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10.1108/MEDAR-12-2019-0649  

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Corporate Governance and Corporate Social Responsibility Synergies:
Evidence from New Zealand

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Please cite as:
social responsibility synergies: evidence from New Zealand", Meditari Accountancy

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Abstract
This paper provides exploratory evidence on corporate governance (CG) and corporate social responsibility (CSR) interfaces. Although there remains a voluminous literature on CG and CSR, very little effort has been put forward to explore the nature of this relationship. Using interviews with senior executives of New Zealand Stock Exchange (NZX) listed firms, this research assesses CG and CSR practices, identifies barriers for CG and CSR adoption, and investigates the nature of the relationship between CG and CSR. The results indicate a moderate level of CG and CSR practices, with lack of resources and cost-time balance as common barriers for CG and CSR adoption. However, despite these barriers, we note that the majority of executives appreciate the increasing convergence between CG and CSR and believe that a more robust CG framework will lead to more sustainable CSR practices. These findings have important implications for managers and policymakers interested in understanding the CG-CSR nexus and promoting responsible business practices.

Keywords: corporate governance; corporate social responsibility; stakeholder theory; interviews; thematic analysis.
Introduction

The new millennium has witnessed a dramatic increase in social-, environmental- and governance-related scandals. Some well-known examples are the Deepwater BP oil spill (2010) and the Volkswagen emissions scandal (2015), where a common characteristic across them is the interplay between corporate governance (CG) and corporate social responsibility (CSR) (Goranova & Ryan, 2015; Jain & Zaman, 2019). Such scandals have stimulated academic interest and research has been carried out to understand the interdependencies, synergies and convergence between CG and CSR (Jain & Jamali, 2016). However, the majority of CG and CSR research has ignored the managerial perception and has failed to develop our understanding of CG and CSR interrelationships (Jain & Jamali, 2016; Scherer & Voegtlin, 2020; Zaman & Roudaki, 2019).

Despite this lack in the literature, some studies have explored the nature of the CG-CSR relationship, particularly those examining the inter-relationship from a managerial perspective. For example, on the one hand, Jamali et al. (2008), drawing on in-depth interviews with the top managers of eight companies operating in Lebanon, find that the majority of managers conceive CG, as a pre-requisite for CSR. On the other hand, Young and Thyil (2014), interviewing managers from Australia, the United Kingdom (UK) and India, reveal that managers perceive CSR as a dimension of CG. Similarly, Kolk and Pinkse (2010) note an overlap of CG and CSR in CSR reports of multinational companies, while Elkington (2006) and Amoako (2017) consider CG and CSR as coexisting components of the same continuum. The underlying relationship between CG and CSR is centred on managerial thoughts, perceptions and contextual setting, and ignoring these characteristics leads to inconclusive results in the literature (Jain & Jamali, 2016; Kabir & Thai, 2017; Mansi et al., 2017; Tilt, 2016; Young & Thyil, 2014).

This paper uses a qualitative approach to answer an unexplored research question in the New Zealand Stock Exchange (NZX) context: How do NZX listed firms’ executives perceive the nature of the relationship between CG and CSR? This question is important in the New Zealand framework due to the recently revised 2017 NZX CG code. The revised CG code emphasises the role of the board of directors in considering environmental and social factors for the protection of stakeholders’ interests. In addition, this code encourages firms to develop and disclose a code of ethics, board committee charters and other governance documents to investors and stakeholders (New Zealand Stock Exchange, 2017). These requirements pre-
determine good CG as a pre-requisite for CSR practices. However, considering the divergent findings in the literature on the nature of the CG-CSR relationship, there is a timely need for the managerial views of that relationship. In addition, the understanding of the CG-CSR relationship is even more important for executives in firms in smaller markets, like New Zealand’s, where unique attributes of firms, such as smaller size, financial constraints, remote proximity, etc., worsen the problems concerning the effective implementation of CG and CSR.

To answer our study’s research question, we interviewed 12 senior executives of ‘CSR champion’ NZX listed firms, i.e., firms following the Global Reporting Initiatives (GRI) principles in implementing CG and CSR practices.

The interview analysis for the assessment of CG practices suggests the dominance of compliance, transparency and disclosure-related governance aspects, such as the presence of highly concentrated ownership structures, well-structured and gender-diverse boards – including board independence, board committees and board gender diversity – and the presence of organisational codes. However, we find a limited number of firms having remuneration policies for board members and executives, with very few following a CSR-based matrix for executive remuneration.

The assessment of CSR reveals that our sampled firms seem to establish an environmental-focused CSR concept due to community concerns, concentrating on ‘waste management’ and ‘emissions reduction’ initiatives – as New Zealand communities see the environment as important for their ‘clean and green’ image.

Exploring the barriers for CG and CSR adoption, our findings indicate that compliance costs and the lack of shareholder activism are barriers to effective CG adoption, while the lack of resources, framework complexity and limited understanding about the CSR process are highlighted as barriers for CSR implementation.

In terms of the nature of the relationship between CG and CSR, we find three conjectures. First, the executives believe CG is a pillar of CSR – pointing towards the notion that effective CSR requires a solid CG be in place. Second, CSR as a dimension of CG – accentuating the non-financial risk mitigation functions of CG. Third, both CG and CSR are part of the same continuum, i.e., CG-CSR coexistence – with the idea that corporate performance (including CSR) and conformance (CG) go hand-in-hand. In addition, although we identify three potential conjectures relating to the CG-CSR relationship in New Zealand – CG as a pillar of CSR, CSR as a dimension of CG and CG-CSR coexistence – it is noted that CG as a pillar of CSR is
highlighted by respondents as having particular significance. This implies that effective CG promotes firms’ CSR practices, supporting stakeholder centric CG perspective.

Our paper makes several contributions to both the CG and CSR literature. First, we not only extend the research on the CG-CSR relationship by interviewing the top executives of firms in the smaller developed market of New Zealand (Jain & Jamali, 2016) but also add a more nuanced perspective by exploring the barriers for companies to incorporate CG and CSR. Second, the bulk of the CG and CSR literature has adopted a ‘black box approach’, i.e., a causal relationship between CG and CSR, ignoring the managerial perceptions and contextual setting which have raised mixed research findings (Aguilera et al., 2015; Jain & Jamali, 2016). Third, our study responds to recent calls for an inductive approach in the CG-CSR literature to take steps towards unravelling the CG-CSR relationship (Aguilera et al., 2015; Jain & Jamali, 2016; McNulty et al., 2013).

