as a part of the firm's economic mission, as an instrument to improve its financial performance and competitive posture. A company practice CSR for financial returns and competitiveness in the market.
Stakeholder-driven CSR	CSR is presented as a response to the pressure and scrutiny of one or more stakeholder groups. This driver considers external influences as main motivations. Stakeholders play an important role in CSR matters to suggests that managers responsible to investors and promote the interests of employees, suppliers, customer, etc. who have implicitly and explicitly influence on the organizational resources (Friedman and Miles, 2002).

Source: Maignan and Ralston (2002), p. 501

J. Graafland and C. Mazereeuw-van der Duijn Schouten (2012) in their study divided motivations into two distinct groups – *Extrinsic* and *Intrinsic motives.* In the extrinsic group they included the financial motive that CSR contributes to the (long term) financial performance of the company which were backed by many empirical studies stating that there is a positive bond between corporate social responsibility initiatives and profitability (Orlitzky et al. 2003; Posnikoff 1997; Waddock and Graves 1997) or shareholder value (Tudway and Pascal 2006). Investment in social initiatives can be as important as investment in advertising or R&D (Gardberg and Fombrun 2006). Apart from the positive empirical studies, the authors have identified various studies representing neutral or negative relationships, especially for the environmental dimension (Jones and Wicks 1999; McWilliams and Siegel 2001, Filbeck and Gorman 2004).

Within the intrinsic motives non-financial reasons were included. Managers' personal values and beliefs can be an important motivating factor for CSR, particularly in SMEs, but also for larger companies. Furthermore, the authors differentiate two types of intrinsic motives – CSR *as a moral duty,* and CSR *as an expression of altruism* (Graafland and van der Duijn Schouten 2012). The moral duty to be socially responsible can be derived from ethical principles of moral philosophy or from religious principles, meaning, that the person has to act out of obligation because it is the right thing to do, and not because it brings him joy (Etzioni 1988). As for the second type, executives may contribute to CSR because they enjoy helping others or want to contribute to the common good from a genuine concern of the well-being of others. The literature distinguishes between pure and impure altruism (Ribar and Wilhelm 2002). In the case of pure altruism, a company initiates corporate social responsibility activities solely because it brings positive impacts on the society (Rabin 1998). In the case of impure altruism, executives also derive private enjoyment from the act of performing CSR.

Pedersen and Neergaard (2007) have divided motivation factors for CSR into internal and external group by gathering information from a broad amount of studies conducted by other scholars. Internal motives refer to the company's internal processes and the relationship with inside stakeholders (employees, managers). The external motives concern the relationships with upstream and downstream business partners as well as the company's responses to societal demands formulated by outside stakeholders (Pedersen and Neergaard 2007).

Figure 10: Motives for addressing corporate social responsibility

Internal motives	**External motives**
• Increasing management and control of internal processes, • Identifying potential areas for improvement in the company, • Reducing costs of waste, energy, environmental pollution, work related diseases, etc., • Personal commitment to social and environmental improvement by management, • Motivating employees and reducing staff turnover, • Extending quality management system, • Strengthening process and product innovation.	• Increasing control with the social and environmental performance in the supply chain, • Customer requirement, • Ensuring compliance with existing regulation and preventing future governmental actions, • Improving customer loyalty, • Response to pressure from societal groups and individuals (NGOs, communities, insurance companies, etc.), • Improving existing and potential investors' confidence in the company, • Preventing negative social and environmental impacts on the external environment, • Gaining access to new markets

	• Improving corporate image and community relations, • Preventing new social and environmental legislation, • Attracting new employees.

Source: Pedersen and Neergaard (2007), p. 81

4.4.2. Benefits of corporate social responsibility initiatives

CSR can be much more than a cost, a constraint, or a charitable deed–it, (Porter and Kramer, 2006) and be approached as a benefit for companies. CSR may be an excellent instrument to enhance the stakeholders' legitimacy (Maignan and Ralston, 2002) or could be a source of opportunity, innovation, and competitive advantage (Porter and Kramer, 2006).

Pedersen and Neergaard (2007) apart from analysing motives for CSR, they also identified certain benefits a company can achieve by CSR activities. These benefits were also divided into two types – *Internal* and *External benefits*. Internal benefits are benefits achieved inside the company and related to the organization's products, processes, employees and employers. External benefits are about minimising the negative/maximising the positive impacts on the external environment and improving the relationships with outside stakeholders (Pedersen and Neergaard 2007).

Figure 11: Benefits of corporate social responsibility activities

Internal benefits	**External benefits**
• Savings from reducing the costs of electricity, water, waste handling, chemicals, raw materials, packaging, etc., • Benefits from re-use and recycling of energy and materials, • Development of new products or services, • Savings from safer workplace conditions, • Improved staff morale, • Development of managerial and organizational skills, • Higher quality of products, • Systematization and documentation of competencies and processes,	• Maintaining and enhancing a good reputation, • Improvement of image, • Access to markets that demand CSR, • Reduction of social and environmental risks, • More responsible supply chain management, • Improved community relations, • Increased competitiveness, • Legitimacy in society,

• Improved staff recruitment and retention, • Increased environmental awareness.	• Compliance with social and environmental regulation, • Better contact and co-operation with public authorities, • Goodwill from stakeholders, • Increased brand value, • Higher prices for products.

Source: Pedersen and Neergaard (2007), p. 86

4.4.3. The relationship between corporate social responsibility and corporate reputation

Researchers have argued that attractiveness of organization is based on the perceptions of its reputations that would be determined by CSR actions. But it should be stated that corporate reputation is also a multidimensional concept that couldn't be evaluated only from the CSR aspect (Siltaoja 2006). Many companies have used CSR as strategic tool to respond to expectations of various stakeholders to maintain and build reputation (Lai et al. 2010). Companies that engage in CSR activities and disclose these activities in their annual reports are perceived to have good corporate values and intangible assets that could be positively translated in many ways (Othman, Darus and Arshad 2011). Companies having bad reputations seem interested in establishing good reputation through CSR activities (Yoon, Canlı and Schwarz 2006), because it is believed that socially responsible companies enhance public perceptions positively (Mitra 2011). CSR has become an important driver of public opinion and corporate reputation (Esen 2015). Porter and Kramer (2006) stated CSR initiatives to enhance a company' image, strengthen its brand, improve morale, and raise share prices (Piercy and Lane 2009). In addition, doing what is right develops positive attitudes toward the firm and its products and strengthens its reputation (Godoz-Diez, Fernandez-Gago and Martinez-Campillo 2011). CSR is also assumed to be of strategic importance to corporate reputation, because stakeholders not only give importance to producing goods and services, but also are concerned with how those products and services are produced (Pomering and Johnson 2009). Public relation activities aim to increase firm's reputation from weak to strong position to meet the demands and expectations of key stakeholders (Kiousis, Popescu and Mitrook 2007). According to Carroll and Shabana (2010), the firms may strengthen their reputation by engaging in CSR activities as aligning stakeholder interests, customers' reports, enhancing company and product images, and disclosing social and environmental issues as corporate social reporting. Corporate philanthropy is another CSR tool that aims to enhance reputation by creating trust (Carroll and Shabana 2010). There is also evidence about the strong bond between corporate social responsibility and corporate reputation with regards to financial performance of a company. According to Stuebs and Sun (2010), there is clear empirical evidence for a positive relationship between CSR and performance, and in some cases, a positive relationship between corporate reputation and financial performance (Stuebs and Sun 2010). However, the financial performance can vary by the profitability of a company, meaning, the company would have sufficient monetary capital to invest in socially responsible initiatives (Hammond and Slocum 1996).

As per various scholars who did a number of researches on this topic can be summarized in the table down below (Figure 11).

