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The Ghost Leader: An Empirical Study on Narrative Leadership

Tommi Auvinen

Abstract

Studies on leadership too often focus on the leader rather than on leadership. The starting point for this study is the argument that leadership is not equal to the leader as a "real" person but is at least partly constructed in organisational storytelling. This empirical study dissects the construction of leadership in storytelling in terms of typical organisational events, such as the arrival of a new leader, confronting resistance and a leader leaving an organisation. The data consists of interviews with a leader and his followers in a large high-tech organisation. The findings show that the leader existed in organisational storytelling before his first formal encounter and he remained in the discourse after leaving the organisation. The leader is embellished with stories about accomplishments or failures. Although there may be one leader in the real world, there may be countless leaders in the world of imagination. I propose the metaphor of the ghost leader to illustrate organisational storytelling that casts an ambiguous discursive character over leader(ship). This paper contributes to storytelling leadership, particularly to the discussion of "the story is the leader" using an empirical case.

Keywords

Leadership, narrative approach, organisational storytelling

Introduction

> I am thankful for ghosts of Mikhail Bakhtin, Walter Benjamin, Lou Pondy, and Gertrude Stein, for our dialogic conversation in this book. David M. Boje (2008)

Human existence consists of different realms of reality: the material realm, the organic realm and the mental realm (the realm of meaning). Narrative is the form taken by our experiences and memory, a primary form by which human experience is made meaningful (Polkinghorne 1988; Bruner 1991). Stories are also said to be the currency of communication, organisational behaviour and leadership work (Boje 2008; 1991). David M. Boje, a well-known scholar of storytelling leadership and a great storyteller, provides the example of a kind of "ghost leadership" (2008). Although these dead writers no longer exist in the material and organic realms, their characters exist in the realm of meaning. This kind of leadership seems to be in line with most definitions of leadership; it emphasises the interactional and influential nature of leadership (see e.g., Ciulla 2005), even though, in this case, the follower interacts with storied characters.

The main purpose of this paper is to suggest a metaphor for ghost leadership that could benefit leader(ship) theory. It is not about spooky ghost stories but about discursive character, a leader that is constructed in organisational storytelling and exists in the reality of meaning. I follow Parry and Hansen's (2007) proposition that the story can be the leader. I have thought about the idea of ghost leadership for a long time, having been inspired by David Boje's work and influenced by several authors (e.g. Snowden 2003; Denning 2005; Gabriel 1995). Ghost leadership aspires to contribute to the still under-researched field of storytelling/narrative leadership with necessary empirical data[1] (Boje & Rhodes 2006; Boje 1999; 2008; Gabriel 2000) and particularly to discussions such as those by Boje (1991; 1995; 2001), Parry and Hansen (2007) and Sintonen and Auvinen (2009). Theoretical insights from such authors as Michel Foucault, Walter R. Fisher, Donald E. Polkinghorne, Jeromir Bruner and Paul Ricoeur are also utilised.

Nevertheless, it was my four-year-old son who really crystallised the idea of ghost leadership. At the beginning of December he came to me and said: "Daddy! I really can't wait till Christmas. I am tired of being neat, and I do not like Santa's elves anymore. Besides I haven't seen them at all." He expressed three ideas in terms of narrative leadership. First, there is a leader (with material, organic and/or mental origins) that gains leadership power more or less in organisational storytelling.[2] Second, narrative leadership is a panoptic phenomenon that may not be much more than the conscious awareness of authority monitoring. It may consist of "invisible" technologies (such as Santa using his elves) bringing about self-control that makes the individual effective in the organisation (Foucault [1975] 2005). Third, storytelling has to do with the construction of leadership (the "birth" or emergence as well as the "death" or rejection of the assumed leader). It is a kind of dynamic interaction process between human beings and discourse; the experiences are narrated or, as Ricoeur (1991) says, the stories are lived, and a leader may become "real" (e.g. Boje 1999; Parry & Hansen 2007). In the case of my son and Santa Claus, leadership emerged as tales in children's books, was supported by Santa's visit on Christmas Eve and was contested in storytelling (here, the power of Santa was in danger of being eroded, since being patient and neat requires a lot of effort in the long run). The best stories – or at least the more appealing and seductive stories or those showing some verisimilitude – may require support from the material and organic realms (see e.g. Fisher 1985; Bruner 1991). Even the greatest leadership stories adopted in certain cultures (Auvinen 2008) – and even grand narratives in society, such as economic growth, religion or human rationality (see Auvinen, Mangeloja & Sintonen 2010) – can be contested. From this aspect there is hardly any stable, universal and uncontested form of story that would offer a safe haven of leadership for any leader.

In our previous study (see Collin et al 2011) we dissected the interconnectedness of power and learning in discursive means. We focused on situations in which formal authority was discursively contested. We also looked at the behaviour of members of the organisation when the person in charge was present and absent. We learned that the physical presence or absence of the person in charge made little difference in terms of the effect of leadership. For instance, we noticed that new members learned the habits of the manager through storytelling, which conveyed information about the manager's characteristic behaviour.

Values and beliefs are expressed through characters in storytelling (Snowden 2003). Without this kind of (narrative) predictability there is no trust or sense of community, or even rational human order (Fisher 1987; see also Auvinen & Sintonen 2009). The stories have a background and history that fit the leader's history and reputation in the organisation, and the stories can represent many areas of leadership (see also Auvinen, Aaltio & Blomqvist). This assumed behaviour creates ghost leadership that is tangible, whether or not the leader is actually present.

Although people tell stories for different reasons, such as to persuade, engage or mislead (Riessman 2008), to shape confusing and formless reality (Ricoeur 1991) or to learn characteristic behaviour (Fisher 1987), our experiences remain ultimately ambiguous. Narrative as a vehicle for making sense is also uncertain and contextual; it is impossible to control all the potential interpretations to predict individual and group behaviour (e.g. Boje 2008; Eisenberg 1984; Weick 2001; Polkinghorne 1988). To sum up, in storytelling we learn the elements of organisational behaviour, such as company culture or the characteristic way a leader behaves; this may create a feeling of causality, but it will remain rather relative and ambiguous.

In this study the metaphor of ghost leader(ship) is illustrated with an empirical case. The context is major change within a large high-tech organisation. The data includes interviews with a manager and four of his colleagues and subordinates. The focus is on the relationship between storytelling and leadership; that is, how leadership (and the character of the leader) is constructed in organisational storytelling. Stories convey information about preferences, values, facts and characteristic behaviour. However, each telling of the story is never the complete story, but each interpretation of events, such as the leader's achievements or failures in the organisation, become a part of the unfolding storyline (Boje 1991). Rather than seeing the leader as a "real" individual with scientific-logical rationality (Fisher 1986), the ghost of the leader is a discursive approach to leader(ship) in the realm of meaning.

Theoretical and conceptual framework

Narrative approach in leadership and organisation studies

> Organisations are populated by storytelling animals, homo narrans, that construct their experiences in narrative form and tell stories each other that other animals wouldn't understand (from MacIntyre 2007 [1981]).

Narrative is an inherent form of discourse that allows human beings to structure their reality (e.g. Ricoeur 1991; Fisher 1985; Gergern & Gergen 1991). Narratives and life interact; narrative is an interpretation of reality and narrative meaning is the process whereby the realm of meaning functions to organise elements of awareness into meaningful episodes (Polkinghorne 1988; Bruner 1991). We need to invent plots to shape our confused temporal experiences; without these narrative would be formless (Ricoeur 1991). Also, in order to communicate our experiences to other human beings, we need stories containing characters and sequences of actions organised in intelligible form (Fisher 1985; 1994; Weick 2001). Compared with logical and scientific procedures, only narrative constructions can achieve verisimilitude (Bruner 1991).

Although humans tend to seek coherence, narrative research and its focal concepts, such as story and narrative, remain ambiguous and fragmented (e.g. Polkinghorne 1988; Andrews et al. 2008; Riessman 2008). In organisations, storytelling has much to do with, for example, making sense of organisational reality (e.g. Weick 2001), learning (e.g. Swap et al. 2001), leadership work and organisational behaviour (e.g. Denning 2004; 2005; Boje 1991; 2008). Nowadays, organisations are often seen essentially as stories; such stories teach the fundamental behaviour of organisations and become the currency of communication (see e.g. Czarniawska 1998; Boje 2008; 1999). Narrative leadership – or storytelling leadership (synonymous in this article) – is about discursive influencing of members of the organisations; the type of leadership is constructed in storytelling (e.g. Boje 1991; 1995; Gabriel 1995; Denning 2005; Parry & Hansen 2007; Sintonen & Auvinen 2009).

The breakthrough of the narrative approach in leadership and organisation studies took place roughly two decades ago.[3] According to Bruner (1991), "most of our knowledge about human knowledge-getting and reality-constructing is drawn from studies of how people come to know the natural or physical world rather than the human or symbolic world." The application of the idea of constructing human and symbolic reality in David Boje's study on narrative leadership (1991) became a kind of milestone in this field. He studied the dynamics of storytelling in a large office-supply firm and illustrated how people make sense of organisational storytelling. His empirical study indicated the potential of stories for leadership; and since the early 1990s the discussion about storytelling and narrative leadership has meandered and increased greatly.

Boje has contributed to establishing a postmodern strand in organisation and leadership research with numerous empirical and conceptual studies (e.g. Boje 1991; 1995; 2001; 2008; 2011). In his work, organisations are ultimately seen as stories and leaders (amongst the other members of the organisation) are embedded and intertwined within the complex story network. Many scholars (such as Boje 2001; Gabriel 2000; and Snowden 2003) have often emphasised the conceptual difference between story and narrative. Conceptual discussion revolves around issues such as coherence. While a story may be considered as more fragmented, nonlinear and lacking a plot, narrative has a plot with causally related episodes and a more coherent structure (see Boje 2001; Czarniawska 1998). However, story and narrative are often seen as more or less synonymous (e.g. Polkinghorne 1988; Andrews et al. 2008; Auvinen 2008); this is the case in this study.