The remainder of the paper proceeds as follows. We first provide some background information on New Zealand in section 2. We then summarize the recent relevant literature in section 3. Section 4 outlines the methodology of this study and Section 5 discusses the results of our analysis. Finally, section 6 concludes.

**New Zealand Background**

New Zealand is a small and open economy, known for its business-friendly policies. The NZX and the Financial Market Authority (FMA) are accountable for promoting responsible business practices among listed firms. Businesses in New Zealand enjoy a relatively flexible CG and CSR legislative structure compared with their Anglo-Saxon counterparts Australia, the UK, the US and Canada (Reddy et al., 2008). New Zealand provides a unique environment to explore CG-CSR relationship. This is because NZ listed companies are only required to disclose some of the CG characteristics. For instance, listed companies in New Zealand are only required to disclose the equity interest of board members, ignoring the disclosure of CEOs’ and other high-level executives’ equity ownership. This non-disclosure of CEOs’ and executives’ remuneration triggers conflict between management and directors. Thus, the CEO and executives with a high equity interest might not be willing to undertake or effectively implement expensive CSR activities, thereby compromising the interests of other stakeholders’ groups (Zaman, 2018). This has been more recently captured by Dobbs and Van Staden (2016). Their results suggest that in New Zealand, companies are not currently fully committed to CSR.
In most cases, CSR is used only to create the impression of being concerned about society and stakeholders. This not only raises significant questions about these companies’ commitment to CSR but also about their CG practices.

Historically, CSR has not gained much management attention within the New Zealand context (Wells et al., 2014), while the opposite is found in CG, which has remained dominant due to its legal compliance requirements (Cassidy, 2017; Fauzi & Locke, 2012; Hay et al., 2017; Reddy, 2010). However, considering the growing prevalence of CG and CSR around the world, the NZX revised its best practice CG code in 2017 and included a clause about environmental, social and governance (ESG) disclosure, thus encouraging companies to adopt a more comprehensive responsible business approach (Zaman & Nadeem, 2019). The revised 2017 NZX CG code pays special attention to CSR issues, aiming to promote ESG activities for listed companies.

Despite the growing literature on CG and CSR, research in New Zealand remains very limited, with little focus on the CG-CSR relationship. In New Zealand, the majority of studies have individually focused on CSR (Bebbington et al., 2009; De Silva & Forbes, 2016; Dobbs & Van Staden, 2016) or CG (Cassidy, 2017; Fauzi & Locke, 2012; Hay et al., 2017; Reddy, 2010), and almost no attempt has been made to understand the CG-CSR interfaces. Therefore, considering the contextual dependencies of CG and CSR, it is important to explore managerial perceptions about the nature of the relationship using a New Zealand setting.

Literature Review

CG and CSR definitions

CG and CSR are socially constructed terms which have evolved over time (Dahlsrud, 2008; Ocasio & Joseph, 2005). Due to their interdisciplinary nature, there is no single agreed definition for either CG or CSR in the literature (Jain & Jamali, 2016). For instance, some scholars define CG as the way in which suppliers of corporate finance assure themselves of getting a return on their investment (Shleifer & Vishny, 1997). Others focus to adopt a managerial perspective and refer to CG as the set of “formal structures, informal structures, and processes that exist in oversight roles and responsibilities in the corporate context” (Hambrick et al., 2008, p. 381). These multiple definitions make it complex to assess what effective or good CG means. However, we followed Aguilera et al. (2015) and conceptualisation CG based on four key elements. First, effective CG involves protecting stakeholder rights and providing a means to enforce those rights by monitoring executives in
charge of running corporations. Second, good CG provides the necessary basis to solve or mediate the divergent interests of corporate stakeholders. Third, good CG promotes an environment of transparency or good quality reporting/disclosures. Finally, good CG involves the provision of strategic and ethical guidance for the company.

Similar to CG, the concept of CSR is also associated with multiple definitions and interpretations (Dahlsrud, 2008). However, there is a general consensus among scholars that the term CSR refers to the means through which a company addresses the social, economic and environmental demands of stakeholders as well as the financial demands from shareholders (Aguilera et al., 2015; Schacter, 2005).

**Theocritical framework in CSR and CSR**

The historical overview shows that CG and CSR are two independent constructs, with distinct characteristics (Jain and Jamali 2019). However, due to the multiplicity associated with the definition, both have attracted wide scholarly attention across multiple disciplines. Its application in different disciplines has meant that there are multiple lenses through which to analyse the concepts of CG and CSR. Equally, there is not a generally accepted theory on CG and CSR interfaces (Jain & Jamali, 2016). Prior studies have selected one, or different combinations of theoretical perspectives (agency theory, stakeholder theory, institutional theory legitimacy theory and resources dependence theory) (Aguinis & Glavas, 2012; Glavas, 2016; Jain & Jamali, 2016; Pisani et al., 2017; Rezaee, 2016) to explore CG and CSR interfaces. Of these approaches, stakeholder theory is the most dominant and widely adopted theoretical perspective in the larger common law jurisdiction – US, UK, AUS and Canada (Jain & Jamali, 2016) – from which New Zealand has adopted many ideas and principles, including CG and CSR.

We draw on the insights of stakeholder theory to explain CG-CSR interfaces in New Zealand for two important reasons. First, it broadens CG issues (i.e. boards’ responsibilities towards stakeholders rather than just providers of capital), contributing to stakeholders’ management decisions based on who and what counts (Jamali, 2008; Jamali et al., 2008). Second, it facilitates increased awareness of CSR in CG structures that not only enables more informed decisions based on stakeholder satisfaction (Mitchell et al., 1997) but also remains important for accountability of these practices (Atkins & Maroun, 2018; Perrini & Tencati, 2006; Sardinha et al., 2011).
Stakeholder Theory

Stakeholder theory is concerned with the relationship between a firm and its stakeholders. The roots of stakeholder theory can be traced in the literature back to Ansoff’s work in 1965 (cited in Roberts, 1992). However, the theory waned until the mid-1980s. Freeman was the first to use stakeholder theory in the business management literature (Freeman 1984). Stakeholder theory states that firms have relationships with a broad set of stakeholders, including employees, consumers, environmental regulators, government agencies and other shareholders (Freeman, 1984). Freeman (1984) argues that a firm should be characterised by its relationship with its stakeholders. He defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organisation’s objectives” (p. 46). The stakeholder view of Freeman held significant implications in the literature, but the Freeman classification of stakeholders was too broad. However, later developments in stakeholder theory classified stakeholders as groups or individuals who have a legitimate interest in a firm (Donaldson & Preston, 1995; Mitchell et al., 1997). This classification serves the purpose of diverse stakeholders’ expectations and needs. A firm has to meet those diverse stakeholders’ expectations rather than only relying on the fulfilment of shareholders’ needs.