Figure 12:Main Dimensions of Corporate Reputation Associated with Corporate Social Responsibility

Authors	**Dimensions of Corporate reputation**	**Summary of Findings**
Benn et al. (2010); Clark (2000); Kiousis et al. (2007); Westhues and Einwiller (2006)	Public relation activities of corporations	Meet the demands and expectations of key stakeholders; communicate with internal and external stakeholders
Carroll and Shabana (2010); Hillenbrand et al. (2011)	Creating trust and positive intent	Corporate philanthropy
Hammond and Slocum (1996); Sabate and Puente (2003)	The relationship between corporate reputation and financial performance	If the organizations are profitable, they would have the funds to invest in socially responsible activities
Stanwick and Stanwick (2003); Mulki and Jaramillo (2011)	Ethical values and ethical reputation	Adjusting norms to the organizational culture
Carroll and Shabana (2010)	Disclosure of social and environmental issues	Engaging in socially responsible activities
Waldman, Luque, Washburn and House (2006)	Leadership	An expected outcome of visionary leadership and integrity is the building of social responsibility values in an organization

Heikkurinen and Ketola (2012)	Increasing current employees' motivation and morale	Responsible reputation
Perera and Chaminda (2012)	Product evaluation	Corporate social responsibility initiatives positively influence the evaluation of products and services
Dam and Scholtens (2012)	Ownership	Different types of ownership are related to social behaviour
Waldman et al. (2006)	Culture and cultural dimensions	Managers in cultures valuing institutional collectivism value most aspects of corporate social responsibility in the decision-making process

Source: Esen (2015), p. 143

From the table above situated, it is visible that corporate reputation dimensions such as trust, ethical values, corporate culture, employees' motivation and behaviours, and leadership style are related to CSR initiatives such that public relation activities of corporations meet the demands and expectations of key stakeholders. This communication between key stakeholders and organizations increase the importance of CSR activities (Esen 2015).

In summary, it can be said that being indulged in the corporate social responsibility activities can contribute to improving a company's competitive advantage over other competitors via development of an internal and external organizational image and reputation. Reputation that is built on CSR is found to be positively related to the share value in financial and international environment (Buciuniene and Kazlauskaite 2012, p. 10-11).

4.2. Corporate reputation

The concept of reputation is not an unknown term, since it has been widely used in many different contexts starting from business to politics (Smaiziene and Jucevicius 2009). Reputation is a crucial, but somewhat elusive, feature of business activity and concept in social science literature. Like trademarks and patents, it can help companies attract customers and reach the economies of scale and scope that justify their investment in plant, equipment, and know-how. But unlike trademarks and patents, it is neither a property right nor something carried on the balance sheet, albeit at values with little to do with their real worth (Kobrak 2013).

For many years now, especially over the last decade, there has been growing interest in defining and measuring corporate reputation in business and academia. There are many reasons why organizations and researchers should care about corporate reputation. The loss of confidence by investors, analysts, clients and other stakeholders has been acknowledged to be potentially devastating for the sustainability of business in the long term (Resnick, 2004). An organization's reputation is a reflection of how it is regarded by its multiple stakeholders. Its reputational stance can help the organization obtain trust and credibility in society, which will assist in the achievement of its objectives and goals (Baur and Schmitz, 2011, Mahon and Wartick, 2003, Roper and Fill, 2012). As a matter of fact, reputation is one of the most important and crucial organizational assets a company can possess (Gibson et al. 2006).

A good reputation can lead to numerous strategic benefits such as lowering firm costs (Deephouse 2000; Fombrun 1996), attracting applicants (Fombrun 1996; Turban and Greening 1997), investors (Srivastava et al. 1997) and customers (Fombrun 1996), enabling firms to charge premium prices (Deephouse 2000; Fombrun and Shanley 1990), creating competitive barriers (Deephouse 2000; Fombrun 1996; Milgrom and Roberts 1982), and increasing profitability (Roberts and Dowling 2002).

With regards to the creation of the term corporate reputation, the first academic publication on corporate image can be traced back to the year of 1956 (Smaiziene and Jucevicius 2009), however, the academic interested in corporate reputation only peaked in the 1990s (Martin, Beaumont, Doig and Pate 2005). Fombrun and Riel (1997) in their study identified six different views for corporate reputation (Figure 12) – the economic view, the strategic view, the marketing view, the organizational view, the sociological view, and the accounting view.

Figure 13: The six different views on corporate reputation

Economic	This group acknowledges that reputations are actually perceptions of firms held by external observers.
Strategic	This group argues that corporate reputation is an asset and creates mobility barriers in the market (i.e., once established reputation, it is difficult to imitate, impeding mobility).
Marketing	For this group, reputation is mostly labelled as brand image and is often treated as the force of attracting customers and encouraging their loyalty and also the factor that may influence selling-buying processes

Organizational	To organizational scholars, corporate reputations are rooted in the sense-making experiences of employees.
Sociological	To sociologists, reputations are indicators of legitimacy: they are aggregate assessments of firms' performance relative to expectations and norms in an institutional field.
Accounting	This group views reputation as a result of adequate capitalization of expenditures – investments in crucial intangible assets such as training, research and branding enhances the reputational assessments among observers.

Source: Fombrun and Riel (1997), p. 6-10

To summarize these six different views, Fombrun and Riel (1997, p. 10) conclude their study with a proposed general definition of corporate reputation as follows: *"*A corporate reputation is a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments."

However, since the publication of this study in 1997, many other scholars have conducted adequate researches on the topic of corporate reputation and came up with different definitions of what corporate reputation is (see appendix 2).

As noted by Feldman (et al. 2014), by maintaining strong corporate reputation companies can harvest certain benefits, such as:

- Improving the consumer's perception of the quality of products or services (which allows to charge premium prices): sale increases and positive world-of-mouth,
- Improving the capacity of hiring and retaining qualified personnel in corporations,
- Raising the morale of employees and therefore productivity,
- Attracting a greater number of investors (good credibility): rise of market value (EBITDA) and diminishing risks for the organization,
- Differencing the company from its competitors and establishing better market positioning.

When it comes to corporate reputation, companies want to know whether their activities are affecting their reputation in a positive way since *"in order to move with confidence towards its* *vision, the organization must know how it is perceived and positioned today"* (Meyer 2000, p. 81). Therefore, the measurement of corporate reputation can be deemed important. Although the concept of corporate reputation has already gone through decades of development, empirical literature's attempts to measure the construct haven't evolved at the same rate. Some scholars believe that it is possible to measure the construct through time and improve its score. In this way the organization would be able to monitor the relationships between itself and its different stakeholders (Tkalac and Vercic, 2007). As for concrete examples, an organization may measure its reputation over a period of time, usually for necessary credibility through an external auditor (Feldman et al. 2014). A regular tracking of an organization's stance on the reputational map can also help it identify potential issues (Carroll, 2011).

A way of measuring corporate reputation was proposed by Fombrun, Gardberg, and Sever (1999) where they asked participants to name companies they like or despise based on six different dimensions the authors think is the most valuable with regards to corporate reputation and named it *reputation quotient*. These six aspects are – *emotional appeal, products and services, financial performance, vision and leadership, workplace environment, social and environmental responsibility*. The first is correlated with how much the company is admired, and respected. The second one concerns the quality, value, and reliability of the products the company offers. The financial performance dimension takes profitability, future prospects into account and whether the company can outperform other companies. The fourth aspect concerns the future and strong leadership, as well the capability of the company to take advantage of market opportunities. The workplace environment dimension deals with how well the company is managed and the environment in which employees have to work. As for the last perspective, it takes into account, how much of a good citizen the company is when it comes to supporting communities, municipalities, employees, and the environment.

Many other scholars have identified and summarized various methods of measuring corporate reputation (Fombrun and Shanley 1990; Fryxell and Wang 1994; Brown 1995; Yoon, Guffey and Kijewski 1993; LeBlanc and Nguyen 1995; Andreassen and Lanseng 1997; Mazursky and Jacoby 1986; Aaker 1991).