Storytelling leadership has become more popular in academic texts and particularly in normative texts (Boje 2006) that treat stories often instrumental in inspiring and motivating followers or to manage change (see e.g. Denning 2004; 2005; 2008; Parkin 2004; Brown et al. 2005). It is thus seen as a "managerial tool". They often interpret the leader as one who aspires to construct leadership by telling stories (see also Auvinen, Aaltio & Blomqvist). However, storytelling does not always require a "real" leader (a person) to exercise leadership (Parry & Hansen 2007). Boje and Rhodes (2006) consider fictional leaders such as Ronald McDonald, a character that operates as a narrative transformer at the organisational level in McDonald's.

The constitution of leadership in social interaction

> There are different ways to stick in a person's mind, but my way to do it, since I am such a colourless person, is to tell a good story […] Influencing peoples' minds […] the important part of constructing a network is to stick in other persons' minds […] Human beings need images that stories provide, not so much factual data [Adam, A1]

It is said that leadership does not exist in a social vacuum (Osborn et al. 2002; Mole 2004). In fact, most definitions leadership refer to interaction between the leader and the follower (see e.g. Ciulla 1998). Grint (2005) remarks that the role of individual leaders is very limited and the significance of leadership should not be underestimated. Parry & Hansen (2007) also restrict the idea of leader to a real-life and real-time entity or super-human being: "[i]n effect, leadership becomes an operationalization of the organisational story." The leader may evoke leadership in an active way, but he or she can also have a more or less passive role (Fairhurst 2009). The follower's perspective reveals the construction of leadership in the discursive interaction that takes place in organisational storytelling. Interaction between leader and follower does not always take place in a social context, but in discursive interaction between follower and story.

Osborn et al. (2002) argue that leadership is embedded in context; it is socially constructed within a context where patterns must be considered over time and where history matters. Leadership is not only the incremental influence of a boss over subordinates; what is most important is that it is the collective incremental influence of leaders in and around the system. Parry & Hansen (2007) develop the idea from the storytelling standpoint. They see the discursive, interpersonal relationship between leader and follower leading to the idea that the story may possess leadership.

The framework of social constructionism is increasingly being used to understand leadership (Fairhurst 2009) and it is a common theoretical framework in storytelling leadership (e.g. Boyce 1995; 1996). It assumes that reality is constructed within social interaction; social institutions and persons are created through social interaction. Despite the powerful role and objectivity of institutions, the core of social constructionism lies in the fact that this objectivity is constructed and produced through human interaction (Berger and Luckmann 1966; Edley 2001). Attention is often focused on discursive interaction. In terms of social constructionism, storytelling leadership is interested in how organisational reality and leadership are constructed, constituted and contested in storytelling. It looks at how a leader is brought into existence in organisational storytelling (e.g. Parry & Hansen 2007; Boje & Rhodes 2006).

Storytelling leadership is seen as a more interactive and democratic form of leadership (Weick & Browning 1986). This can be understood in terms of social constructionism and narrative theory: everyone may tell stories to one another in order to make sense of unfolding experiences or to share perceptions of reality. However, storytellers are not created equal. According to Boje (2001), "some storytellers by virtue of hierarchical position, personality and experience are able to speak while others live out a narrative existence in silence". Denning (2008) states that all effective communication begins "where the audience is" rather than "where you are" as a communicator: "Unless you know where people come from, and what stories they are living, it's going to be very difficult for you to craft and perform a story that will resonate with them". A leader's story requires social interaction if it is to be heard in organisational storytelling that constructs the leader's narrative existence.

Plurivocality, ambiguity and uncertainty in everyday leadership

It is already known that it is not possible to conceptualise leader(ship) in any single, self-evident mould (e.g. Ciulla 2005); neither can the leader be seen as a "real(istic) entity" representing "real-time thoughts" that are perceived as being in the present moment and giving clear goals. Furthermore, strict commands and goals that are too specific may even have negative consequences in the organisation; ambiguity and uncertainty have even been seen from positive perspective, as a resource for organisational effectiveness (e.g. Eisenberg 1984; Weick & Browning 1986). The question is not whether or not leader(ship) is "real" in terms of material and organic realms. There is certainly something material and unique, and there might be heroic "real life" people that are acknowledged as great leaders in organisations. What is more interesting but still too little studied (see Boje & Rhodes 2006) is the narrative dimension of leadership that provides insights into the plurivocal, ambiguous and uncertain organisational reality in which leaders reside.

In a complex world, complex organisations exist among fantasies, myths and the constant flux of stories (Boje 2008; Gabriel 1995). Members of organisations have to make sense of a fragmented and non-coherent reality, to cope with insufficient information and to create stability and causalities where needed (cf. Fisher 1985) even when, or particularly when, there are no causalities (e.g. Taleb 2007). Leadership can be considered as something that involves "real" leaders as homo sapiens (Grint 2005) but, in this sense, narrative leadership is merely a feature that flows from the nature of human beings as homo narrans (see also MacIntyre 2007 [1981]). The leader may not be a person (as is often thought) blurry discursive character. Undoubtedly, physical interaction has a role to play in the relationship between leader and follower, but it still does not satisfactorily explain the constitution of leadership (see Boje 1995; Fairhurst 2009; Parry & Hansen 2007; see also Sintonen & Auvinen 2009).

Weick (2001, 11–12) mentions Daft & Macintosh (1981) and Daft & Lengel (1986, 557) when referring to equivocality in organisational life: organisations resemble puzzling terrain because they lend themselves to multiple, conflicting interpretations, all of which are plausible. Aristotle suggested that ambiguities should be avoided – "unless, indeed, you definitely desire to be ambiguous, as those do who have nothing to say but are pretending to mean something" (see e.g., The Internet Classics Archive 2011). However, equivocality and ambiguity can be seen as sources that can affect an organisation's performance and ability to innovate. With reference to the idea of strategic ambiguity (Eisenberg 1984), in an ambiguous situation of confusion, people wonder what questions should be asked without even expecting a clear answer. Such ambiguity can be seen as a resource if all members of the organisation do not share the manager's concept of strategy and organisational reality. An organisation's goal that is too fixed could lead to inefficiency in a complex and unpredictable world (Eisenberg 1984).

Weick (2001) favours the idea of individuals sustaining images of a wider reality; this is achieved by seeing patterns of significant meaning in their situation. To sum up, there is not precise "right now" or "right here" for any manager. Furthermore, managers cannot represent themselves as unambiguous "real-time" entities. The author followed may even be rather discursively gestalt; a storied leader who is discursively present (cf. e.g. Boje 2008; Parry & Hansen 2007; see also Collin et al. 2011). The metaphor of the ghost leader questions the leader as a super individual with clear, unequivocal objectives and meanings. Even the most heroic leader has to cope with distortions (such as the resonance of stories in interpretation and retelling) between leader and followers. Leaders interpret patterns of significant meanings in ambiguous reality but, as Eisenberg (1984) pointed out, it is not always a negative issue.

Empirical study – tales from the field

Data and methodology

Research data: Tales from the field

A large high-tech organisation was used as the empirical case in this study. This organisation will be referred to as New House (not its real name). New House is a globally networked research organisation, one of the biggest multi-technological applied research organisations in Europe. It employs 3,000–4,000. Since the organisation's identity is hidden, more detailed information will not be provided. Another related high-tech organisation also appears in the data. Its identity is also hidden but it will be referred to as Old House.

Although the empirical data[4] is rather limited, it is rich since it takes not only the leader but also the followers into account. Colleagues and subordinates are all seen as followers because the leader represents New House's commercial department, which is set to direct the research department to implement the new strategy. Although two of the colleagues have the same organisational status in New House, they belong to the research department and can thus be seen as followers.

In the empirical data, the focus is on a business development manager (Adam), who has been interviewed five times. Two of his colleagues/subordinates (Ben and Cindy) have been interviewed twice and two subordinates (David and Esther) have been interviewed once. I also organised a joint discussion with Adam and Esther. I interviewed Esther alone, and then Esther, Adam and I had a discussion. The identity of each interviewee is hidden and the names used are pseudonyms. Audio recordings were made of all the interviews; the session with Adam and Esther was recorded on video. A total of nearly seven hours was spent on the interviews. All the data (including the audio and video recording) was later transcribed. This amounted to some 120 pages of single-spaced text. The data is supplemented with field notes written after the interviews. These do not form part of the analysis, but they were considered during the self-reflective research by researcher (see chapter 3.2, "phase 0") carried out before the actual analysis.

The interviews with Adam and with his colleagues/subordinates revolved around the major strategic change in New House, and around the organisation's culture before and after the change. Issues such as leadership in general, Adam's role as leader and the working experiences of the interviewees were also discussed. Followers also raised some topical issues, such as the techniques and research used in New House; however, this part is excluded from the data owing to a secrecy order and to the fact that it is not closely relate to leadership issues.

It is worth mentioning that the empirical data provides more or less retrospective information about Adam's arrival as a new leader. The interviews with the followers were performed immediately after Adam started working at New House. Consequently, most of the stories are a retrospective construction of the events, and the "in situ" stories (see Boje 2001) are not only the storied accounts of the original situations in New House but also of the interviews. The empiric data is summarised in a table in Appendix 1.

The method of analysis

This study applies antenarrative theme analysis (Boje 2001). Although "traditional thematic analysis" is a respected and well-established method of qualitative analysis (see e.g., Eskola & Suoranta 1999; Riessman 2008), the approach developed by Boje (2001) is rather a proposal; it is an outline for story data. In thematic analysis, earlier theory serves as a resource for the interpretation of spoken and written narratives (Eskola & Suoranta 1999). It is traditionally seen as a mix of deductive, inductive, etic and emic taxonimical classifications (Boje 2001). The deductive approach is about categorising stories according to the 'etic' (outsider) whereas the inductive approach looks at the 'emic' (insider).