There are two assumptions related to the fulfilment of diverse stakeholders’ needs: accountability and fairness. In terms of accountability, stakeholder theory argues that a firm is accountable to multiple stakeholders rather than merely to its shareholders (Deegan, 2013). In this view, firms need to perform activities that can be justified in the eyes of diverse stakeholders (Deegan, 2013). The second assumption states that firms’ interactions with stakeholders should be based on principles of fairness (Bridoux & Stoelhorst, 2014). Fairness contributes to a firm in three ways. First, it establishes the process to divide the value created by the nexus of stakeholders among different parties per their proportion of stake in the firm (Cropanzano et al., 2001). Thus, it reflects a firm’s open and honest image to the stakeholder. Second, it reduce the contract cost to a certain extent, as a firm’s commitment to stakeholders in the fairness concept is derived through trust and self-enforcement rather than legal enforcement (Deegan, 2013; Richman, 2006). Finally, firms’ relationships with stakeholders tend to last longer (Dyer, 1996), which can generate greater value. The relevancy of stakeholder theory in the New Zealand context is established by the Companies Act 1993. It empowers companies to name any person as an “entitled person” to invoke statutory remedy against the operation and unfair prejudice or discrimination among other responsibilities. There are no
apparent limitations on the constituencies that might be included in this category, allowing companies to include employees, suppliers, or any stakeholder as entitled persons. This framework also offers interesting possibilities to institutionalise the stakeholder principle in CG — shouldering more responsibilities on those charged with governance to make companies responsible to all stakeholders. In addition, the revised CG code (i.e. the 2017 NZX CG code) also emphasises that boards of directors should respect shareholders’ rights and should foster a constructive relationship and engagement with shareholders as well as stakeholders — justifying the relevance of stakeholders’ theory in the New Zealand socioeconomic context.

**CG and CSR relationship**

Stakeholder theory argues that both CG and CSR are important in managing and protection of multiple stakeholders’ interest (Aguilera et al., 2006). Although the two have traditionally evolved in relatively independent and compartmentalised streams of literature, there are signs of interdependence, overlaps and convergence between CG and CSR (Jain & Jamali, 2016). For instance, at one hand, the CG literature highlights the role of CG in the development of effective stakeholder management in order to have a better corporate understanding of CSR (Aguilera et al., 2006; Frynas & Yamahaki, 2016; Jain & Jamali, 2016). On other hand, CSR literature emphasises the need to uphold higher standards of responsibility in terms of organisational management, which in turn has implications for effective CG (Jamali, 2008; Jamali et al., 2008).

Similarly, in CG the most important principle includes the accountability of companies operations towards the protection of stakeholders interests (Aras & Crowther, 2008; Short et al., 1999), while CSR comprises companies’ responsibility towards diverse stakeholders, such as the wider community and the environment, with special emphasis on accountability in the decision-making process (Adams & Zutshi, 2004; Aras et al., 2017; Atkins & Maroun, 2018; Carroll & Buchholtz, 2014). Such overlaps set CG-CSR research to progress along with three directions. The first strand adopts CSR as a function for CG (Bhuiyan et al., 2020; Filatotchev & Stahl, 2015; Young & Thyil, 2014). The second strand portrays CSR as a dimension of CG (Amoako, 2017; Frynas, 2010; Ho, 2005; Jian & Lee, 2015; Stanwick & Stanwick, 2001). While the third strand visualises CG and CSR as coexisting components of the same continuum (Amoako, 2017; Elkington, 2006). We elaborate on these concepts in the following section.

**CSR as a function of CG**
This view emphasises the requirement of an effective CG structure to be in place before proceeding with CSR strategies implementation. Scholars under this view argue that the implementation of an effective CSR agenda is impossible without having solid CG practices in place. In this regard, Hancock (2005) presents an excellent CSR framework by identifying the key pillars of CSR. Among other important pillars for CSR, CG remained pivotal. CG is considered as a building block of CSR under this notion (Jamali et al., 2008).

Consistency, with the views of scholars, considers that effective CG companies are more likely to engage in CSR activities (e.g. Elkington, 2006; Filatotchev & Stahl, 2015; García-Sánchez et al., 2015; Husted, 2003; Jo & Harjoto, 2014; Kock et al., 2012; Young & Thyil, 2014). Majority of empirics’ literature focuses on the effectiveness of CG structure (i.e. board composition, board committees, internal control i.e. audit structure and ownership structure) on companies CSR performance (e.g. Benjamin et al., 2019; Biswas et al., 2018; Jo & Harjoto, 2014; Kock et al., 2012; Nadeem et al., 2017). However, the findings of this literature large remained inconclusive. One strand of literature found that effective CG increases CSR (Jain & Jamali, 2016; Rao & Tilt, 2016). While others found negative and no association of CG on CSR (Jain & Jamali, 2016).

**CSR as a dimension of CG**

The second strand portrays CSR as a dimension of CG. It suggests that CSR does not only reflect the CG structure, but it can shape them. Scholars attribute this concept with recent listing and reporting requirement i.e. the recent NZX revised CG Code (2017) focusing on non-financial disclosure, the Australian Stock Exchange (ASX) CG Principles on Sustainability Reporting (2014), the Singapore Stock Exchange (SSE) Sustainability Reporting Guide (2016), the mandatory ESG disclosure of listed firms on the Bombay Stock Exchange (BSE) and the US Dodd-Frank Wall Street Reform and Consumer Protection Act (2010), in which companies were required to incorporate CSR as part of their CG compliance1 (Zaman, 2018).

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CSR as a dimension of CG extending CG duties, consider CSR as a tool to promote effective and responsible governance. Scholars under this depiction argue that consideration of CSR policies and practices promotes stakeholder engagement, which is the key function of effective CG (i.e. effective CG is all about the protection of stakeholder rights (Aoki, 2010). For example, Jun (2016), considering the CSR as a dimension of CG suggest that institutional pressures coming from the United Nations (UN), such as UN-backed international CSR guidelines, have led companies to adopt sound governance structures since these are perceived to provide the necessary companies level infrastructure to accelerate CG. Another study by Kong (2013) suggests that CSR positively affects minority investors’ participation in corporate governance (Kong, 2013). Researchers considering CSR as a dimension of CG also found that high responsible companies follow fair executive compensation packages (i.e. a mechanism of CG) (Cai et al., 2011; Maas, 2018).