5. Theoretical part

Even though the topic of corporate social responsibility was discussed in the previous chapter, it was only from the general perspective. It is worth noting that corporate social responsibility initiatives and motives can vary within each sector a business is situated in, and it can have different subsequent influences, or results on ones' corporate reputation. For example, a company from the petrochemical industry takes environmental issues with the utmost importance in comparison with a financial institute where the main topics can be improving working environment, empowering women at workplace, supporting worthy causes and so on. From this it can be obvious that this topic shall be discussing the topic of corporate social responsibility in financial sector, since the case company is a renowned financial institute.

In developed market economies, financial institutions, searching for a way out, started to focus more on corporate social responsibility. The first activities in the financial sector concentrated on the internal environmental management (Jeucken and Bouma 1999). Though the activities around reducing the direct environmental impact resulted in some positive public reputation (Babiak and Trendafilova 2011). Compared with other industrial sectors, the financial sector is not that much exposed to stakeholder pressure (Darnall et al. 2010; Kassinis and Vafeas 2006) or regulations regarding community, labour issues, or the environment (Boyd 1997; Egede and Lee 2007; Ertugrul and Hegde 2009; Helleiner and Thistlethwaite 2009; Rodriguez-Dominguez et al. 2009). Overall, the financial sector has responded to the challenges of ecological sustainability more slowly than industrial sectors with more obvious negative environmental impacts (e.g. chemical, paper or energy industries) (Coulson and Dixon 1995). Nevertheless, many financial sector organizations are on the radar of non-government institutions with respect to financing projects or borrowers with businesses that are harmful to the environment or sustainable development (Noor and Syumanda 2006; van Hasselt 2010). In essence, a bank's stable financial position, increasing economic performance, ethical and transparent activities and responsible financial services ensure its predictable and reliable operation, which also enables it to acknowledge and serve the interests of society to a larger degree. Apart from these internal business interests of companies, social, environmental, and human rights objectives are gaining a dominant and increasing role (Lentner et al. 2015). It can be said, that corporate social responsibility, within the financial sector, can be used as a tool to enhance and legitimise the sector's economic performance and the fundamental principles of business ethics (Scholtens 2006). The economic crisis of 2008 drew even more attention to CSR where the topic of trust, accountability, and transparency have grown in its importance and were needed in order to conduct business more ethically and responsibly (Tzu-Kuan Chiu 2013).

Although banks have smaller direct impact on the environment, their indirect environmental and social responsibility may increase if they grant credit to companies which pollute the environment, produce unsafe products, or violate human rights (Idowu and Filho 2009). The indirect impact may arise not only in relation to the users of banking services, but also the suppliers (Lentner et al. 2015).

Figure 14: Carroll's corporate social responsibility pyramid model

Source: Own fabrication based on Carroll (1991)

Carroll's (1991) proposed corporate social responsibility pyramid model (see figure 13 above) which discusses the four levels of responsibility of a company can be reflected on the financial sector in this case. The first, elementary level is *economic responsibility* which is focused on to increase the owners' welfare, ensure profitability and growth. One of the means of this is financial innovation. This involves developing new products, redefining the existing ones and creating new channels. Interaction with stakeholders has a crucial role in determining these new products (Decker and Sale 2009). The second level discusses the *legal responsibility* in which the aim is to minimise risk and ensure safety and confidence in the financial system through various supervisory bodies and trade associations, which are signified by the compliance function (Decker and Sale 2009). The next level is the *ethical responsibility* in which ethical norms can be interpreted through individual conscience and the expectations of external stakeholders. The codes of ethics that embody voluntary constraints also include the basic principles of integrity, fair conduct, respect and transparency in the financial sector (Lentner et al. 2015). The last level is the *discretionary (philanthropic) responsibility*. This level covers voluntary activities initiated by banks in the hopes of improving reputation of the financial sector (Decker and Sale 2009) mainly because of the consequences caused by the 2008 financial crisis. From a social aspect, there has been a new development in recent years, namely helping the poor. One example is the micro-loan programme through low-income banking (Tzu-Kuan Chiu 2013).

6. The case of Morgan Stanley

Morgan Stanley since its foundation in 1935 has been a pioneer in the expansion of the global capital markets. Now, as one of the leading global financial services firm with employees doing business in 42 countries, Morgan Stanley identifies opportunities to fuel innovation and bring bold ideas to life. Their four core values — Putting Clients First, Doing the Right Thing, Leading with Exceptional Ideas and Giving Back — underpin all that they focus on. Morgan Stanley is deeply committed to supporting sustainability, promoting sustainable investing, and focusing capital on the long term. They recognize that to serve their clients' current and future needs, they have to mobilize capital to help mitigate global risks like climate change as well as promote opportunities for inclusive growth. Ten years ago, only the most innovative institutions were thinking ahead in terms of corporate social responsibility and environmental sustainability. Today, almost every other institution has taken up the same initiative, mainly because these institutions view corporate social responsibility initiatives and sustainability with economic terms – the effect of climate change, demographic shift on the assets of their shareholders. Morgan Stanley believes that a truly sustainable business is financially, as well as environmentally and socially, sustainable. Sustainability as a business principle is increasingly what their clients want. In 2009, when the company first launched the Global Sustainable Finance group at the firm, the market for sustainable investing was just under $3 trillion in the U.S. Today, those numbers have almost tripled, jumping to nearly $9 trillion in the U.S.—and $23 trillion globally (Morgan Stanley 2017a).

It is worth noting, that the company uses the term "sustainable investing" instead of corporate social responsibility initiatives, or policies. There has been an evolution in sustainable investing over the past five to ten years in both definition and practice. Investors have moved away from predominately avoiding—or divesting from—industries and companies considered harmful toward taking a more proactive approach as well. They are pursuing positive social and environmental impact while also expecting competitive financial returns. The used term may give us a hint that the company is trying to make an impact in social, or environmental terms, but at the same time it is trying to generate positive revenues. The main driver for Morgan Stanley to take up these initiatives is the fact that the trend of being environmentally friendly and being supportive of sustainable policies is rising in its importance. For if a company stays behind in the race, it can have certain material or immaterial consequences. The influence of millennial generation can be a good example. Compared to other generations, millennials are three times as likely to pick an employer based on their ESG performance. They are also twice as likely to check product packaging for sustainable sourcing information before they choose a product. This philosophy carries over to their investing decisions. Millennials are twice as likely to check a mutual fund or equity investment and choose it because of sustainability, and twice as likely to divest—or walk away—because of objectionable corporate activity (CFR 2016).

In the term “sustainable investing” lies a separate institute that was created by Morgan Stanley within their premises for the purpose of corporate social responsibility related tasks – the Institute for Sustainable Investing. To summarize what this institute does, I would like to use the CEO’s words – “For Morgan Stanley, it is abundantly clear that the solutions to global challenges can only achieve the required scale if they can attract a critical mass of private capital. To this end, we’ve established the Morgan Stanley Institute for Sustainable Investing to lead work across our firm, with our clients, and with academic institutions to help mobilize capital to sustainable enterprises, via global markets and the investors who drive them” (Morgan Stanley 2017b). The main philosophy of this department is to “invest with impact”, which can be simply translated to – Morgan Stanley leverages its position as a leading Wealth Management firm to empower their clients to adopt sustainable investing approaches within their portfolios. The Morgan Stanley Investing with Impact Platform (IIP) offers products that aim to generate market-rate returns while demonstrating positive environmental and/or social impact. The institute consists of senior leaders from across the firm, is responsible for environmental policies and commitments and for identifying business opportunities using the firm’s expertise to advance sustainability-related practices. The head of the institute is the company’s CEO James Gorman. The CEO being as the head of this institute can be translated as an act that the company is taking corporate social responsibilities seriously.