Antenarrative analysis steps outside containment to engage fragmentation, becoming and undoing and the debasement of daily interpersonal exchanges. Story networking is a basic antenarrative theme; beyond the themes is the discovery of the web of "in situ" stories people tell each other in order to make sense of their unfolding experiences (Boje 2001). Instead of constructing coherent themes in the interviews, which is typical of thematic analysis, I aspired to sketch the unfolding experiences of interviewees with a view to making sense of situations and interactions related to leadership (such as the entry of a leader or redeeming or contesting leadership among followers).

In the beginning of the analysis I started to read the interviews in chronological order but it soon transpired that the storied time in the interviews proved to be subjective and relative, and the discourse skipped from one topic to another. However, using antenarrative theme analysis (Boje 2001), I attempted to make sense of the fragmented organisational storytelling. The ambiguous and overlapping discourse was separated into five themes, hereafter referred to as phases.

(1) The pre-existence of the leader focuses on the time when the leader did not officially work in the organisation. It is about the stories that followers knew and told about leader before the leader joined the organisation.

(2) The leader meets the followers is about leader's first encounter with the followers focuses on the leader's first strategy meeting in the organisation.

(3) Everyday leadership is about focusing the construction of leadership; how the followers tell stories about the leader, thus enhancing his position as leader, while resistance focuses on the resistance that emerges in the discourse of both leader and followers (I also saw the emergence of an unexpected author, an informal leader that represents organisational resistance).

(4) Leader changing his behaviour focuses on reflections on the leader's current thoughts and behaviour, and how the followers perceive "the current" leader.

(5) After the leader has departed is about the "post-existence of leadership". The focus is on when the leader has left New House, but the followers remain and continue to tell stories about their former leader.

In the chapter on analysis, extracts from that data – tales from the field – are provided to illustrate each theme and enliven the text. There are also excerpts from field notes gathered during "phase 0" (carried out before the actual analysis although written last). According to Eskola & Suoranta (1999), the objectivity of a qualitative study arises only when the subjectivity of the researcher is recognised. Phase 0 is the pre-story about the researcher entering New House to interview Adam and his followers. The aim is not to contribute to leadership studies, but to reveal the preconceptions of the researcher and the interactional nature of acquiring data.

The analysis: Five phases in narrative leadership illustrated

Phase 0: Pre-story: Reflecting the emerging ghost of the researcher

My first (discursive) encounter with New House and Adam took place many years ago. I had read news reports about New House as an organisation on the threshold of a new era. There was even a dissertation that dealt with the emerging major strategic changes within New House (not referred here since it would reveal the identity of New House). I had also heard some epic stories about Adam from some of my colleagues. I was thus aware of some elements before my actual encounter with the organisation and with the leader. This may be why I unconsciously began to see Adam not only as a manager but also as a leader.

My first meeting with Adam took place in 2006, when I interviewed him at his home. My first encounter with New House took place in 2008, when I visited the company's local headquarters, a large modern building with glass ceilings and the company logo everywhere. The following is an extract from the field notes taken at that time:

> The façade instils a feeling of awe; this really is a building for a high-tech company. I entered a meeting room, where I met a leader and one of his subordinates, both aged around 35. One wore a business suit; the other was dressed more casually. It was clear that the suited one was the manager. The stereotypical image of a manager working in a high-tech research commercial department in a large company seemed to match. ;) We shook hands. I am now about to start interviewing the subordinate. (Field notes.)

In light of Polkinghorne (1988), all realms were interacting during the researcher's first encounter with New House and the interviewees. The glamorous stories I had heard about New House had an influence on the experience. However, during later meetings I was not so in awe. Little by little, New House became a part of my everyday life. Furthermore, during this reflection I learned that the positive image I have adopted of New House and Adam can be seen in the actual analysis.

My discursive predisposition as a researcher obviously had a lot to do with the forthcoming interviews in terms of gaining access to the organisation and interacting with the interviewees (one rarely experiences a tabula rasa in organisational studies). During the first meeting, the interviewees kept asking me about my research and so we were all mutually wearing a kind of narrative mask and had some kind of characteristic expectations (e.g. "leader" or "researcher/interviewer"). I was not aware of any stories that the interviewees may have heard about me. However, these stories had to do with our immediate interaction while we tried to make sense of the situation and each other.

I also confronted more personal questions, which gave me the feeling that the interviewees were trying to make sense of the researcher as a human being. Some interviewees were reserved, perhaps thinking that I was a spy for the management. Others were more willing to meet me. However, the ghost of the researcher certainly helped me to gain entry to the organisation and everyone was willing to take part in the interviews (which may not be the case with every salesman). Here is another extract from the field notes:

> During the interviews I had a physical contact with the interviewees three times. We shook hands at the beginning and the end of the meeting. Adam, Esther and I patted each other's shoulder intimately and laughed after the tape recorder had been turned off. This seemed to bring an end to the formal part of the meeting, even though the video recorder was still on. I am happy that I managed to capture the meeting on video, and I took many pictures of the company's building and the interviewees. Clearly, Adam and Esther communicated with each in many ways (not just verbally). At least once I noticed that Esther did not continue telling her story until she had received an approving glance from Adam. It seemed that Adam was discursively present even before he entered to the room. In fact, the atmosphere changed to cozy only after he had come in. (Field notes.)

As stated before, I had to exclude the material and organic realms from this study and so the focus is on discursive reality. However, it can be concluded that my pre-existence as a researcher and our first physical meeting in the material and organic realms had a positive outcome in terms of the reality of meaning. In this case, the researcher's pre-existence might have helped to open doors to the organisation and during the physical meeting trust could have been gained (or lost), but it was a mutual decision (between researcher and interviewees) to continue to co-operate.

I will conclude this reflection with some cursory questions recorded in the field notes. These questions had emerged while acquiring the data and they ultimately led to the decision to focus on the reality of meaning and to exclude the material realm (such as the physical infrastructure of New House). Where, when and how does leadership exist? What role does the physical environment play in leadership (besides storytelling)? How do interaction and the relationship between the researcher and the subjects of the research influence the researcher's concept of a leader? It can be seen that analysis began while the data was being acquired, maybe even before. Since storytelling turned out to provide a challenging and complex, but rich enough, approach, excluding the physical reality in this study seems to make sense.

Phase 1: The pre-existence of the leader

This phase covers the time before Adam officially joined New House in 2007. The focus is on two issues: (1) Adam's relationship with New House; (2) Adam's pre-existence as a leader in the stories shared by his future followers.

Adam was familiar with New House before he began working there as a business development manager, albeit as an outsider. There was some cooperation between Old House (his former employer) and New House. Adam described his preceding knowledge about New House in the following way:

> Everyone certainly knew my background, although I had not met most of them. Old House was New House's biggest client. At the end of 2006, New House developed a strategy for how the organisation would invest on this field of technology; consequently, an even larger group of researchers joined in this area of development. At the same time, this major client, where I used to work [as a sales manager], was running down its operations. This led to questions about why I chose to come to New House, and about whether I believe in this market area. (A1)

Adam was aware that his background would influence his forthcoming job, and there stories about him and Old House would be told in New House. He was somewhat concerned that his background in Old House (which had failed because of disagreements business owners) would encumber his forthcoming job as a leader in New House. Adam was thus preparing to explain not only his own background but also the fate of Old House to his new followers; he wanted to tell his version of events in a positive way.

In his first interview he also talked about the disharmony that resulted from the major strategic change he needed to implement in New House. He reflected on the situation in the following way:

> There were a few background factors, such as this story. New House has been going through major organisational change, and many people are unfamiliar with the new organisation. They have just launched a new motto [hidden here], which traditional researchers would consider odd. Maybe partly because of this organisational change, they are not completely satisfied with the new organisation; that is, the old New House does not sit well with the new New House. (A1)

As Adam suspected, his followers were already familiar with him, through stories. David and Adam knew each other personally, as David had worked for a long time in a project funded by Old House. Ben had never met Adam and did not know him, but he was familiar with Old House:

> The company where he worked [Old House] toppled over, or ceased all activity. We had a kind of strategic development, such as Innovative Manufacturing [the name of the project is disguised]. (B1)

Cindy had not met Adam either, but she knew something about Old House and had heard stories about Adam too:

> I had heard loads of stories of him. He was familiar with us as we had co-operated with Old House. In that sense we knew Adam. He really has experienced a lot in the business world. He knows it really well and has, you know, rubbed elbows with really big boys. (C1)

Esther came to New House after Adam and had not met him before either. However, she had also heard stories about Adam. She recalls her impression of Adam at our initial meeting:

> Oh yeah, I knew you [Adam], since I had heard a tales about you in my job at Another House [identity disguised]. I thought, well, if that kind of guy believes in this thing, why don't I. (AE1)

In terms of the reality of meaning (Polkinghorne 1988), Adam already existed among his future followers, albeit not yet as a formal leader. Stories such as Ben's obviously supported Adam's status as leader. Adam even had a rather positive pre-existence, even though his former employer, Old House, had collapsed. This pre-existence (and the forthcoming interaction with followers) can also be considered from the antenarrative perspective (Boje 2001; 2008; 2011): the concept of Adam as a leader begins to take shape in tenuous, fragmented and even absurd stories that may be no more than speculation about this character. Antenarrative has to do with the prospect of making sense (ibid.) through the stories circulating among the followers. Even (or particularly) the followers who had not met Adam before had to make sense of him through these stories.

This kind of storytelling has to do with making sense of someone's characteristic behaviour (Fisher 1987; Weick 2001). The stories teach what this person is like (hero or villain) and so on. Also, the position of manager creates a framework for the new role-holder, with its official duties, office space, organisational charts and so on. Stories told about former managers have their own unique discursive characters interacting with cultural narrative archetypes. Snowden (2003) suggests Dilbert as an example of this kind of narrative archetype, which is recognised throughout western society. In this data, for example, the desire to go back to "the old days" is a type of discourse that a new leader (such as Adam) has to confront. In fact, none of the followers said anything negative about Adam himself, although his leadership was challenged indirectly in criticisms about New House:

> Oh yeah, in the old days, everything was much better. We had much less bureaucracy. (D1)
>
> Well, what do I dare to say! In this new culture of New House, well, I can just say it pisses me off! (C1)

To sum up, Adam's personal history and the personal histories of his future followers were antecedents related to Adam's pre-existence, which also had to do with Adam's emerging leadership. Next, we will consider Adam's first official encounter, where his pre-existence interacts with his new role in his first public presentation.