CG and CSR coexist

The third strand visualises CG and CSR as coexisting constructs (e.g Bhimani & Soonawalla, 2005; Campbell, 2006; Li et al., 2010; Ortas et al., 2015; Sacconi, 2006). Bhimani and Soonawalla (2005) note that good corporate performance is not possible without corporate conformity. For example, they consider that poor CG and misleading financial statements are one side of the corporate coin – the other side [is] poor CSR’ (Bhimani & Soonawalla, 2005). They further introduce a firm continuum where corporate performance is at one end and conformity on the other, meaning that firms should take an integrated approach towards reconciling conformity and performance reporting issues. Jamali et al. (2008) further elaborate on this continuum, noting that legally binding requirements are being increasingly embodied in governance mechanisms requiring compliance and conformity, and self-regulatory stakeholder and CSR initiatives, which are evidence of voluntary corporate social performance. This view of corporate continuum sees CG and CSR as part of the same continuum. Under this view, a successful company without CSR will only be considered a half-successful and a failed company will be the one that has poor CG as one-half and bad CSR at another half (Aras & Crowther, 2008; Elkington, 2006).

The emergence of these interfaces is because CG and CSR are multi-disciplinary constructs that create a uniformity of goals within and across companies (Aras & Crowther, 2008). The underlying relationship between CG and CSR focuses on those organisational activities that have a substantial impact on stakeholders and the external environment (Kolk, 2008; O’Dwyer, 2003; Short et al., 1999; Solomon, 2007). Therefore, it is important to understand the
connection and interdependency between CG and CSR. Despite the growing interest in CG and CSR research, the exact nature of this relationship has not yet been completely determined (Frynas & Yamahaki, 2016; Jain & Jamali, 2016; Zaman, 2018). We argue that the relationship between CG and CSR is a complex, but a vital one for each of discuss logics and merit further academic attention.

In addition, to the nature of complexity in the relationship between CG and CSR, there are challenges that have the potential to impact managerial perception about CG and CSR (Bebbington et al., 2009; O’Dwyer et al., 2005; Woodward et al., 2001). In line with stakeholder theory perspective, both CG and CSR aims to promote accountability through effective stakeholders’ engagement (Cooper & Owen, 2007). However, accountability and stakeholder engagement processes consume a considerable amount of company resources and often depend on managerial perception (Atkins & Maroun, 2018; Farooq & De Villiers, 2019). For example, the companies would need to spend both time and money to ensure their actions comply with codes of conduct (a CG mechanism). Similarly, CSR practices also need resources in the form of improved employment benefits, community engagement, technological innovation to prevent certain emissions and, sometimes, charitable activities. In addition, executives who wish to make their organisations better corporate citizens face significant obstacles (Kaur & Lodhia, 2019). If they undertake costly initiatives that their rivals do not embrace, they risk eroding their competitive positions. An appropriate allocation of resources towards CG and CSR implementation could result in organisation’s value maximization, whereas an overinvestment (i.e. managers invest in CSR due to their personal gains) might result in compromising the rights of one stakeholders’ group i.e. shareholders (Barnea & Rubin, 2010).

Therefore, to develop a better understanding and to uncover the nature of the CG-CSR relationship, this study is an attempt to answer an important yet less explored research question in the New Zealand socio-economic context: How do NZX listed firms’ executives perceive the nature of the relationship between CG and CSR?

Research Methodology

A ‘purposive sampling’ is adopted in which we locate managers working in NZX listed firms who are actively engaged in promoting CSR or at least claim to be socially responsible.

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2 In purposive sampling, the participants are selected either by key characteristics, such as knowledge, skills and demographics or other attributes that are best suited to the study research questions for better understanding of the
We select NZX listed firms because listed firms, in comparison with non-listed entities, face greater regulation around CG and are expected to set an example for other companies. Thus, listed entities offer a good population for addressing the research sample specifications. Second, to answer the study research question, we require informed participants that are familiar with CSR processes (Farooq & De Villiers, 2017, 2019). Firms' management undertaking CSR activities are considered as informed participants for this study. To do this, we search the GRI database to identify firms publishing CSR reports that meet the requirements of internationally recognised standards³. Such firms may be considered the industry leaders in terms of adopting CSR, or at least in their claims of adopting CSR. Of note, we explicitly verified all NZX listed company’s website to rule out any possibility of companies being excluded from the GRI database despite following GRI standard. This process results in 18 companies meeting the pre-determined sampling criteria.

After finalising the sample, we then search for study participants and their contact information. We develop a database of our sampled firms, containing publicly available information about executive leaders, including name, designation, LinkedIn profile, and email address or phone number. We then contact the participants via email or phone, inviting them to participate in our study based on their involvement in organisational CSR processes. We have selected one participant from each firm and we explicitly mention, in our email scripts that if they believe there is someone else in their organisation more suitable (based on familiarity with CSR), we would appreciate them forwarding this email to them. This ensures the informed participants’ criteria of the study. Once a manager agrees to participate, we send an email outlining the scope and aim of the study, the rights of participants and a participant consent form.

Of the 18 companies, six declines the interview invitation on grounds such as internal restructuring, management re-shuffling and overall busy-ness. Finally, we were able to interview 12 company managers, the number of interviewees appears reasonable regarding the topic and scope of our study (Parker & Northcott, 2016), given the limited number of NZX

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³ KPMG (2017) notes that the most popular CSR reporting standards used are the GRI guidelines.
listed companies having formal CSR programs (Dobbs & Van Staden, 2016) and the characteristics of the interviewees in this research, the majority of them being senior management. We also monitor data saturation throughout the coding process. We find no new code emerges after the 10th interview. However, we also include two additional interviews to ensure and confirm data saturation, which reaches a total of 12 interviews.