As a global financial services firm, Morgan Stanley is well positioned to contribute to sustainability through their business activities. The firm’s resources and expertise facilitate access to capital and create sustainable business model that strengthen communities, provide economic opportunities, and preserve environmental resources. When it comes to philanthropy from the company, they mainly focus their attention to four main challenges – *Environmental finance, Public finance, Social finance,* and *Community development* (Morgan Stanley Sustainability Report 2012).

Environmental finance

Morgan Stanley recognizes their responsibility to contribute to a healthier and more sustainable environment. They strive to reduce their environmental impact by upholding high standards across operations, setting ambitious goals, and collaborating with clients and suppliers to achieve them. As a financial services firm, their environmental impacts largely result from their buildings, or operations. Therefore, they place high importance on the transparency of their operational impacts – since 2006. The company believes they can play a positive and powerful role in helping their clients and partners in the public, private, and non-profit communities to identify and create capital market solutions to environmental challenges. Some initiatives made by Morgan Stanley within this scope can be:

Financing clean technology

Morgan Stanley has a separate group called global clean energy team which spans investment banking, project finance, capital markets, and commodities, leading and advising in areas that include initial public offerings, mergers and acquisitions, private placements, project finance, and offtake agreements. Since 2006, the firm has helped clean energy companies raise approximately $45 billion in capital to grow their businesses and find solutions to environmental challenges. In addition to advising their clients on project debt and equity securities issuance, they deploy capital directly in support of renewable energy projects. In 2012, they finance the development and construction of 200 MW of solar projects and over 800 MW of wind projects, providing more than $1 billion in construction financing and helping clients raise an additional $400 million through the capital markets – these projects are Canadian Hills in Oklahoma, and AES Solar's 200 MW Imperial Valley Solar 1 project in California (Morgan Stanley Sustainability Report 2012).

Reducing water, chemicals, and waste

The company aims to save water and reduce waste, and they promote recycling. Most offices have dedicated recycling bins, but the company does not always have control over the waste-handling arrangements in the leased spaces that make up the majority of their real estate. In those cases where the company owns property, they control the waste disposal by having contracts with vendors to separate recyclable waste off-site. In 2015, the offices of Morgan Stanley recycled 58 percent of the total waste collected, with the remainder sent for incineration to produce energy (Morgan Stanley Sustainability Report 2015).

Real estate

Morgan Stanley finances environmentally sustainable construction projects, such as efficiency improvements in new and existing buildings. Their real estate investing business considers environmental factors in its investing and asset management strategies, recognizing that energy audits and efficiency upgrades can positively impact returns on investment, as well as sustainability. In addition, increasing energy efficiency helps to create jobs, reduce emissions and preserve affordability by reducing energy bills for residents (Morgan Stanley Sustainability Report 2012).

Thought leadership

Morgan Stanley actively participates in bringing together numerous investors, policymakers, NGOs, and environmental thought leaders to share lessons and promote innovative solutions to environmental challenges.

TBD: Social, environmental, and other examples initiated by Morgan Stanley. Perhaps trying to find some explanation how it may have affected the company's reputation, including participation in industry conference panels, and supporting the work of groups focused on climate change and energy poverty. Apart from that, Morgan Stanley is:

- A founding member and participant of the *U.S. Partnership for Renewable Energy Finance*;
- An advisory panel member of the *Climate Bonds Initiative*;
- A board member of the *International Emissions Trading Association*;
- A founding partner of the *Global Alliance for Clean Cookstoves*;
- A strong supporter of the *World Resources Institute* (Morgan Stanley Sustainability Report 2012).

Public finance

Capital markets play a key role in the growth and operations of municipal educational and cultural institutions. Public debt offerings help to pay for new highways, hospitals, schools, water and sewer systems, museums, mortgages for first-time homebuyers, student loans and environmental improvements. Morgan Stanley's innovation and expertise in public finance have made them one of the top four national municipal underwriters. In 2015 the company negotiated the sale of 205 public financings with a net worth of approximately $23 billion. Noteworthy mentions in this scope initiated by Morgan Stanley can be:

Improving health care

Morgan Stanley provides investment banking services to non-profit and government health care organisations globally. In 2012, Morgan Stanley was able to raise $3.7 billion for hospital building and M&A (Morgan Stanley Sustainability Report 2012).

Increasing opportunities for higher education

For the last 20 years, the firm has been a key player in higher education funding, helping institutions in the U.S. access the capital markets to build and improve research facilities, dormitories, and classrooms. In 2012, Morgan Stanley was senior manager in 40 bond issues for higher education institutions, raising approximately $3.4 billion. Some of these supported universities were the Washington University in St. Louis, Inter American University of Puerto Rico, and the Art Institute of Chicago (Morgan Stanley Sustainability Report 2012, 2015).

Supporting cultural institutions

Morgan Stanley raises financing for cultural institutions such as the Lincoln Centre for the Performing Arts, the Art Institute of Chicago, the Smithsonian Institution, and the Whitney Museum of American Art. Apart from this, the company serves senior roles in various non-profit institutions for which Morgan Stanley was able to gather almost $290 million of finances – more than any other firm in the industry (Morgan Stanley Sustainability Report 2012).

Community development

Morgan Stanley brings together investment, philanthropic and private capital to create lasting change in communities across the world. The company in this matter uses its strengths as an investment bank to devise new and innovative financial instruments to help our community partners achieve their goals. Their efforts focus on affordable housing, access to health care and healthy foods and a thriving small business community. Morgan Stanley is committed to increasing economic and social opportunity for people in underserved urban and rural communities. They do this through a combination of capital, financial expertise, and leadership. Since 2006, Morgan Stanley has committed more than $7.8 billion to community development initiatives (Morgan Stanley Sustainability Report 2012, 2015).

Affordable housing

Quality affordable housing is essential for communities to thrive, and it is often unavailable to people of low- and moderate-income neighbourhoods. According to the company, the cornerstone of a healthy community is safe, secure, and affordable housing. With the ongoing economic development, the need for affordable housing continues to grow as more and more households spend more than half of their income on housing. Morgan Stanley fights this problem by providing loans to developers and work with various community development financial institutions in order to help build, rehabilitate, and maintain housing. Since 2006, their involvement led to the construction of rehabilitation of more than 38000 affordable housing units and the creation of more than 47000 jobs. Since 2010, the company has invested $10.6 billion of fund development or retention of more than 64000 affordable housing unites – 5700 in 2015 alone (Morgan Stanley Sustainability Report 2012, 2015).

Strong economies

Beyond housing, thriving communities need jobs, transportation, and local services. Morgan Stanley supports small businesses and transit-oriented development to meet these needs. Since 2010, their community development work has helped to create or retain more than 54,600 jobs (Morgan Stanley Sustainability Report 2015).

Healthy communities

Affordable housing and other important community needs often overlap. Integrated solutions can provide greater impact and generate transformative results for the individuals and families who live in neighbourhoods where such solutions are applied. In this matter, the company continuously worked together with numerous partners who are focused on developing affordable housing and community services for communities located near transit hubs. Within this initiative, Morgan Stanley is investing $63 million in equity and $24 million in loan capital as part of an innovative $100 million development fund that connects affordable housing with community-based health services. Since then, the fund has doubled its size and now it can provide health services to 40000 people and can support more than 400 new affordable apartments (Morgan Stanley Sustainability Report 2012,2015,2016).