Phase 2: The leader meets the followers: the first rendezvous

Adam gave his first official presentation at New House in a strategic meeting. Most of the unit's current employees were present. His aim is to understand his followers and his supervisor's expectations. Based on his supervisor's preceding speech Adam decided to spontaneously introduce himself and to crystallise his aim as a brand new leader. Adam described the situation in the following way:

> This was the very first meeting where I was participating as a part of New House's personnel. There were about 33 people present, if I remember right. Most of these people were meeting me for the very first time and my supervisor introduced me to the staff. He explained that I was the new business development manager, who had worked at Old House. And, in a way, his introduction pretty much created the foundation for what I feel they expected from me in the situation. I began to introduce myself, but I hadn't prepared at all. I did not have any story in mind, but I started to narrate off-the-cuff following these guidelines. My first words were that we will have succeeded in this development in our organisation if less that 50% of those present in this room no longer worked for New House after five years. (A2)

Although Adam had never met most of these people, he believed that they all knew him before because of his history with Old House. This guided him towards the "hard" and even radical statement ("less than 50% of you"), the result of a misevaluation of the situation (as Adam describes later). He thought he could communicate his ideas about marketing in a way that people would find inspirational and appealing. However, the opposite happened, as Adam recalls:

> After this a hush descended over the audience. People looked down at their toes, wondering what the hell this guy was trying to say. That was the beginning of the story. (A2)

Adam thought that he had made a serious miscalculation, owing to his history and his knowledge about the personnel in New House. Adam believed that his message had been completely misinterpreted, that after his speech everyone would think that their jobs are threatened. What he meant was that New House would support each researcher to commercialise their innovations. New House was not about to dismiss personnel but would be willing to start spin-off enterprises that researchers could lead. The "50% of you" was merely a goal, an ideal proportion of employees who would hopefully have commercialised their innovations during the following five years. Adam's job was to inspire and support the researchers to start new businesses with New House's support, not to fire anyone.

Everyone remembered Adam's speech differently. Ben interpreted the message in the way that Adam had feared, while Cindy perceived it the way he had intended. David said he understood what Adam meant, but he thought that Adam had communicated his message in a complicated way. It is also interesting to note that the followers perceived the reaction of their co-listeners quite differently. According to Ben:

> He then told about his background and his work. At the end

> of his speech he said that he has failed if more than half of this gang still works for Company X in 5 years, you know. Well, that invoked sneering. Anyhow, most of them were around 50. We had the idea that we would create new business and, well, new companies. But this age group just sneered, thinking that at the age of 50 you could become technological managers of spin-off companies. (B1)

While Ben perceived that Adam's presentation and message had more or less failed, Cindy felt the reactions of listeners were positive. Cindy did not think there was any sneering, but that reactions were rather neutral. Indeed, Adam's message was what they had expected:

> Yeah, it was like this new Artificial Intelligence [name disguised] programme was just about to begin, and New House was being renewed, and everything was so unclear and ambiguous. This was, in a way, a first joint effort, this strategic programme. It kind of fitted well to the beginning [of Adam's presentation], the fact that we are dealing with new issues. It was a kind of new opening for everyone at New House. I feel that he [Adam] is kind of a new person, with new thoughts, and that many of us in this renewed environment are still thinking about it all.

Although Adam was concerned because of his history at Old House, the followers did not mention it when reflecting on the message of the first strategy meeting. They mentioned Old House when wondering what kind of leader Adam would be, and were even a bit concerned because of the fate of Old House. It is interesting to note that they did not blame Adam or even associate his past experience at Old House with his presentation in the strategy meeting, even though Old House reminded many of the spin-off companies that Adam was hired to create with his followers in New House. In fact, Cindy highlighted that Adam's experience in Old House gave him credibility as a new leader. In this sense, Adam's "body blow" with Old House is another story that did not seem to resonate in a negative way with those in New House.

To sum up, Phase 2 illustrated that the first meeting between leader and followers (the pre-existing characters) had much to do with the "present" interaction. Adam's expectations also had antenarrative function in that he tried to construct coherence in the prevailing confusion and chaos by narrating his goal, but that in fact remained ambiguous.

Phase 3: Everyday leadership: Constructing leadership and resistance

This section will focus on storytelling that relates to two typical, even everyday, events in leadership: constructing leadership with credibility and authority, and constructing resistance in organisational storytelling. We will start with the aforementioned, focusing on the stories that relate to achieving the status of leader; we will then move on to the organisational resistance the leader confronts.

The interviews with Ben and Cindy reveal that Adam's leadership is supported by his earlier experience and by the beginning of his career in New House. Cindy appreciated the breadth of experience Adam had gained while working with numerous diverse companies. Ben told about Adam being praised by an important Japanese CEO from a large international company. Another interview supported Adam's authority:

> We had one Japanese firm here, and Adam was presenting XXX [the new technology]. The Japanese CEO said that this is how things should be. He kind of admitted that Adam was right. This CEO really was a kingpin. (B1)

Positive stories such as these may circulate in the organisation, thus giving the leader credibility and authority. Cindy also highlighted Adam's strong communication skills, which he had shown in a few meetings with Cindy and other followers:

> Let's say that it is very easy [to interact with Adam]. You can call him anytime, and he always will call you back and. He understands his business kind of knows, particularly within the marketing and commercial arenas. Well, I would say that it is easy to communicate with Adam. Usually, when you communicate with him, it just comes across as being really worthwhile. (C1)

Adam seems to have earned his position as a leader because of his earlier experience and merit; first impressions therefore seem to be accurate. Although his competence and social skills have been praised, he still faces resistance in New House. According to Adam, he seldom encountered direct resistance, such as disagreements in meetings, but indirect resistance appears to be strong. Adam's first experience of resistance was the immediate reaction to his speech at the first strategy meeting (see Phase 1):

> When I had told about my vision, the crowd looked at their shoes and seemed ill-at-easy, but no one said anything. (A2)

As was discovered in Phase 1, interpretations of his speech varied. In fact, only Ben agreed with that negative view, while Cindy saw reactions as neutral. However, the later displays of resistance were indirect. The most revealing took place after a few weeks, when Adam found out that the personnel in another unit had turned his message upside down:

> I meant [in the first strategy meeting] to encourage people to throw themselves into their research, and commercialise it. However, in XXX [another unit in another city] such an exercise brought a negative response. They wondered what they would do if they got a notice of dismissal in five years. They were unsure about whether they would still be working with this technology and research; and if they were, what would they do with this technology? (A2)

According to Adam, this was the "strongest" example of misunderstanding that caused resistance. He was not too concerned about this, though, because it appeared to be one of a kind and easy to put right. He found the "quiet" resistance he confronted everyday to be more challenging. Adam describes the next meetings with researchers in the following way:

> They never disagreed, but they referred back to the old researchers, who do not accept this. (A2)

He accused some of these old researchers of being obstructive. It is interesting to note that although the followers expressed their support for Adam and his goals, they all mentioned "the old researchers" who resisted Adam and the new strategic orientation in New House. Adam and his followers saw "clear" origins for resistance, but the agent (old researcher) remains ambiguous:

> [W]e got a new organisation and new courses of action, and the beginnings of a new strategy […] but we had many people who had lived in that old world. (B1)
>
> [T]hese researchers were not too commercially oriented; they were merely safety oriented. (E1)
>
> [T]hose oldtimers don't easily come along; because of that, it has been so safe here. (C1)

It was never empirically proven whether those old researchers existed in the material and organic realms (which was not the aim of the analysis anyway) and it remained a mystery. However, it is interesting from the perspective of the ghost leader. In fact, I made a few attempts to locate the old researchers and asked Adam (in two interviews) to point out at least one who was resisting the new strategy. In the first interview Adam told me that there were a few of them ("senior, authoritative researchers who are against"). During the second interview he told me that there were two; he called me later and told me that "we have made some progress". I asked to name one, but Adam said: "There is only one more left, and he is likely to retire soon. It has to do with alcohol, so there is no point in interviewing him". According to Polkinghorne (1988), resistance exists in the mental realm, in the reality of meaning. In terms of narrative leadership, the main "culprit" in terms of resistance, the old researcher (or the ghost of the old researcher), remains in organisational storytelling.

The old researcher taught Adam something about influencing a leader's behaviour. The ghost of the old researcher illustrates the idea that Parry & Hansen (2007) put forward about the story as leader (even influencing the formal leader). Adam softened his approach once the "old researchers" made him aware of their worldview and values, and how they should be treated. The next section will focus on the leader changing his behaviour and how this is perceived by his followers.

Phase 4: Leader changing his behaviour: do the followers follow?

In his second interview, Adam stated that he would stick to what he said in the first strategy meeting ("I will not soften my message"). However, within a year, he had started to doubt whether his "hard" way was the best:

> I had to soften my message, but the message remains the same. (A3)

A few months later, Adam seems to have changed his mind. He realised that the nature of the researcher is more orientated towards security than marketing and risk-taking (which emerged early interviews with followers, as mentioned in Phases 2 and 3). Adam therefore needs to find another way to influence his followers. It was the resistance he faced (from the old researchers) that made him to reconsider his approach:

> I really need to find new ways to deliver my message. I have developed another strategy, with a view to influencing those old researchers. (A4)

Although Adam changed his behaviour, his followers still seemed to support his original approach. In their interviews, they did not indicate any awareness of changes in Adam's mindset and behaviour. In this sense, there is a gap between his and their current perception of the prevailing leader(ship). In fact, in the beginning, Cindy even said that there was nothing wrong with "Adam's way":

> Oh Adam is such a brilliant communicator. Personnel need to be shaken at times. Even in his first speech, I don't think anybody was insulted. (C1)

A year later, Esther still agrees with Cindy but is the only one who finds Adam's approach difficult:

> He [Adam] is just awesome with his stories. Well, maybe some people find him odd because of his marketing background, but his way of communicating is brilliant even if it is difficult. (E1)

However, Esther's interview had taken place after Adam had softened his approach. Adam feels he has proven his new (softer) way to the organisation in his interactions and in public presentations, but his followers still see him as a leader he used to be. This makes the metaphor of the ghost of leadership apt: from Esther's point of view, Adam represents himself as rather the leader he was a year ago. There is thus no "real-time" and "real" unambiguous leader with renewed conceptions. This also highlights the interactional nature of leadership: followers may stick with the leader's old mind set (how they have perceived it) even if the leader has changed.