Interview protocol

We design an interview protocol to help the interviewers and to encourage participants to relax and talk freely (Hermanowicz, 2002). The interview protocol contains a welcome note, the interview purpose, interview format and a set of interview questions, supported by additional questions to enable interviewers to delve deeper and explore sub-themes (Farooq & De Villiers, 2019). The set of questions included the following topics: (1) CG and CSR practices in the organization, (2) CG and CSR barriers and (3) The relationship between CG and CSR. After establishing the interview protocol, the researcher organised a pilot study. Pilot interviews enable a researcher to identify ambiguities, difficulties and unnecessary questions and subsequently to discard or modified them. It also increases the validity of the research instruments by determining that interview questions are appropriate (Van Teijlingen et al., 2001). To perform the pilot study, four organisations outside the NZX listing requirement were identified. The CSR managers of these firms were contacted using their details, identified via organisational websites. The pilot study interviews revealed that the interview protocol proved that the information provided was clear and sufficient.

Interviews

All the interviews are conducted face-to-face at the respondents’ company offices, located in three New Zealand cities – Auckland, Wellington and Christchurch – between February and August 2017. Of note, to avoid biases resulting from the differences arising out of the multi teams involved in the interview process, the lead researcher undertook all the interviews and

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4 The current research used slightly different criteria for selecting the pilot study respondent as compared to main study sample criteria, due to a lower number of actual respondent companies. We selected four organisations based on the GRI criteria, while relaxing the NZX listing requirement. These differences in the sampling procedure for pilot study had two benefits; first the study achieved the pilot study benefits without losing the actual sample. Second; this meant that the study was able to include unlisted firm feedback and gain industrial insight into CSR practices in New Zealand companies.
transcription. To ensure reliability, we have followed several steps, such as the development of an interview guide, the pilot testing of interviews, the adoption of face-to-face semi-structured interviews, the audio recording of all interviews, the preference for self-interview transcription (rather than third party transcription) and the presentation of long raw data in the analysis. Further, to maintain validity, we followed purposive sampling to identify informed senior managers of NZX listed firms. These senior managers were in a position to best describe the research problem.

The majority of interviewees are in executive management positions, such as chief financial officer (CFO), company secretary, executive general manager, head of government relations, and CSR and general manager of sustainability. The average interview time is 47 minutes, with a minimum of 39 minutes and a maximum of 62 minutes. Table 1 provides a summary of the interviews conducted.

*Insert Table 1 about here*

**Thematic analysis**

We transcribe audio interviews and validate them from the interviewee (Gibbs, 2002). We then apply thematic analysis to identify codes and themes using the N-Vivo 11 software (Gibbs, 2002). More specifically, we start with open coding – line-by-line reading of the transcripts and creating the code names for the issue discussed – resulting in 107 codes. The process is repeated, where issues related to sub-themes and linked themes are also developed based on the interview guide. The final themes and sub-themes that emerge from the interviews are presented in Table 2 and are reflected in our findings section.

*Insert Table 2 about here*

**Findings and Discussion**

We identify and explain three themes with the aim of developing a better understanding of CG and CSR interfaces.

**CG practices assessment**
All interviewees discuss ways in which their institutions integrate multiple CG aspects into their firms’ practices, with the most frequently highlighted aspects those revolving around compliance, transparency and disclosure:

“…. Good CG is about saying decisions, transparency, the way you govern these businesses and execute your duties to achieve certain standards…. [SM11]”

Further inquiry about their firm CG practices shows that firms in the current study exhibited mixed ownership structures (i.e. institutional, family, government and individuals). However, the majority of our sampled firms possess block-holding (an excess of 5% of shares belong to single shareholders), contrary to the US and the UK where corporate ownership is more diverse (Chung et al., 2010; Fox et al., 2012; Holderness, 2007; Jiang et al., 2009; Kong, 2013). The majority of scholars argue that large bock holding being central to firms might have different interests from those minority shareholdings (Edmans, 2009). Large shareholding thus may have more influence on the company than dispersed small shareholders due to their strong incentives and more effective monitoring (Alleyne et al., 2014; Del Guercio et al., 2008; Jiang, 2009; Jiang et al., 2009). For instance, these shareholders structure can provide external monitoring and direct dialogues with top management and therefore, the higher percentage of block holders are in a better position to protect their rights than minority shareholders – leading to better CG practices (as minority shareholders protection is the core of effective CG) (Aguilera et al., 2015).

In the majority of cases, the firms have well-structured and gender-diverse boards. On average, they have eight directors. In half of the cases, the firms have remuneration policies for board members as well as executives, highlighting the link between remuneration and performance. As one of the interviewees stated:

“…. the CEO is awarded […] against financial, health and safety strategic goals are met… [SM3]”

In all cases, the firms have developed codes and policies for CG and are disclosing the relevant information to shareholders and stakeholders.

“We have codes of conduct in place […] from diversity, inclusivity through to delegated authority and financial policies as well…[SM2]”
Apparently, CG code and disclosure practices reflect compliance type of CG. However, upon inquiry, the managers have specifically emphasized the broader scope of such practices for the protection of minority shareholders.

“......You are not giving light disclosures about things that have happened or fear of insider trading or all those sorts of other things that can really impact on a local market, so it’s about attracting international shareholders, as much as investors as much as it is about creating surety for mom and dad shareholders, that you are using their money under best ways.... [SM11]”

These CG practices indicate the strength of the CG structure for our sampled firms, attributing them to the NZX strategic guidelines and the regular monitoring of internal control mechanisms. However, there is ample evidence from the above quote such as health and safety linked compensation schemes, code of conduct for diversity and inclusivity, and due diligence for minority shareholders that managers in NZX listed firms follow the stakeholders-oriented CG rather than shareholder centric CG model.

Despite having good CG practices, respondents highlight resource heaviness and a lack of shareholder pressure as barriers to promote best CG practices. First, one is indicated as a barrier for effective CG by six interviewees and is noted by one of the interviewees as

“...There are two parts to that resource heaviness. There’s obviously legal compliance, I have a lawyer who will do it, who will focus on, and that pretty much for a company this size, if you are doing the board agenda’s it’s probably a full-time job [...] it also consumes quite a lot of board time... [SM4]”.

These senior management’s concerns for CG implementation reflect the NZX contextual settings. Additional inquiry of the reasons for being resource heaviness has established the linked this with small capital structure. The managers particular are not happy with the non-consideration of company size in NZX CG principle implementations.