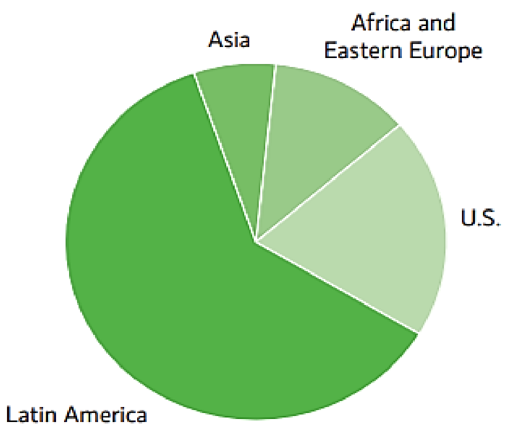
Social finance

Morgan Stanley's social finance activities leverage the firm's capital markets expertise to improve access to basic goods and services for underserved communities. They facilitate the flow of capital between investors and the businesses that deliver these services to generate both financial and social returns. In this way, the company aims to increase opportunities for communities to tackle poverty. As an evidence to this, Morgan Stanley is closely working with investors seeking to allocate capital to the social finance sector, applying Morgan Stanley's experience to find the most suitable industry where the investment can deliver both social mission and commercial value proposition. Honourable initiatives within this topic can be:

Supporting global microfinance

Morgan Stanley is committed to harnessing capital markets to encourage responsible investments in global microfinance, and they support microfinance institutions and other organisations that provide loans and other financial services to communities that are traditionally excluded from the mainstream financial sector. Morgan Stanley has cumulatively participated in microfinance transactions worth more than $800 million since 2006 through direct financing and advisory services. One of the main instruments that can be used by Morgan Stanley in order to influence other companies to follow a more CSR positive perspective when it comes to funding them is the issuance of sustainable bonds – green bonds (Morgan Stanley Sustainability Report 2012, 2015,2016; Morgan Stanley Sustainable Value 2018). These green bonds help to raise capital for projects with dedicated environmental benefits. Because of the important role of Morgan Stanley on the financial market, companies that seek funds for their projects have to consider their decisions, meaning, Morgan Stanley can put up a pressure in a certain way (for instance to follow sustainable criterion) on the company requesting funds. With this, Morgan Stanley tries to directly influence other companies to follow a more sustainable path. This can be deemed as the "terms and conditions" of Morgan Stanley for requesting assistance from them. If these criterions are not fulfilled, possible sourcing complications may occur.

Figure 15: Morgan Stanley's social finance transactions from 2006 to 2012, geographical distribution (approx. $840 million)



Source: Morgan Stanley Sustainability Report (2012), p. 37

Thought leadership and employee engagement

Morgan Stanley continues to support research initiatives and events that provide investors and other key stakeholders with insights on important social finance topics. The company joined forces and announced a partnership with the Centre for Financial Services Innovation and Core

Innovation Capital to develop various researches on different business topics (Morgan Stanley Sustainability Report 2012).

As for the employee engagement, Morgan Stanley as an employer of more than 55000 people in 40 countries, they understand the importance of cultivating a diverse, professional, and supportive culture. They do that by investing in top talent, engaging our employees, and prioritizing their development and well-being. Communicating regularly with their employees is essential to how we operate and foster a supportive, inclusive environment. They encourage open, honest feedback from employees through town hall meetings, open door sessions with senior managers, informal lunches, the 360-degree feedback program and a biennial employee engagement survey, which allows them to capture employees' sentiments and address concerns. By following this pattern, the company believes that this culture contributes to their employees' desire to stay with Morgan Stanley for the long term. The company mainly focuses on the support of *networking* which is important for the employee's career development, *diversity* (MS is deeply committed to create a diverse workplace), *creating an inclusive community* (e.g. LGBT), *supporting working* families, and *supporting women's careers* – MS demonstrates their commitment to female talent at every career stage through development, engagement, and philanthropic initiatives across the Firm. For this, MS have created an initiative called the *Firm's Women's Business Alliance* (WBA) which now has more than 5000 members globally (Morgan Stanley Sustainability Report 2015,2016).

To summarize, for Morgan Stanley the topic of sustainability and being active in this field is taken with utmost importance, as we can see from the provided examples above. For the company, to use the chief marketing and sustainability officer of Morgan Stanley Audrey Choi's words, it is a matter of business continuity. Morgan Stanley is following the rising demand for sustainability, since if not, it can pose as a financial risk, or reputational risk which can damage the company's brand. Morgan Stanley's brand – and their respected reputation – are rooted in the belief that capital is critical to innovation at every level of the market and in every corner of the world. As they drive capital to create change, Morgan Stanley's brand needs always to reflect how Morgan Stanley leads with integrity and insight (Morgan Stanley 2018a).

The rising trend of being socially, environmentally, or in other way active seems to be important by each day. As per Audrey Choi, upcoming generations are more likely to choose from a company that is active in the field regarding CSR initiatives. This can be also reflected on possible investors, and so on. They would not like to invest their capital in a company which is knowingly ignoring recent problems with social, or environmental background.

A company that is active on the field of CSR, in this case sustainable investing for Morgan Stanley, is more likely to be targeted as a desirable institution to invest in or do business with, leading to higher revenues, and profits. It is visible by the stance and present initiatives made by Morgan Stanley that the topic of CSR holds an utmost importance for the company which is also embedded in their general philosophy and overall business process – the giving back. Implementation of CSR policies may influence a corporate reputation in either good, or bad way – it solely depends from the narrative the company decides to follow. In the first scenario, being active in CSR leads to the creation of a positive image, which is for companies such as Morgan Stanley an imperative. As per Choi, for Morgan Stanley it is important to maintain a positive image in the eyes of stakeholders and therefore create a brand that can be associated with words as responsible, secure, and innovative. In the other scenario, the decision of not following the trend of being CSR active may cause reputational risks which can in turn create material or immaterial damages (i.e. plummet in revenues, loss of investors, etc.). Particularly in today's world, as disruption increasingly becomes the norm, Morgan Stanley needs to understand what is coming around the bend and what it will mean for business, for their lives and their communities. As a financial partner for public and private entities, individuals and enterprises, Morgan Stanley's job is to understand the implications of societal and economic disruptive forces so that their clients are prepared for what comes next.

Conclusion

The final chapter contains conclusions drawn based upon the findings in the previous chapters of this report. In this semester project I decided to do a company analysis and a valuation of the multinational investment bank and financial services company Morgan Stanley based in the United States of America. In the following section I will summarize the findings which can help me in answering the following research questions, thus ultimately leading me to the answering of the proposed problem formulation at the end. The main goal of the project, how corporate social responsibility initiatives can influence a company's reputation, was successfully achieved, concluding that initiatives in CSR developed by Morgan Stanley have a positive and strong impact on corporate reputation. The motivations that drive companies to address CSR initiatives are related to results accomplished with the implementation of such initiatives, which in turn, are considered by both stakeholders as very important in reputation" construct.

Throughout the analytical section of this thesis, it is visible that the major opinion of Morgan Stanley towards sustainability is positive and it needs to be taken with utmost importance, since the company not only see the shift towards sustainability as a pathway towards securing future revenues but also as way to promote their products and create a base of loyal customers – it is embedded within their business model. Their four core values — Putting Clients First, Doing the Right Thing, Leading with Exceptional Ideas and Giving Back — underpin all that they focus on. Morgan Stanley is deeply committed to supporting sustainability, promoting sustainable investing, and focusing capital on the long term. When I was analysing the topic of sustainability in the empirical part, and many other similar researches, I have found that there is a common pattern and implementation of corporate social responsibility policies regarding primary areas of operation that firms such as Morgan Stanley implement. These three key areas are – Social/People, Environmental/Planet, and Economical/Profit.

Another important observation was detected, and that is, when it comes to the topic of sustainability and corporate social responsibility, most companies, including Morgan Stanley view corporate social responsibility and sustainability as a means to achieve and maintain positive corporate image and reputation. According to the sustainability reports, public approval and positive attitude are directly influencing the financial performance and prosperity of the companies. By being responsible and fair economic players, the companies mitigate the negative effects of their operations and ensure a more predictable and stable future for both the organization and the society.