To sum up, in terms of ghost leader(ship), there is both resonance and a gap between the realities of leader and followers. The flux of stories (Boje 2008) in the organisation shapes the reality continuously, but not axiomatically. Reality remains unpredictable and complex and there is latency in the concepts. Sometimes stories "penetrate" the public discourse, sometimes they dominate; some stories will not be heard. In this case, Adam's leadership remained, but he and his followers perceived it differently. Finally, we will briefly consider the post-existence of the leader.

Phase 5: After the leader has departed

Adam left New House in summer 2011. Interviews with two followers, Ben and David (who were interviewed two months after Adam left), revealed that Adam still exists in organisational storytelling. Ben started the interview with his understanding of why Adam left:

> Adam just got fed up. He was just all alone, with no resources from topmost management. He was headhunted by another organisation. (B2)

David's opinion was somewhat different:

> Well, I don't see anything dramatic. In this kind of organisation many people move within the industry, particularly if you're involved with commercial and marketing activities. It's kind of natural rotation. (D2)

Ben said that he was involved with a spin-off enterprise that is based on innovation in research that Adam had supported for commercialisation:

> In fact, we also had that…a year ago we tried to spin off an enterprise [with Adam]. It didn't take off, but we will try again next year. (B2)

There are several research projects in New House that Adam has supported with a view to commercialising and developing as spin-off enterprises. According to Ben and David, 10 enterprises are now being developed. Only two years ago Adam was concerned that there were no spin-off enterprises under development during the first two years. In this sense, Adam's leadership – or its consequences – remains, since Ben and many other researchers carry on with commercialising their research. Adam as an initiator has left and, despite of the change in the organisational culture he had brought about, there now seems to be a "leadership gap". Ben describes the situation in the following way:

> But I think he did a great job. We have advanced; the culture has changed. Within the level of top management…I have heard…they have been talking about it…that he really is about to leave. And it was a big dent. Since the beginning of this summer, we have been wondering who the hell is going to run the show now. (B2)

Earlier, Adam blamed the culture of New House (safety and research-oriented) and the manifestation of that culture (the old researchers) for blocking the implementation of a new strategy. However, Adam, Ben and David now believe that there are no old researchers in the unit, and that advances (in terms of new strategy) have been made. Surprisingly, the resistance that appeared to have disappeared more than a year ago emerged in Esther's interview:

> Well, you know, it is still a problem. We just have too many of those oldtimers, old researchers. But I will continue to co-operate with him [Adam]. (D2)

Resistance remains; even the "culprit" stays almost the same, but in a changed way. According to early interviews, resistance came from inside the unit. David says that nowadays there are still some old researchers who continue to resist but now they come from outside the unit. Due to extended cooperation between different units in New House, there are other safety oriented researchers in those units. According to the interviewees, Adam's (now former) unit has overcome the "original" resistance, but then found some new resistance. Consequently, the ghosts of leadership (Adam and the old researchers) still exist in New House.

Discussion

The Negotiated leadership and resistance

This study reveals the resonance of stories circulating between the leader and the followers. It also illustrates that leadership is not solely the domain of the leader but a negotiated relationship between the leader and the followers (and even potential followers). Storytelling has to do with constructing the narrative existence of leadership in the organisation. Furthermore, there also is narrative existence with limited discursive power, even narrative silence (such as Adam's changed behaviour). The findings also raise the question: Can leadership be discursive and be transferred from one organisation to another? In this case the leader had already earned leadership status with Old House before joining New House. The stories convey leadership in the way that Parry and Hansen (2007) highlighted with such examples as Jesus Christ and Gandhi, and the stories may even precede the character related to the emerging leadership.

Sometimes, managers may promote themselves as great leaders (through the media, for instance) but having a following is what actually conveys leadership. Adam was promoted as a leader in the organisational storytelling among his followers. However, in this case too, it is not possible to determine precisely whether the leader is the "real" Adam or the version in the stories about him. Nevertheless, the narrative approach reveals the organisational processes whereby authority and leadership are negotiated and made sense of.

In terms of organisational resistance, storytelling may promote "great antagonists" as well as leaders. We can deconstruct this resistance by considering an old researcher who always seems to be physically absent but who is present whenever discursive resistance emerges, or who is always physically present but is not esteemed or quoted (discursive present) in any interaction (such as strategy meetings). This kind of old researcher would not possess much power in the organisation but would live in narrative silence. The situation is same with the leader who is present in the discourse, whether that is in the publicly expressed discourse(for example, in meetings) or in everyday routines/work. This kind of leader – existing in the reality of meaning, whether or not the leader holds a formal managerial position – can influence organisational behaviour.

Resisting old researchers obviously influenced Adam. However, from Adam's perspective, there are many possible explanations for his behaviour (such as dealing with resistance from them, or keeping me away from them). It is possible that he did not want a researcher to meet an employee who might be overly critical about the leader and the organisation (perhaps revealing something unfavourable). This is unlikely as there are some 100 supportive followers in Adam's unit; one or two critical members would have little influence. In terms of leadership, it may not only be the personnel but also the leader who jointly constructed this kind of organisational member; an old researcher, who is hard to empirically verify but who is discursively present. For the leader, the "old researcher" provides concrete evidence for the resistance. It is easier to blame one old timer than the whole organisation; this archetype of the old researcher, although experienced and competent but safety oriented, can encumber a leader's efforts even though most followers seem to publicly support leader. This juxtaposition protects the leader from losing face while offering a soft way for collective resistance, a way to negotiate power while resisting change.

However, all the storied leaders and antagonists highlight the ambiguous nature of leader(ship). Gardner et al. (2005) asked, "Can you see the real me?". In the same way, followers could be asked, "Can you see the real leader?" or, conversely, "Can the leader see the real followers?" The findings show that discursive encounters and speculation in organisational storytelling may have an influence on discursive characters. Even in Phase 2, where the possibility of coherence and clarity is the greatest, the leader's statement (and particularly its meaning) remains ambiguous. The terse statement made by the leader in the strategy meeting was interpreted in a great variety of ways. Even the exact content and structure of the discourse were remembered and interpreted differently.

Furthermore, as perceived in Phase 4, the leader does not represent himself as a real-time entity with current ideas and values. There is a time lag in interpretations by the followers (and sometimes the ideas do not even penetrate their consciousness). Their perception of their leader is simultaneously a retrospective and a prospective interpretation: it is speculation. Even without trying to separate a leader's discursive existence from physical reality, we may ask which counts more: what the leader "really" is or what the followers think. This ambiguity may even be positive for leadership in terms of strategic ambiguity (Eisenberg 1984). For instance, when an organisation faces an unexpected situation, the followers may "negotiate" their behaviour with the discursive leader in an innovative way; in this context, an unambiguous leader exercising sovereign power and clear expectations would not succeed.

Concluding the Ghost of Leadership – and what next?

Stories about Adam circulated even before he arrived at New House and they cast a lingering shadow after he had gone. The stories resonated, and every follower had a unique concept of Adam as a leader. Even Adam's self-image as a leader varied over time. The ghost leader creates a metaphor for the fragmented, unpredictable, ambiguous and dynamic character(s) representing leader(ship) in the organisation. This ghost leader may emerge as an antenarrative, a glimpse that can gain enough coherence to construct leadership, even creating narrative patterns that are widely recognised in organisations (see Snowden 2003). This ghost leader relates both to fictional leaders (such as Santa Claus) and to "real life" leaders such as Adam. It does not provide much information about material reality, but materializes the fragmented, discursive texture of a leader in a visible and observable form.

Storytelling and narrative leadership require further research. This may mean taking alternative approaches such as theoretical and conceptual openings but it also means carrying out more empirical studies. Theoretical and alternative approaches could be derived for the benefit of more seminal work of authors in different disciplines, using their concepts and frameworks. For example, Gabriel (e.g. 1995; 2000) has used the concepts of imagination, fantasy and fiction in the context of organisational storytelling. Gabriel's approach could benefit from the approach that Paul Ricoueur (1991) takes to imagination when establishing a framework that steps further in storytelling reality in terms of organisational imagination. Also, combining the concepts of narrative leadership and authentic leadership (see Gardner et al. 2005), which overlap in many ways, could benefit each of these approaches. Authenticity has to do with transformational leadership, as has storytelling. For example, considering leadership storytelling as an authentic process with a focus on the followers' interpretations would provide the dynamics of both leadership and followership.

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[2] We may follow the story even more than with a "real" leader (cf. Parry & Hansen 2007). It is reasonable to assume that a four-year-old child believes in the leadership that Santa Claus represents, just as it is reasonable to assume that a 35-year-old employee in the Nokia Corporation believes in the leadership represented by the CEO. However, a 35-year-old rarely believes in Santa, and Nokia's CEO would have little leadership effect on my four-year-old son. This kind of "rationality" in behaviour can be understood in terms of narrative rationality (Fisher 1985; 1994) and the ability for critical interpretation that relates to, for example, age, education and culture (see e.g., Järvinen & Knuuttila 1982).

[3] See more about preceding linguistic (Rorty 1992; Fisher 1985) and narrative turn in human and social sciences (e.g. Fisher 1987; Andrews et al 2008) and in organisation and leadership studies (e.g. Parry & Hansen 2007; Auvinen et al. 2010). In fact, Boje (2008) has suggested a story turn, which is currently emerging in leadership and organisation studies.