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5 NZX is a relatively small stock exchange with a total market capitalisation of only US$98.68 billion at end of the January 2018 period. It represents just 0.32% of the Asia Pacific region, well behind its regional counterparts – Australia, Japan, Korea and Singapore (World Federation of Exchanges 2018). Due to their small capitalisation, NZX listed firms find it hard to balance the time and costs associated with these CG practices, as indicated by one of the respondents
“We are a small company, so the same rules apply, no matter what size company you are. So, in a larger company, they’ll have an investor’s relations team and they’ll have a corporate secretarial team and we don’t have that so that’s the main barrier, it’s actually just resources... [SM5]”.

There is considerable evidence to suggest that regulatory burdens on firms and businesses have increased significantly with resource requirements in terms of the time and costs associated with gaining an understanding of new and amended compliance imperatives (MacNeil & Li, 2006; Short et al., 1999). Hence, it is vital for NZX where a significant number of firms have small capital structures to introduce the size-specific CG provisions.

Second, the lack of shareholder activism is also reported as barriers to effective CG implementation.

“I think, there is a lack of pressure to improve, you know, we do not have a degree of shareholder activism in this country [SM11]”.

Shareholder activism reflects the pressure exerted by shareholders to influence company policies and practices (Aguilera et al., 2015). Although shareholder activism encompasses activities such as letters of warning, proxy battles, litigation, discussion with corporate managers and annual general meeting proposals (Admati & Pfleiderer, 2009; Aguilera et al., 2015), the majority of the CG research focuses on the shareholder proposal – a written recommendation form shareholders formally submitted to a company advocating a particular course of action (Aguilera et al., 2015). The added benefits brought by shareholders are well documented in the existing literature; shareholders not only influence firms’ financial performance but are also considered important in terms of encouraging firms to adopt best CG practices (Brav et al. 2008; Del Guercio et al. 2008). However, the NZX listed companies, despite having highly concentrated ownership, generally lacks shareholder activists, which might be one of the reasons these firms lag in terms of certain CG activities (i.e. disclosure of executive remuneration etc.) (Jiang et al., 2009). Even though NZX listed firms have higher levels of institutional ownership and tend to be highly concentrated, their ability or willingness to monitor firm management is at best weak (Jiang 2009). One of the potential reasons for ineffective shareholder pressure seems related to the geographic dispersion of ownership patterns (Jiang 2009). In addition, there might be a tension between shareholder centric
activism that promotes information transparency and disclosure (a mechanism of CG), while stakeholders centric activism focuses more on making companies accountable towards society (Aguilera et al., 2015). Therefore, it is recommended that local institutional shareholding improve to bring about effective monitoring and tension between shareholder centric activism and stakeholder centric activism need to be considered.

Despite these limitations (i.e. CG being labelled as resources heavy and the absence of shareholder activists in firm ownership structures) and compliance requirement, we have asked respondents about the motives to engage effective CG practices. The managers seem to achieve stakeholder satisfaction as core motives of effective CG – reiterating the stakeholder concept of CG among NZX listed firms.

“Good quality CG attracts [stakeholders].…. poor quality CG practices turn the [stakeholders] off from the business…[SM11].”

Overall this study of NZX listed firms reveals a moderated CG structure. However, contrary to other developed countries, like the US, the UK and Australia, we found that in some CG aspect NZX listed companies still lag (i.e. higher concentrated ownership structures, a lack of policies for remuneration and remuneration disclosure). We also summarised these results in Table 3. Panel A reports the descriptive statistics of board composition, while Panel B shows a summary of ownership structure and CG policies assessments highlighted by the participants

**CSR practices assessment**

CSR is a relatively new and developing field in the New Zealand context. Interviewees are asked to discuss what CSR means to their organisation, with a significant number of managers consistently referring to the community and the environment.

“...understanding the positive and negative environmental and social impacts we have and reducing the environmental impacts and increasing the positive social ones in line with our business purpose or you know, what your business does [SM8].”

The community-related CSR concept covers several aspects, such as the promotion of gender diversity, sponsoring sports events, running literacy programmes, providing cost-
effective services and engagement with local communities. Referring to the community aspect, one interviewee notes

“...When we talk about corporate responsibility [...] we think about the impacts on society, that our organisation has while performing its core function... [SM1]”.

Apart from the community, the environment is another dominant theme in the discussion. There is a clear focus on emission-reduction initiatives, and energy and waste reduction. For both of these environmental issues, management teams have established formal programmes, and they regularly review their environmental performance. As indicated by one of the senior managers:

“...CSR is all about long term growth, minimising our [...] environment footprint... [SM10]”.

The increased engagement in environmental issues can be linked back to New Zealand ‘clean and green’ image slogan and Resource Management Act 191 that encourage companies to undertake environmentally friendly activities (Collins et al., 2010; Khan & Lockhart, 2019). The firms operating in New Zealand generally keep this slogan in mind when performing business operations (Collins et al., 2010; Khan & Lockhart, 2019). Besides, firms seemingly establish an environmental-focused CSR concept due to community concerns – New Zealand communities see the environment as important. Notably, in New Zealand, there are no mandatory CSR guidelines. In most cases, companies performed these practices to ensure stakeholder satisfaction, legitimacy and generalised community commitment (Zaman & Nadeem, 2019). From the above quote, it seems that the managers believe that voluntary incorporation of CSR not only satisfy stakeholders (this supports stakeholder theory) but in doing so they are also fulfilling their corporate responsibility.

Prior literature indicates that companies are likely to experience a wide range of barriers in implementing CSR practices. These include the perception that CSR does not relate to their business and resource constraints, particularly, financial, human and time limitations (Gray et al., 1996; Hossain et al., 2016; Kaur & Lodhia, 2019; Mansi et al., 2017). These barriers may be interdependent, i.e., a barrier can depend on another one. Identification of the specific barriers and understanding their potential interdependencies may help managers to formulate strategies to mitigate them (DeTienne & Lewis, 2005; Hossain et al., 2016). Our interviewees
highlight the three most common barriers for their CSR journey: framework complexity, limited understanding and cost-time balance.

The first barrier is framework complexity because of CSR is a multidimensional concept and means different things to different people (Lozano, 2012; Murillo & Lozano, 2006; Woodward et al., 2001). The subjective nature of CSR often poses challenges for managers who formulate specific policies (Woodward et al., 2001). Several scholars have argued that the too many frameworks and complexity associated with the application of these frameworks limit effective CSR implementation (O'Dwyer et al., 2005; Pisani et al., 2017; Woodward et al., 2001). Consistent with these arguments, our study also finds framework complexity as a key barrier for CSR implementation, as pointed out by a participant

“...barriers is about the inconsistency and lack of clarity of CSR framework... [SM10]”

Although NZX has issued the guidelines for ESG disclosure, these guidelines are well short of providing the framework for CSR implementation.