Discussion

The purpose of this chapter is to discuss the outcomes of the analysis that resulted from comparing both primary data collected with the theory in literature.

Research question no. 1: What are the key different approaches of corporate social responsibility?

Three different approaches were identified within the literature review chapter. One made by Garriga and Melé which was published in 2004. According to the two scholars, there are four different theories and approaches to classify CSR. These are – Instrumental theory, in which CSR is a mere instrument to achieve economic and financial results; Political theory, related to the power and position that companies have; Integrative theory, where CSR is seen as an integrant part of decision-making process; and Ethical theory which include ethical principles to contribute to society welfare.

Another study made by Windsor (2006) argued that there are three key approaches – ethical responsibility theory, economic responsibility theory, and corporate citizenship conception. Ethical responsibility theory advocates strong corporate self-restraint and altruism duties and expansive public policy strengthening stakeholder rights. Economic responsibility theory advocates market wealth creation subject only to minimalist public policy and perhaps customary business ethics. Economic and ethical perspectives embody competing moral frameworks and political philosophies, they are mutually exclusive and do not overlap conceptually. The citizenship metaphor envisions typically multinational enterprises (MNEs) operating across multiple legal jurisdictions and managers focused on strategically building political influence and corporate reputation.

Thirdly, Secchi (2007) proposed his work which also defends the structure of three theoretical approaches, but with a different perspective in comparison with Windsor's work. These three theories are - Utilitarian theory, oriented to profit maximization, where company is integrant part of economic system; Managerial theory, in which CSR is approached as an internal process of companies; and Relation theory focused on the company's relationships.

Even though all of these three different theories regarding corporate social responsibility have their distinctions, there are visible similarities in the abovementioned approaches and a focus between them (Ismail 2009). Instrumental, utilitarian, and economic conception are very similar since they both are oriented to economic results, in which company is a mean to achieve wealth.

Corporate citizen conception, political, and integrative theories can be related to managerial theories.

Research question no. 2: What is corporate social responsibility's role in company's reputation?

The concept of corporate social responsibility is not new in the banking sector, but nowadays, it becomes highly topical since the crisis has significantly highlighted the need for integration of moral principles in the banking business (Lenka 2011). The international financial crisis was a signal of alarm which resulted in a change of the vision of the social responsibility. Subsequently, due to the 2008 financial crisis, most banks have taken up the initiative to launch various social responsibility programs among the population which aims to help them to improve their understanding of financial matters.

Many companies have used CSR as strategic tool to respond to expectations of various stakeholders to maintain and build reputation. Companies that engage in CSR activities and disclose these activities in their annual reports are perceived to have good corporate values and intangible assets that could be positively translated in many ways. Companies having bad reputations seem interested in establishing good reputation through CSR activities, because it is believed that socially responsible companies enhance public perceptions positively. CSR has become an important driver of public opinion and corporate reputation. Porter and Kramer (2006) stated CSR initiatives to enhance a company' image, strengthen its brand, improve morale, and raise share prices. In addition, doing what is right develops positive attitudes toward the firm and its products and strengthens its reputation. CSR is also assumed to be of strategic importance to corporate reputation, because stakeholders not only give importance to producing goods and services, but also are concerned with how those products and services are produced. The firms may strengthen their reputation by engaging in CSR activities as aligning stakeholder interests, customers' reports, enhancing company and product images, and disclosing social and environmental issues as corporate social reporting. There is also evidence about the strong bond between corporate social responsibility and corporate reputation with regards to financial performance of a company. According to Stuebs and Sun (2010), there is clear empirical evidence for a positive relationship between CSR and performance, and in some cases, a positive relationship between corporate reputation and financial performance.

Research question no. 3: What is the current stance of the company (Morgan Stanley) with regards to corporate social responsibility?

Since their founding in 1935, Morgan Stanley has been a pioneer in the expansion of the global capital markets. Now, as one of the leading global financial services firm with employees doing business in 42 countries, Morgan Stanley identifies opportunities to fuel innovation and bring bold ideas to life. Their four core values — Putting Clients First, Doing the Right Thing, Leading with Exceptional Ideas and Giving Back — underpin all that they focus on. Morgan Stanley is deeply committed to supporting sustainability, promoting sustainable investing, and focusing capital on the long term. They recognize that to serve their clients' current and future needs, they have to mobilize capital to help mitigate global risks like climate change as well as promote opportunities for inclusive growth. Ten years ago, only the most innovative institutions were thinking ahead in terms of corporate social responsibility and environmental sustainability. Today, almost every other institution has taken up the same initiative, mainly because these institutions view corporate social responsibility initiatives and sustainability with economic terms – the effect of climate change, demographic shift on the assets of their shareholders. Morgan Stanley believes that a truly sustainable business is financially, as well as environmentally and socially, sustainable. Sustainability as a business principle is increasingly what their clients want.

To summarize, for Morgan Stanley the topic of sustainability and being active in this field is taken with utmost importance, as we can see from the provided examples in chapter six. For the company, to use the chief marketing and sustainability officer of Morgan Stanley Audrey Choi's words, it is a matter of business continuity. Morgan Stanley is following the rising demand for sustainability, since if not, it can pose as a financial risk, or reputational risk which can damage the company's brand. Morgan Stanley's brand – and their respected reputation – are rooted in the belief that capital is critical to innovation at every level of the market and in every corner of the world. For the company, to use the chief marketing and sustainability officer of Morgan Stanley Audrey Choi's words, it is a matter of business continuity. Morgan Stanley is following the rising demand for sustainability, since if not, it can pose as a financial risk, or reputational risk which can damage the company's brand. Morgan Stanley's brand – and their respected reputation – are rooted in the belief that capital is critical to innovation at every level of the market and in every corner of the world.

Problem formulation: ***"How does Corporate Social Responsibility influence corporate reputation?***

Corporate social responsibility matters to the world because companies typically have great resources to enact positive change. But beyond satisfaction of knowing that the company is making a positive impact, they are also building a great reputation to themselves. An excellent corporate responsibility offers a number of benefits, but the most important of these is trust. Simply put, if a company does the right thing (environmentally, socially), then consumers feel they can trust them to do the right thing in all situations. That is why, according to the Reputation Institute (Sickler 2015), the higher is a company involved in CSR activities, the more supportive consumer behaviour are delivered.

By developing CSR, a firm becomes integrated in the environment and establishes valuable relations with employees and partners. It becomes a sensitive actor towards third parties, it captures others' sympathy and support in an easier and more profitable manner, it is provided with higher chances for achievements and superior rates of success.

The rising trend of being socially, environmentally, or in other way active seems to be important by each day. As per Audrey Choi, the chief marketing and sustainability officer of Morgan Stanley, upcoming generations are more likely to choose from a company that is active in the field regarding CSR initiatives. This can be also reflected on possible investors, and so on. They would not like to invest their capital in a company which is knowingly ignoring recent problems with social, or environmental background.

A company that is active on the field of CSR, in this case sustainable investing for Morgan Stanley, is more likely to be targeted as a desirable institution to invest in or do business with, leading to higher revenues, and profits. Implementation of CSR policies may influence a corporate reputation in either good, or bad way – it solely depends from the narrative the company decides to follow. In the first scenario, being active in CSR leads to the creation of a positive image, which is for companies such as Morgan Stanley an imperative. As per Choi, for Morgan Stanley it is important to maintain a positive image in the eyes of stakeholders and therefore create a brand that can be associated with words as responsible, secure, and innovative. In the other scenario, the decision of not following the trend of being CSR active may cause reputational risks which can in turn create material or immaterial damages (i.e. plummet in revenues, loss of investors, etc.).