[4] The data is selected from a larger set of data that was collected during my dissertation project (2006–11). Purposeful sampling (Coyne 1997) is used to select information-rich cases for in-depth study.

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Appendix 1: Summary of the empirical data

Date	Main themes in the interview	Interviewee & code in the text	Durat.	Documentation, pages*	How the data was used in the analysis
9.6.2006	Backround, self image as a leader, stories about experiences while working as a manager	Adam (A1)	45 min	7 page transcript, 2 pages fieldnotes, 2 pages notes (organization charts) by the interviewee	Phase 1 (Pre-existence) Fieldnotes used in Phase 0.
15.5.2008	The first meeting in the organization in which Adam gave his first speech.	Adam (A2)	45 min	10 page transcript, 10 pages organizational documents	Phase 1 & Phase 2
10.6.2008	The first meeting in the organization in which Adam gave his first speech.	Ben (B1)	45 min	12 page transcript, 1 page fieldnotes	Phase 1 & Phase 2
10.6.2008	The first meeting in the organization in which Adam gave his first speech.	Cindy (C1)	45 min	15 page transcript, illustration (about the technologies) by the interviewee	Phase 1 & Phase 2
10.6.2008	The first meeting in the organization in which Adam gave his first speech.	David (D1)	35 min	13 page transcript 3 pages fieldnotes	Phase 1 & Phase 2
15.1.2009	Interval reflection	Adam (A3)	30 min	3 page transcript	Phase 3 & 4
30.4.2009	Interval reflection	Adam (A4)	30 min	11 page transcript	Phase 3 & 4
15.10.2009	Working in New Company and discussion about Adam	Esther (E1)	45 min	12 page transcript	Phase 3 & 4
15.10.2009	Joint discussion about Working in New Company	Adam & Esther (AE1)	30 min	10 page transcript	Phase 3 & 4
17.8.2010	Interval reflection	Adam (A5)	15 min	2 page transcript 1 page fieldnotes	Phase 4 & 5
2.9.2011	The leaving of Adam	Ben (B2)	25 min	8 page transcript	Phase 5
2.9.2011	The leaving of Adam	Cindy (C2)	10 min	4 page transcript	Phase 5
12	interviews		7 hrs	128 pages	
Adam =	Business Development Manager				
Ben =	Researcher, team leader and an expert in a special area of technology.				
Cindy =	Researcher, an expert in a special area of technology.				
David =	Researcher, an expert in a special area of technology and in charge of development work.				
Esther =	Business Development Expert				
* MS Word documents with single spacing.					

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Corruption and Hosophobia

Thomas Taro Lennerfors

Abstract

This paper discusses the relationship between corruption and purity. It draws on research on corruption in political science and research on hosophobia (fear of the impure) in organization studies. The paper presents a theory of corruption based on failure of separation between the public and the private, and discusses rules of separation, which are crucial for upholding the illusion of public purity. However, this theory of corruption is complemented by the concept of hosophobia to show how organizations have a dual relationship to corruption. Drawing on two Swedish cases, the paper intends to show hosophobia in the everyday functioning of an organization, and how occasional cleansing procedures might take place.

Keywords

Corruption, ideology, rules of separation, purity

Introduction

> The concept of 'organization' is, we argue, rooted in the possibility and necessity to keep chaos, contingency, disorder, defilement, and irrational principles at bay...Rather than accepting reality as it is, the very idea of organization seems to imply that it is possible for us to stay in a kind of otherwordly, Platonic space where clarity, transparency, and health reign supreme (Kaulingfreks and ten Bos 2005, 88).

Fairly recently, purity and hygiene have been discussed in relationship to organizations, along with the complex relationship between purity and contamination (Kaulingfreks and ten Bos 2005a, 2005b, ten Bos, 2004, 2005, ten Bos and Kaulingfreks 2001). Kaulingfreks and ten Bos have introduced the concept of hosophobia, meaning "a fear of dirt or a fear of the impure." (Kaulingfreks and ten Bos 2005, 85) They argue that organizations fear dirt, disorder, and defilement, but at the same time thrive on them. This implies that organizations have a more complex relationship to dirt and contamination than just merely elimination. In this sense, hosophobia means fear of the impure but, at the same time, a fascination or need for the dirty.

This paper discusses the relationship between purity and organizations by examining the concept of corruption. This has been described as a cancer (Wolfensohn 1998), virus (Kantor, in Kaikati, Sullivan, Virgo, Carr, & Virgo 2000, 216), and disease (Klitgaard 1988, 7). It has also been compared to terrorism (Smith 2002) and death (Transparency International 2005).

Peter Bratsis is one of the few researchers who has explicitly discussed corruption and purity. In his article The Construction of Corruption, or Rules of Separation and Illusions of Purity in Bourgeois Societies and in chapter 3 of his book Everyday Life and the State, he presents corruption as a lack of order and purity. The article also introduces his theory on corruption. By introducing a political scientist's theories into the field of business ethics, one could claim that the paper tangentially addresses a lacuna in business ethics research. In other words, business ethics rarely uses political theory or acknowledges its fundamentally political character (Jones et al. 2005, p. 6-7). It could be important to point out that Bratsis bases his understanding of purity on the concept of rules of separation. Therefore this paper can also be seen as contributing to the literature on codes of conduct.

This paper will first present Bratsis' understanding of corruption, which is influenced by Slavoj Žižek, Jacques Lacan, and Karl Marx. Bratsis argues that corruption is a symptom of the public fetish, and that rules of separation create and maintain the spectacle of a pure separation between the public and private registers of politics, society and life. According to Bratsis, rules of separation save the organization from corruption. Second, the paper will discuss two examples from Sweden of rules of separation (one an everyday practice, and the second a scandal). The paper will present a nuanced view on organizations' relationship to purity and dirt by drawing on the concept of hosophobia.

Corruption: A theoretical perspective

Bratsis notes that corruption is almost always defined as a relationship between the public and the private (for a review of definitions, see Lennerfors 2008, 362-366). For example, in the well-known World Bank definition, corruption is described as "the misuse of public office for private gain." Bratsis investigates the historical roots of this idea of corruption as a separation between the public and the private. He provides a history of corruption and relates it to particular social structures. He is inspired by Slavoj Žižek, who draws on Sohn-Rethel, who in turn draws on Marx's analysis of the commodity form. Marx gave a history of the transcendental subject that scholars held to be eternal, and showed that the transcendental subject is related to a specific social reality. How can the commodity form give us an insight into the constitution of the transcendental subject? It can provide us with:

> A kind of matrix enabling us to generate all other forms of the 'fetishistic in-

> version': it is as if the dialectics of the commodity-form presents us with a pure - distilled, so to speak - version of a mechanism offering us a key to the theoretical understanding of phenomena which, at first sight, have nothing whatsoever to do with the field of political economy (law, religion and so on). (Žižek 1994, 300-301)

The self-constituted transcendental subject, which can abstract itself from its local, cultural milieu, is based on something already existing in the market practice. The key word is abstraction. The exchange of commodities expresses two forms of abstractions: one from the changing character of the commodity during exchange; and one from the concrete, empirically sensible nature of the commodity. The subject is confronted with the unpleasant fact that its constitution is based on an "innerworldly, 'pathological' (in the Kantian meaning of the word) phenomenon" (Žižek 1994, 301).

Similarly to the assumption that the transcendental subject is eternal, there is an assumption that the public/private split is universal and eternal (for a critique, see Rose-Ackerman 1999 and Haller & Shore 2005). However, Bratsis argues that the meanings of public and private are inherently tied to very modern political pathologies.

> The split of the political body into the concrete and the abstract, the private and the public, the citizen and the public servant, is thus a constitutive characteristic of the modern state and gives it historical specificity as a political form. (Bratsis 2006, 32)

Bratsis draws on Žižek's claim that "the truth is out there" to point out that our understanding of corruption as the separation between the public and the private is accompanied by the rise of the modern state. He argues:

> The main difference between the ancient and the abandoned, failed, and impossible modern attempt to secure the common good is that in the case of the modern era it is assumed that citizens can abstract themselves from their own particular interests and 'act as if' they were simply 'public servants' and not 'private citizens' (Bratsis 2006, 29)
>
> Citizens are and should be guided by self-interest; public servants, conversely, should be capable of passing judgment on these particular interests in an objective and impartial way so as to deduce what the general interest is. It is assumed that embodied in the person of George Bush are two individuals: one is selfish and replete with passions, economic interests, personal obligations, and so forth; the other is full of virtue and committed to the 'common good.' In other words, when Bush enters the Oval Office there is a magical transformation from private citizen to public servant, a transformation that allows for the negation of private interests within the corporate body of the state apparatuses. Interests are the stuff of 'private' citizens, who are fully expected to act according to them. The same person as public servant, conversely, is an individual abstracted from material life, an individual who is most capable of being virtuous and not acting according to his own interests. (Bratsis 2006, 29-30)

These two bodies bear similarities and are probably related to the commodity form and capitalist exchange, as well as the rise of the modern state (Bratsis 2006, see also Lennerfors 2010).

Even though the "two bodies" doctrine can be dismissed in a cynical fashion, Žižek claims that the belief is still upheld in practice for society to properly function. Material belief might sound strange to those not familiar with Žižek, but the idea is simple. Even though we know that the separation of public and private does not work, in practice, we act as if it is possible to do so. Regarding the exchange process, Žižek claims:

> The social effectivity of the exchange process is a kind of reality which is possible only on condition that the individuals partaking in it are not aware of its proper logic; that is, a kind of reality whose very ontological consistency implies a certain non-knowledge of its participants – if we come to 'know too much', to pierce the true functioning of social reality, this reality would dissolve itself. This is probably the fundamental dimension of 'ideology': ideology is not simply a 'false consciousness', an illusory representation of reality; it is, rather, this reality itself which is already to be conceived as 'ideological' – 'ideological' is a social reality whose very existence implies the non-knowledge of its participants as to its essence – that is, the social effectivity, the very reproduction of which implies that the individuals 'do not know what they are doing'. 'Ideological' is not the 'false consciousness' of a (social) being but this being itself in so far as it is supported by 'false consciousness'. (Žižek 1994, 305)

This raises several questions. Do we really know that a strict separation into private and public does not work? If so, how do we create this illusion of a strict separation between the two in order for our society to function? How do we still believe in the separation, even though we know that it does not work?