The second barrier is a limited understanding of CSR. Managers’ view is that there is a lack of understanding among stakeholders about CSR; for instance, one of the managers indicates:

“...that other barriers are just people’s [stakeholders] understanding and perceptions so not everybody would understand what you’re talking about... [SM9]”.

CSR requires a firm’s commitment to its stakeholders and this commitment often involves certain costs (Kaur & Lodhia, 2019; O'Dwyer et al., 2005; O'Dwyer, 2003; Woodward et al., 2001). Managers expect that stakeholders acknowledge their effort regarding CSR initiatives; however, limited understanding of CSR among stakeholders can negatively influence organisational CSR efforts, resulting in stopping CSR investment (Kaur & Lodhia, 2019). This effect is more intense among firms operating in markets where CSR implementation is based on managerial voluntary discretion, like New Zealand. Management in those firms may choose to cease CSR investment if stakeholders are not recognising firms’ CSR commitment.

The third barrier for effective CSR implementations is the cost and time to undertake CSR activities. As CSR practices cannot be implemented overnight, it is a task which requires substantial time and financial resources (Kaur & Lodhia, 2019; O'Dwyer et al., 2005; O'Dwyer,

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needs to be communicated to all management levels (Lodhia et al., 2020). Additionally, firms need to modify their current strategies and/or make structural changes to existing governance practices. Six managers in this study indicate that the cost-time balance hinders them from being able to effective implementation of CSR practices. One interviewee’s response is

“There’s cost [...] and cost not just in terms of [...] obviously sponsorship is a direct cost but cost in terms of the product, cost of the products you buy but also the time it takes, you’ve got to do, you’ve got to spend a lot of time cross-functionally, you have to engage all functions in the business... [SM5].”

This is directly linked with the small capital structure of NZX listed companies compared with the UK or US firms, which potentially may affect CSR implementation (Roush et al., 2012).

Given these barriers and the fact that CSR implementation is voluntary, we also ask why sampled firms engage in CSR practices. Interviewees note its benefits, mainly self-interest ones (Jamali et al. 2008). Senior managers appreciate the short-term and long-term benefits of CSR, particularly in terms of increasing profitability as well as improving firm credibility and trustworthiness in the eyes of internal and external stakeholders. One manager responds that CSR activities

“...directly impact on the future profitability of the [...] company. So, that was the driver, the initial driver for creating the sustainability role... [SM2].”

Overall, we find that stakeholders’ understanding of CSR as well as the time and costs associated with implementation, hinder the development of CSR practices. Firms intending to implement CSR policies should consider these barriers, by developing and revising their CSR strategies accordingly. Table 3 Panel C displays a summary of the barriers to CG and CSR implementation.

CG-CSR relationship assessment
After identifying CG and CSR practices and the barriers that NZX listed firms face in implementing these practices, interviewees are asked about the nature of the relationship between CG and CSR. The analysis reveals diverse managerial perceptions about the nature of the CG and CSR relationship. Three major themes emerge: (1) CG as a pillar of CSR, (2) CSR as a dimension of CG and (3) CG and CSR coexist. Figure 1 shows a diagram with these three types of relationships.

*Insert Figure 1 about here*

**CSR as a function of CG**

CG as a function of CSR is the most dominant among the themes identified. Seven out of 12 respondents state that they consider CG as a function of CSR. According to the interviewees, good CG entails ensuring that firms operate in a socially responsible way, implying that the conception of CSR is necessarily anchored in a strong CG foundation. Likewise, one of the managers responds:

“Well, the ideal relationship is that our governance will lead sustainability out across the organisation... [SM3]”.

The manager suggests that the nature of CG invariability persuades managers and executives to emphasise particular goals and objectives concerning CSR. Another manager highlights the role of governance in CSR stating:

“...relationship depends so much on the makeup of your governance structure and the level of appetite that the various parties involved, actually have around CSR, and if it’s there from the outset, then yes it would be driven by the governance feeding into it... [SM9]”.

These views are consistent with Jamali et al. (2008), who consider that firms having effective CG strategies are more likely to engage in CSR activities. Extending this, Harjoto and Jo (2011) argue that in firms with effective CG, managers utilise CSR practices to reduce conflict between shareholders and stakeholders. In turn, fewer conflicts enhance stakeholder satisfaction and result in higher performance for shareholders. One of the managers summed it up as:

“...it’s inevitable if your business is run with good CG then this would be reflected in how you manage CSR. I think, having strong CG
practices that kind of philosophy embedded into the resource and ethics of the organisation can benefit the CSR, and associated with superior performance... [SM2].”

This conception of CG-CSR allows practitioners and researchers to explore how different configurations of CG structures and processes influence firms’ CSR policies and practices (Jain and Jamali 2016). We are not surprised by the significant number of interviewees viewing CSR as function CG since the majority of CG-CSR literature is based on this belief (Jain & Jamali, 2016). More specifically, this notion relies on the effectiveness of several CG mechanisms – such as the composition of boards of directors, ownership structures and CEO compensation – and firm-specific CSR performance measures, predominantly rooted in agency and stakeholder theory (Benjamin et al., 2019; Biswas et al., 2018; Harjoto & Jo, 2011; Jain & Jamali, 2016).

In line with stakeholder theory, this perception of CG as a function of CSR has established an important role of CG mechanisms, such as boards and ownership structure, first, in setting corporate strategies including CSR strategies (Benjamin et al., 2019; Biswas et al., 2018; Nadeem et al., 2017), and second for effective monitoring of management to prevent irresponsible actions (Adams & Zutshi, 2004; Jain & Zaman, 2019). This view also assists policymakers and practitioners intended to promote CSR, as in the absence of good CG, the CSR initiatives might not be sustained.

CSR as a dimension of CG

The second theme that emerges from the interviews is the belief that CSR is a dimension of CG. Four out of 12 respondents favour this theme. CSR as a dimension of CG is the most sophisticated conception of CG because it provides a wider definition of CG and considers non-financial risk within the dimension of CG activities (Jamali et al. 2008). One of the manager’s views is

“...corporate governance layer is there to provide oversight to the whole of the organisational activities. And CSR should be an element of the overall governance... [SM7].”