In summary, it can be said that being indulged in the corporate social responsibility activities can contribute to improving a company’s competitive advantage over other competitors via development of an internal and external organizational image and reputation. Reputation that is built on CSR is found to be positively related to the share value in financial and international environment.

Reflections and perspectives

This thesis was focusing on the topic of corporate social responsibility and its effect on the corporate reputation, in this case Morgan Stanley's. During the writing process I have faced a certain amount of complications with regards to the empirical part of the thesis. The main source of these complications was the fact, to use my managers words, that the company I have been trying to analyse is a "profit generating institution" and the personnel within the company who could have helped me with tackling this topic did not have enough time in their daily schedule to meet with me directly and discuss the CSR activities the company is currently implementing. When I tried to reach out to any of the junior, or senior managers within the company, they were either redirecting me to someone else, or their answer was always the same – "…you can find all the relevant documents publicly available on the company's webpage, since corporate social responsibility for Morgan Stanley has been one of the four main pillars in the company's philosophy. Unfortunately, other documents cannot be made available to you, since these documents are mainly confidential or for internal use only." Deducing from this, the only viable option I had for collecting legit documents for my cause was direct observation, and a thorough research on the company's webpage in general. So, to summarize, the reluctance to help me with finishing my thesis by providing me legit literature, or knowledge, has made my research a bit complicated. It is also worth noting, due to the lack of direct sources from Morgan Stanley, most of the CSR activities are executed in the company's country of domicile – U.S.A. Any other documents regarding CSR activities in other countries were not researched, and published by the firm, therefore I could only generalize.

As I mentioned before, the thesis was focusing on corporate social responsibility and how these CSR initiatives, activities can influence a company's reputation. Even though the literature review and theoretical part discusses the topic in general, the case in itself is unique – since specifically one given company was put under the scope, i.e. the outcomes can differ when it comes to other firms. Moreover, the literature review, and theoretical part chapters may give the reader a general view about the situation within corporate social responsibility and corporate reputation. This project can be a direct recommendation for further analysis where other different approaches, perspectives can be used to highlight the research phenomenon, thus giving us a new perspective, which can bring up new insights and information possibly to a further extent. Moreover, a proper quantitative research would give an extra value to this research and thereby stimulating the finding of this thesis.

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Appendix:

Appendix 1: 37 definitions of corporate social responsibility

Definition source	Definition	Frequency count	Dimensions
Commission of the European Communities, 2001	A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis	286	Voluntariness Stakeholder Social Environmental Economic
World Business Council for Sustainable Development, 1999	The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life	180	Stakeholder Social Economic
World Business Council for Sustainable Development, 2000	Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large	156	Voluntariness Stakeholder Social Economic
Commission of the European Communities, 2001	Corporate social responsibility is essentially a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment	134	Voluntariness Social Environmental
Business for Social Responsibility, 2000	Business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment	131	Voluntariness Stakeholder Social Environmental Economic
Business for Social Responsibility, 2000	Operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. Social responsibility is a guiding principle for every decision made and in every area of a business	117	Voluntariness Stakeholder Economic
IBLF, 2003	Open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success	82	Voluntariness Stakeholder Social Environmental Economic
Khoury *et al.*, 1999	Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance	48	Stakeholder Social Environmental Economic

Definition source	Definition	Frequency count	Dimensions
Business for Social Responsibility, 2003b	Corporate social responsibility is achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment	46	Voluntariness Stakeholder Social Environmental Economic
Commission of the European Communities, 2003	CSR is the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large	40	Voluntariness Stakeholder Social Economic
CSRwire, 2003	CSR is defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees and the environment are reflected in the company's policies and actions	31	Voluntariness Stakeholder Environmental Economic
Hopkins, 1998	Corporate social responsibility is concerned with treating the stakeholders of the firm ethically or in a socially responsible manner. Stakeholders exist both within a firm and outside. Consequently, behaving socially responsibly will increase the human development of stakeholders both within and outside the corporation	21	Voluntariness Stakeholder Social
Ethics in Action Awards, 2003	CSR is a term describing a company's obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions, balancing the needs of stakeholders with their need to make a profit	17	Stakeholder Social Environmental Economic
Jones, 1980	CSR is defined as the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law or union contract, indicating that a stake may go beyond mere ownership	15	Voluntariness Stakeholder
Hopkins, 2003	CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically or responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for peoples both within and outside the corporation	14	Voluntariness Stakeholder Social Economic

Definition source	Definition	Frequency count	Dimensions
Marsden, 2001	Corporate social responsibility (CSR) is about the core behaviour of companies and the responsibility for their total impact on the societies in which they operate. CSR is not an optional add-on nor is it an act of philanthropy. A socially responsible corporation is one that runs a profitable business that takes account of all the positive and negative environmental, social and economic effects it has on society	11	Social Environmental Economic
McWilliams and Siegel, 2001	Actions that appear to further some social good, beyond the interests of the firm and that which is required by law	10	Voluntariness Social
Ethical Performance, 2003	At its best, CSR is defined as the responsibility of a company for the totality of its impact, with a need to embed society's values into its core operations as well as into its treatment of its social and physical environment. Responsibility is accepted as encompassing a spectrum – from the running of a profitable business to the health and safety of staff and the impact on the societies in which a company operates	6	Stakeholder Social Environmental Economic
Global Corporate Social Responsibility Policies Project, 2003	Global corporate social responsibility can be defined as business practices based on ethical values and respect for workers, communities and the environment	6	Voluntariness Stakeholder Social Environmental Economic
Commission of the European Communities, 2002	Corporate social responsibility is about companies having responsibilities and taking actions beyond their legal obligations and economic/business aims. These wider responsibilities cover a range of areas but are frequently summed up as social and environmental – where social means society broadly defined, rather than simply social policy issues. This can be summed up as the triple bottom line approach: i.e. economic, social and environmental	5	Voluntariness Social Environmental Economic
Pinney, 2001	Corporate social responsibility (CSR) or corporate citizenship can most simply be defined as a set of management practices that ensure the company minimizes the negative impacts of its operations on society while maximizing its positive impacts	5	Social
IndianNGOs.com, 2003	Corporate social responsibility is a business process wherein the institution and the individuals within are sensitive and careful about the direct and indirect effect of their work on internal and external communities, nature and the outside world	4	Stakeholder Social Environmental Economic
Business for Social Responsibility, 2003a	Socially responsible business practices strengthen corporate accountability,	3	Voluntariness Stakeholder

Definition source	Definition	Frequency count	Dimensions
	respecting ethical values and in the interests of all stakeholders. Responsible business practices respect and preserve the natural environment. Helping to improve the quality and opportunities of life, they empower people and invest in communities where a business operates		Social Environmental Economic
Kilcullen and Kooistra, 1999	CSR is the degree of moral obligation that may be ascribed to corporations beyond simple obedience to the laws of the state	2	Voluntariness
Piacentini *et al.*, 2000	CSR is the voluntary assumption by companies of responsibilities beyond purely economic and legal responsibilities	2	Voluntariness
UK Government, 2001	Corporate social responsibility recognizes that the private sector's wider commercial interests require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers or communities. CSR goes beyond legal obligations, involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectoral and local factors	2	Voluntariness Stakeholder Social Environmental Economic
Woodward-Clyde, 1999	CSR has been defined as a 'contract' between society and business wherein a community grants a company a license to operate and in return the matter meets certain obligations and behaves in an acceptable manner	2	Stakeholder
Reder, 1994	An all encompassing notion, [corporate] social responsibility refers to both the way a company conducts its internal operations, including the way it treats its work force, and its impact on the world around it	1	Stakeholder Social Environmental
Lea, 2002	CSR can be roughly defined as the integration of social and environmental concerns in business operations, including dealings with stakeholders	1	Stakeholder Social Environmental Economic
Lea, 2002	CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment	1	Voluntariness Stakeholder Social Environmental
Foran, 2001	CSR can be defined as the set of practices and behaviours that firms adopt towards their labour force, towards the environment in which their operations are embedded, towards authority and towards civil society	1	Stakeholder Social Environmental