Covering up the impossibility of symbolizing the Real: Rules of separation

To answer the question posed in the preceding part, this paper will turn to Jacques Lacan, who inspired Žižek. Lacan argued that all symbolizations are bound to fail, because the underlying Real (our beastly nature of desire and drive) is constantly reminding is that it is contradictory and cannot be symbolized. The things we try to describe and symbolize reappear in different forms.

A good example of this is the Freudian reappearance of repressed thoughts in jokes, dreams, or aggression. A more philosophical example that Žižek discusses is Hegelian dialectics. Žižek claims that Hegelian dialectics is the perfect example of the failure of symbolization, as there will always be an antithesis. If the failure of symbolization is translated to the split between public and private, there is never any successful separation between these two spheres of life. There is never a clear-cut division between the private and the public. The public body is bound to be pierced by private interests, not the least because humans have just one body, not two. This repressed core reappears in corruption.

Bratsis argues that the society strictly adheres to the apparent separation of public and private. This apparent separation is created by something called rules of separation. This notion was developed by anthropologist Mary Douglas (2002). She is well-known for having re-considered the clean and unclean animals in the book of Leviticus. She argues that animals' cleanliness and dirt bears no relationship to cleanliness and dirt inherent in the objective underlying reality. Instead, it is the categorizations that are kept clean. Similarly, the major issue for modern corruption fighters is not really to separate the public from the private, but rather to avoid breaching rules of separation. Drawing on the impossibility of symbolizing the Real, Bratsis claims that the normal is defined as a situation where rules of separation are not breached. He explains:

> As Canguilhem first argued in The Normal and the Pathological, and as Foucault demonstrated in his various histories of the practices of normalization (especially Madness and Civilization), the question is not simply one of how the normal is constituted but how the normal is constituted by way of the production of the pathological. The 'normal' in the case of corruption, just as it is in the case of physiological diseases and mental disorders, is largely a negative category, normal is that

> which is not pathological. And how do we know what is pathological? There are rules that inform us of what is pathological. The term normal itself derives from the Latin term norma, rule. The normal is that which conforms to the rule. Conforming to the rule when it comes to political corruption thus refers to not transgressing the rules that regulate the purity of the public and private. If breaking these rules is constitutive of the pathological, corruption, then following the rules can be nothing but the normal, good and desirable. If we are to understand how the normal is constituted, we must be able to identify those rules that define the pathological and upon whose presence the presumed purity of the public depends. (Bratsis 2003, 22)

And,

> Given the impossibility of removing 'private interests' from either the real bodies of public servants or from the actual substance of bourgeois politics, a series of rules and practices are instituted in order to purge the realm of appearances from acts that challenge the categorization of society as divided into two mutually exclusive registers, the public and private. (Bratsis 2003, 33)

Even though there are no abstract, pure public or private bodies, society might believe the purity of these bodies are maintained if the rules of separation are not breached. Instead of focusing on the real issue of the public/private separation, breaches are considered transgressions of the dichotomy and thus, corruption.

Bratsis asks why there is a specific value, for example, relating to gifts while in office (potential bribes). Without this value, there would not be any way society could understand what is corrupt and what is not.

> A basic principle that underpins much of the content of these rules is that public servants must not engage in behaviors that are too overt and obvious in their illustration of how the concrete 'private' body of the public servant conflicts with the presumed purity and objectivity of their abstract 'public' body. (Bratsis 2003, 30)

The examples Bratsis uses contain rather clear rules of separation. In hosophobia and its relationship between purity and organization, the correct functioning of the organization's "hygiene machine" is clear rules of separation (ten Bos and Kaulingfreks 2001). By providing clear-cut rules about what is normal and abnormal, the organization achieves order and might possibly be conceived as a Platonic space where irrationality and defilement is kept at bay. (Kaulingfreks and ten Bos 2005)

In response to Bratsis' analysis that rules of separation create public purity, this paper will draw on earlier research on Swedish organizations with a more ambiguous relationship to purity and dirt. The paper will contribute to understanding corruption and hosophobia, with the support of empirical studies. The first example is the Swedish Road Administration (SRA), where corruption has not been exposed. The second example is Systembolaget, where a corruption scandal was unveiled. By presenting these cases, this paper will add to an understanding of the context for how rules of separation function, and also indicate some mechanisms that complement and support these rules.

The SRA and everyday practice

The Swedish Road Administration (SRA), where interviews were conducted between 2003 and 2007, is the responsible authority for building and maintaining the Swedish state roads (Lennerfors 2008). Because the organization is dematerialized, it relies on suppliers for everything from project planning, to construction and maintenance. Since it is a public organization with the need to procure services from the private sector, the problem of corruption is a concern.

At the SRA, respondents argue that there are clear rules, but almost all disagree on the exact content of these rules. Many managers state there are guidelines distributed from the Swedish National Audit Office, but employees themselves have to decide on their limit. A head of the project management department at the SRA came close to expressing the idea of corruption as any transgression of the public/private split. Even though there are rules of separation, he believes that these are only failed symbolizations:

> Project Manager: "If there are monetary limits, these are recommendations, because it is zero that is the actual limit."
> Researcher: "But you don't have a rule of thumb, that 200-300 SEK is ok?"
> Project Manager: "No, nothing like that. Well, there are some guidelines but they are probably worth nothing if something like that happens [somebody gets accused of taking bribes, for example], because then zero is the limit."

This captures the futility of clearly defining the bribe and staying out of the grey zone. Setting the limit to zero might be good for upholding the illusion of purity, but it conflicts with employees' practical work situations.

> Project Manager: "If you want to make it easy for oneself as the SRA has done, you have said that it's [the limit is] zero, then you have made it god damn easy for yourself. Now the thing is that we [the project managers] spend time together with people, there are people around us, and in a relation between people it's included that you sometimes eat together....And if you go out, say that you go out and have dinner with a contractor, or a construction manager, consultant or something like that, you have passed the limit since it has nothing to do with work...If you have a construction meeting which gets long, it's so bloody difficult to catalogize, it's not possible to discern. If you have a construction meeting during the day, you have no time to eat lunch, and everybody is hungry, it takes a longer time, you eat dinner in the evening. If someone eats that dinner on the account of the contractor, I don't judge that person."

This project manager states that the SRA should formulate a more lenient policy that corresponds to employees' actual work situation. However, the one-sided focus on rules of separations is not enough. Even though the rules of separation might stipulate that anything received is considered corrupt, the empirical material shows that gifts are allowed as long as no legal-organizational process is initiated against any SRA employee. In everyday situations, employees use their judgment and formulate their own (reasonable) policies on receiving gifts. However, when something happens, the rule that will not tolerate any corruption is enforced. The director-general of the SRA, expresses the effectiveness of not clearly formulating rules:

> Director-general, SRA: "We had another discussion the other day, about ethics and how much to formulate. And I think that it's sometimes counterproductive to formulate yourself too much…]n writing…I mean, that about which nothing is written, is that allowed then [just because it is not in writing]? Ethical foundations and such things…is something that should permeate the organization. So it's not easy to say."

Vagueness might therefore be complementary to the rules at the SRA. National culture may explain vagueness seen in the policies of the SRA. The Swedish management style is seen as vague and imprecise (Edström & Jönsson 1998; Holmberg & Åkerblom 2001; Jönsson 1995). As has been stated above, this leads to employees having freedom for judgment. On the other hand, the organization might be a ticking bomb, since everybody is probably breaking the rules by accepting something. From the employees' perspective, the double standard of allowing for individual judgment, while stipulating that nothing is allowed, might put them in a precarious situation. Indeed, this might be the mechanism by which "rotten apples" are created.

Relating this example to hosophobia, managers and employees alike are aware of the need for an underside of the rules. Just following the rules is impractical, cumbersome, and sometimes even outright impossible. This is hosophobia at work, where purity and dirt are both needed simultaneously. The point is not that everybody believes that the organization is free from corruption. While the company must show that it is free from corruption, there is constantly an underside of the rules needed for the organization to work properly. When something happens, the organization can turn into a state of exception where cleansing occurs, and it loses one of its faces.

The scandal at Systembolaget

This part discusses the rules on gift-giving, drawing on the Swedish alcohol retail monopoly, Systembolaget, where a bribery scandal was exposed in 2003. This paper draws on archive studies of investigation material and analysis of media coverage from 2003 to 2008. The case against Systembolaget employees concerned, inter alia, bonuses for selling specific products, invitations to trips, and so on. This case study shows what happens when a legal process is initiated.

When initiating the process, it was decided that the monetary limit for prosecution was 3,000 SEK. Certainly, nobody knew about this limit before it was set. The limit covered gifts received between 2000 and 2002, which could imply that an employee who had received sales bonuses of 1,000 SEK a year could be brought to justice. Some employees at Systembolaget were shocked, since it was considered acceptable to receive gifts and product samples. The gift-receiving "policy has been a paper product that has played a non-existent role," according to defense lawyer Pontus Peyron. (www.tv4.se, 26/1-2006) Another lawyer defending one of the accused store managers stated that all store managers had told that it was fully acceptable to receive product samples. (www.tv4, 26/1-2006) One of the defendants was very disappointed with Systembolaget:

> I'm very embittered at Systembolaget. Most of us have worked there since their early twenties and have built up their whole career at Systembolaget." (TV4 – 26/1-2006)

The Systembolaget case is probably similar to the SRA case in that individuals were allowed to use their common sense to judge which gifts were or were not acceptable. However, such vagueness only works until something happens. In a letter to the public on Systembolaget's webpage, company president Anitra Steen states:

> Systembolaget will only remain as long as you have confidence in us. We promise to turn every stone around to find possible shortcomings and take measure to cope with them, so that nothing like this happens again. I understand that the bribing imbroglio made you doubt us. But I am convinced that one who recognizes its problems, and take measures against them, remains strong. To hide one's problems is no alternative. It would be to betray Systembolaget's mission towards you as a client. (www.systembolaget.se)

What measures were taken? New rules and policies were created. Responding to questions posed by Sveriges Radio (SR), Steen discussed the new rules of separation:

SR: But don't these rules already exist and haven't they existed for a long time?