This perspective employs CSR as an extension of CG, wherein CG expands the concept of fiduciary duty from shareholders to multi-stakeholders, including shareholders (Sacconi,
In this view, there should be a clear ethical basis for businesses complying with the accepted norm of the society in which they are operating. One of the managers sums it up in the following manner

“CSR is a form of corporate governance, yes. It’s a [...] It’s kind of a [...] you know it’s actually making sure that you are operating the company in an ethical way so... [SM5].”

These findings are consistent with Young and Thyil (2014), who find that CSR is an integral part of CG. Proponents with those who see CSR as a dimension of CG argue that being responsible to society – seen as an external responsibility – and to employees – seen as an internal responsibility – should be part of CG formulas and structures (Ho, 2005). Consistent with previous studies, CG embedding CSR policies and practices can promote stakeholder engagement, including customers, employees and society (Jamali, 2008). These are associated with effective governance, such as establishing transparent executive compensation (Mahoney & Thorne, 2005) and attracting institutional shareholders (Graves & Waddock, 1994). These practices are believed to yield business-related benefits not only for firms and shareholders but also for other stakeholders (Graves & Waddock, 1994; Greening & Gray, 1994). This view challenges agency theory by promoting a stakeholder governance model that is effectively derived from CSR policies and strategies (Kong, 2013).

**CG and CSR coexist**

That CG and CSR coexist is the third and final theme that emerges in our interviews with managers. This prospect is summarised by one of the participants:

“...you can’t be a bad corporate citizen and expect to have the revenues, you can’t expect to have poor corporate governance practices and expect shareholders to support and invest in you. So, they are the underlying factors to your success as a company... [SM4].”

This argument suggests that CG and CSR are complementary and coexisting components of the same accountability continuum. In other words, the presence of CG standards and policies cannot replace a firm’s commitment to society and the environment, rather both exist side by side (Bhimani & Soonawalla, 2005). In this domain, CG has received more scholarly
attention; however, this has been counterbalanced by some interest in CSR. This is not surprising given that while CG is mandatory, CSR is not. In this viewpoint, firms are increasingly expected to address CG and CSR issues simultaneously. The emergence of ESG indexes and GRI reporting could be seen as a catalyst to promote this type of CG-CSR relationship in New Zealand firms. Viewing CG and CSR through this lens seems that both CG and CSR are not the same thing nor different rather an interrelated or reinforcing constructs. In their co-existence, CG emphasises on external compliance and monitoring and development of internal control, while CSR focus is more on the firm’s self-regulation and their commitment to stakeholders.

**Conclusion and Limitations**

Drawing on 12 face-to-face interviews with senior executives of ‘CSR champion’ NZX listed firms, this paper aims to explore the CG-CSR relationship using a New Zealand context. To do this, one broad research question is, how do NZX listed firms’ executives perceive the nature of the relationship between CG and CSR?

First, the assessment of CG and CSR practices indicates management awareness and engagement. The most frequently highlighted aspects for CG revolve around compliance, transparency and disclosure, specifically codes of conduct, board committees, diversity and independence, while the CSR concept is mainly dominated by environmental and community-related aspects, such as community engagement and event sponsorships. Second, exploring the barriers for CG and CSR adoption, we find compliance costs and a lack of shareholder pressure as barriers for CG, while lacking resources, framework complexity and the limited understanding of CSR are mentioned as barriers for effective implementation of CSR among NZX listed firms. Third, exploring the nature of the CG-CSR relationship, our findings suggest that most respondents appreciate the increasing convergence between CG and CSR and believe that more robust CG frameworks will lead to more sustainable CSR practices. In this regard, our evidence shows that the CSR agenda is the responsibility of top leadership.

This paper attempts to explore the relationship between CG and CSR based on the views of the senior leadership of NZX listed firms. Previous studies in New Zealand focus either on CG or CSR (Dobbs and Van Staden 2016), ignoring the nature of the CG and CSR relationship. We include both CG and CSR in this exploration aiming to better understand the link between them. This paper also has important implications for not only the managers and policymakers of New Zealand but also for countries that similar to New Zealand. Our analysis indicates that
the nature of a firm’s CG practices sets the overall tone for the organisation’s CSR activities. Therefore, practitioners and policymakers who intend to develop and promote CSR are required to strengthen firms’ governance structure. These findings also confirm the effectiveness of NZX’s recent initiatives, such as the revised CG Code in 2017, to empower boards to improve CSR practices and therefore have important implications for regulators across the globe.

Concurrently, mapping of barriers for CG and CSR also makes a significant contribution to understanding CG and CSR aspects at the organisational level. For instance, one of the main barriers identified in the analysis is the lack of resources; thus, managers and boards of directors responsible for resource planning and management duties need to consider this restriction while developing CG and CSR strategies. The findings are beneficial for education providers in developing the understanding of CG and CSR relationship among business students since Business Ethics and CSR concept is still in transition in many countries including New Zealand. Our findings are also of interest for countries that are similar to New Zealand, especially those with companies with small capital structures. Our findings are of value to policymakers in that they recommend the consideration of resource requirements (i.e. financial threshold) in designing CSR guidelines/policies, as companies in smaller markets see additional CSR regulations as a burden on their resources which might have the potential to adversely influence their revenue-generation ability.

We acknowledge some limitations of our study that provide worthwhile avenues for future research. First, the small sample size limits the generalisability of the research findings and hence additional research is required to test these outcomes. Second, we have not considered the managerial and industry characteristics in discussing our results. The tension between certain managerial characteristics, i.e., gender, designation and age, and industry characteristics, such as environmental sensitivity, might worthy to explore in future studies. Third, the findings are subject to social desirability bias, as managers might project good CG and CSR practices onto their organisations. Future research could conduct interviews with a wider range of stakeholders, which might provide added benefit in terms of identifying the tensions involved in managing CSR programmes across different stakeholder groups and in reducing social desirability bias. Fourth, we only consider CSR champion firms based on their inclusion in GRI database to explore the nature of the CG and CSR relationship, and this does not allow us to reflect on the general state of barriers for CG and CSR adoption in companies.
outside the scope. Thus, future research would be needed to consider companies other than industry leaders.

References


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### Table 2 Major themes and sub-themes

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### Table 3 CG practices assessment

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<th>Panel C: Barriers to adopt CG and CSR</th>
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<td>CG adoption Barriers</td>
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Figure 1 The CG-CSR relationship

1) CG as a pillar of CSR
2) CSR as a dimension of CG
3) CG and CSR coexist