Definition source	Definition	Frequency count	Dimensions
Andersen, 2003	We define corporate social responsibility broadly to be about extending the immediate interest from oneself to include one's fellow citizens and the society one is living in and is a part of today, acting with respect for the future generation and nature	1	Stakeholder Social Environmental
Frederick *et al.*, 1992	Corporate social responsibility can be defined as a principle stating that corporations should be accountable for the effects of any of their actions on their community and environment	1	Stakeholder Social Environmental
Van Marrewijk, 2003	In general, corporate sustainability and CSR refer to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders	0	Voluntariness Stakeholder Social Environmental Economic
Van Marrewijk, 2001	Companies with a CSR strategy integrate social and environmental concerns in their business operations and in their interactions with their stakeholders and demonstrate openly their triple P performances	0	Stakeholder Social Environmental Economic
Jackson and Hawker, 2001	Corporate social responsibility is how you treat your employees and all your stakeholders and the environment	0	Stakeholder Social Environmental
Strategis, 2003	CSR is generally seen as the business contribution to sustainable development, which has been defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs, and is generally understood as focussing on how to achieve the integration of economic, environmental and social imperatives	0	Social Environmental Economic

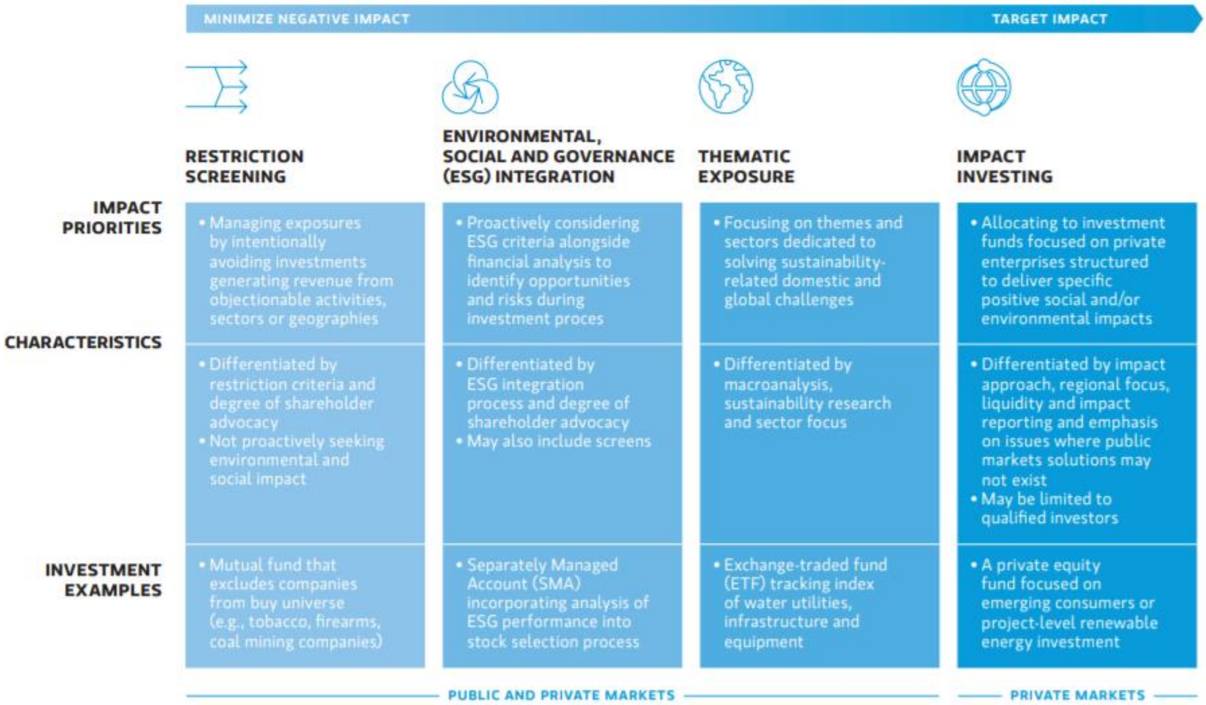
Source: Dahlsrud (2008), p. 7-11

Appendix 2: List of different definitions of corporate reputation

Author(s), Year: Page	*Definition*
Weigelt and Camerer, 1988: 443	'A set of attributes ascribed to a firm, inferred from the firm's past actions'.
Fombrun and Shanley, 1990: 234	'The outcome of a competitive process in which firms signal their key characteristics to constituents to maximize their social status' (Spence, 1974).
Fombrun, 1996: 72	'A perceptual representation of a company's past actions and future prospects that describes the firm's overall appeal to all of its key constituents when compared with other leading rivals'.
Fombrun and Van Riel, 1997: 10	'A corporate reputation is a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environment'.
Cable and Graham, 2000: 929	'A public's affective evaluation of a firms' name relative to other firms'.
Deephouse, 2000: 1093	'The evaluation of a firm by its stakeholders in terms of their affect, esteem, and knowledge'.
Bromley, 2001: 316	'… a distribution of opinions (the overt expressions of a collective image) about a person or other entity, in a stakeholder or interest group'.
Mahon, 2002: 417	Uses Webster's (1983)definition: 'a reckoning, an estimation, from the Latin reputatus – to reckon, to count over. The estimation in which a person, thing, or action is held by others … whether favorable or unfavorable'.
Whetten and Mackey, 2002: 401	'Organizational reputation is a particular type of feedback, received by an organization from its stakeholders, concerning the credibility of the organization's identity claims'.
Rindova *et al.*, 2005: 1033	'Stakeholders' perceptions about an organization's ability to create value relative to competitors'.
Rhee and Haunschild, 2006: 102	'The consumer's subjective evaluation of the perceived quality of the producer'.
Carter, 2006: 1145	'A set of key characteristics attributed to a firm by various stakeholders'.
Barnett *et al.*, 2006: 34	'Observer's collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporate over time'.

Source: Walker (2010), p. 368

Appendix 3: Morgan Stanley Investing with Impact Framework



MINIMIZE NEGATIVE IMPACT → TARGET IMPACT

	RESTRICTION SCREENING	ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INTEGRATION	THEMATIC EXPOSURE	IMPACT INVESTING
IMPACT PRIORITIES	• Managing exposures by intentionally avoiding investments generating revenue from objectionable activities, sectors or geographies	• Proactively considering ESG criteria alongside financial analysis to identify opportunities and risks during investment proces	• Focusing on themes and sectors dedicated to solving sustainability-related domestic and global challenges	• Allocating to investment funds focused on private enterprises structured to deliver specific positive social and/or environmental impacts
CHARACTERISTICS	• Differentiated by restriction criteria and degree of shareholder advocacy • Not proactively seeking environmental and social impact	• Differentiated by ESG integration process and degree of shareholder advocacy • May also include screens	• Differentiated by macroanalysis, sustainability research and sector focus	• Differentiated by impact approach, regional focus, liquidity and impact reporting and emphasis on issues where public markets solutions may not exist • May be limited to qualified investors
INVESTMENT EXAMPLES	• Mutual fund that excludes companies from buy universe (e.g., tobacco, firearms, coal mining companies)	• Separately Managed Account (SMA) incorporating analysis of ESG performance into stock selection process	• Exchange-traded fund (ETF) tracking index of water utilities, infrastructure and equipment	• A private equity fund focused on emerging consumers or project-level renewable energy investment
	PUBLIC AND PRIVATE MARKETS			PRIVATE MARKETS

Source: Morgan Stanley Investing with Impact (2018b), p. 4