> Steen: Yes, they do. Our policies and frameworks regulating the relation to suppliers have been in place for a long time. They are clear. But because of what happened, we have looked them over once again.
>
> SR: Why haven't the rules been adhered to?
>
> Steen: Well, that is a question that you could ask yourself, and a question that you should probably ask the people who are prosecuted. (SR Web radio, 27 September 2004)

What we can see in this case more than in the SRA case is that upper management stresses the importance of clear rules. However, this is the discourse in a state of exception when something has happened. In the everyday workings of the organization, more freedom is probably allowed for autonomy and not strictly adhering to clear rules. After corruption has been uncovered, the hosophobic nature of organization is temporarily suspended. Clarity and cleansing become paramount, but when this is done, the organization probably turns back to some form of hosophobia.

Hosophobia and occasional cleansing

In the cases of the SRA and Systembolaget, rules of separation play a minor role in everyday business. While some have referred to the rules as just a "paper product" and some as "too strict to be of practical relevance," all respondents interviewed considered the rules' existence to be important. This existence seems more important than the rules' content and function. It might be stated that they function as a silent but powerful law. This resounds rather well with Alasdair MacIntyre's After Virtue, where he stresses the need for virtues for everyday action, and a morality of laws that allow for excluding from the community people who have committed serious crimes (MacIntyre 1984, 150-153, 174).

What is remarkable is how employees' individual judgments are reconciled with the strict rules. In the everyday business world, the strict rules are clearly compatible with a more fuzzy reality where individuals make decisions based on their understanding of the situation and are allowed to act more or less as free agents. Not all individuals break the law or go against the code of conduct. Rather, many ambiguous practices take place, which some might consider "too much" and others might consider perfectly legitimate. This vagueness, or ambiguity, is shady because it cannot be directly stated whether or not it is legitimate.

Hosophobia describes the normal state of organizational functioning. Just because hosophobia is common, or natural, doesn't mean that *any* ambiguous practices are allowed. As in the Systembolaget case, it became obvious how rules are mobilized when some employees were too careless in relying on their own judgment. The store managers were prosecuted.

This was when the distinction between the pure organization (the pure public body) and the deviant and contaminated wrongdoers manifested itself. In this case, a wedge was driven between the public and the private, the organization was split into two, and those elements judged as dirty (e.g., individuals who accepted favors worth more than 3,000 SEK from 2002 to 2004) were removed.

A cleansing process starts, where the organization often survives, while the contaminated elements (i.e., the corrupt employees) are removed or relocated. This mechanism upholds the organization's honesty, while, at the same time, putting employees in a quite precarious situation. It is plausible that after this cleansing period, the organization goes back to its hosophobic state, both repelling and inviting corruption at the same time. Comparing the SRA and Systembolaget cases, the insight is that separation and cleansing only occasionally occurs.

To sum up the discussion, these two cases highlight what Kaulingfreks and ten Bos refer to as the paradox of hosophobia, namely that the organization is "always attracted by what it wants to keep at bay. It needs contamination to sustain itself." (Kaulingfreks and ten Bos 2005, 91) One might follow their line of thought by stating that the organization thrives on corruption in its everyday functioning. Following Bratsis' argument, employees will enter into the organization with their own private interests. Organizations are constantly leading a double life, both being in a state of complete purity and corruption.

Contributions and concluding thoughts

By reading Bratsis and Žižek, Kaulingfreks and ten Bos, this paper has hopefully added to an understanding of corruption, rules of separation, and hosophobia. The theoretical framework helps explain that the complete eradication of corruption is impossible. It might indeed be necessary to think that corruption is almost nonexistent in order to promote social effectiveness. By upholding the illusion of the purity of the public sphere, we can live our lives as always. However, if we really think about it, we might come to the conclusion that it is hard for people to separate their public and private lives.

When it comes to contributions to different fields of research, the issue becomes tricky. Corruption is as such a boundary-spanning phenomenon, ranging from philosophical to anthropological issues, to issues of practicality. Furthermore, bringing in scholars such as Bratsis, who are themselves not in the field, inevitably leads to confusion about contributions.

Apart from an understanding of corruption, this paper also contributes to understanding the issue of purity in organizations. Using the concept of hosophobia, this paper argues that organizations need both purity and corruption to function. The issue of purity, related to rules of separation, can be used in the field of business ethics to discuss codes of conduct and other rules of ethics. While codes of conduct are often seen as window dressing, there have been a few recent attempts to discuss how codes relate to so-called "ethics of practice." (Clegg et al. 2007, Helin et al. 2011) While this may just be a reproduction of the descriptive side in the old normative-descriptive divide, these attempts may also be seen as a recuperative way of thoroughly investigating how pure codes relate to messy and dirty practice. While some in the normative tradition of studies on codes of conduct claim that it is desirable for people in the organization to follow codes, this paper might throw light on the inherent difficulty in doing so because of the difficulty of symbolizing. Moreover, a discussion of different forms of hosophobia and the different ways in which practice relates to rules might be fruitful. There are many different ways of relating to rules, and it would be interesting to look into how different people relate on a micro-level to the rules, or indeed the law. (see Helin et al. 2011)

Another direction for future research is to empirically investigate other ways in which purity is maintained and corruption is excluded in public and private organizations. One of these tendencies might be the technologization of organizations. Earlier research has shown how the perfect procurement process is created, eliminating incompetence, corruption and error (Lennerfors 2007). However, if the procurement process design is corrupt, for example, in order to favor one company over another, it can be concluded that purity is being created rather than corruption being eradicated. In the popular press and in some preliminary investigation, technologization, or more specifically the introduction of IT systems to stifle corruption, has been discussed. (see Vaccaro and Madsen 2009) Indeed, Systembolaget's Steen explained how an IT system would have stifled opportunities for corrupt behavior. This will be a subject for future research, but it is possible that there are the same tendencies of creating an illusion of purity, rather than fighting corruption. At the same time, it might be the case that people are aware of the limits of the technological system for really stifling corruption.

Furthermore, while Bratsis mostly writes about the Anglo-American context, and this paper has drawn on examples from the Swedish context, it would be fruitful to understand the construction of the public sphere's (im)purity in countries with so called predatory or semi-predatory states. How can one draw the line between a situation which exists in the empirical material used in this paper and a clean public sphere when corruption is everywhere and there is an absence of a perfect, pure, and clean backdrop? The theoretical framework suggests that it could be the very fantasy of purity that keeps the detrimental effects of corruption at bay in Western countries, while such a fantasy is lacking in other places of the world.

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Social Capital And Commitment in the Brazilian Wine Industry

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Abstract

The purpose of this paper is to contribute to the literature on organizational social capital and organizational commitment in collaborative networks context. Firstly, we identified the most important elements that compound these two concepts. In order to do that, we surveyed 193 employees of 74 companies' members of a food network – the Brazilian Wine Industry Cluster. Finally, we sought to better understand the relationship between commitment and social capital. The results show that affective and normative organizational commitments enhance social capital development, specially in relational and cognitive dimensions. These findings revealed that employees may execute some tasks as a way of reciprocity to the support and trust - as well as, the other social capital elements - that have been placed on them. In addition to contributing to the literature, we hope to provide an improved understanding of the determinants of organizational social capital in collaborative network context.

Keywords

Social capital, commitment, wine industry, Brazil

Introduction

Since Robert Putnam (1993) seminal book entitled "Making Democracy Work: civic traditions in modern Italy", many researchers have focused on the social capital theory, as an alternative to answer some unclear questions in every social interaction situation. This situation can be observed in the network context: with the social context of collaborative networks becoming increasingly important, research has broadened the traditional conceptualization of competitiveness to include and emphasize the 'soft' element, like social capital (Macke, Sarate and Vallejos, 2010).

The concept of social capital comes from the sociological field. Social capital is comprised of formal and informal systems of norms, institutions and organizations that promote trust and cooperation in communities and also in a wider society. It is "capital" because it is a resource that provides the growing of the well-being and "social" because it is not exclusive property of individuals but is owned by social groups (Fukuyama, 1999).

The theme of social capital, accessed in the organizational environment, can be linked to other constructs, for example, the work commitment, which refers to the individual's identification with the organization, characterized by belief, acceptance of organizational values and goals and by the desire to remain as a member of the company and make efforts for the benefit of the organization (Mowday, Porter and Steers, 1986).

This relationship has already been studied - in the organizational environment - by Watson and Papamarcos (2002) who claim that the presence of social capital through relationships of trust, communication and shared norms is levered by the increase in organizational commitment. This process leads to reduction in transaction costs of the company.

Therefore, the main objective of this study is to identify and understand how social capital and commitment are related in the environment of a collaborative food network: the Brazilian Wine Industry Cluster. The relevance of this study is the assumption that only economic variables are not sufficient for economic development even more when we are considering collaborative networks.

The Brazilian Wine Industry Context

Brazil occupies the 17th position in the ranking of wine producers in the world Figured as the fifth largest producer of the southern hemisphere, which includes countries of more recent production, exceeded only by Argentina, Australia, South Africa and Chile (Fensterseifer, 2007).

Countries like France, Italy, Spain and the United States, with significant cutting-edge technology in this sector, followed by Argentina, hold 60% of the world production of vineyards and are direct competitors of domestic wines, especially those produced in the Serra Gaúcha (Food and Agricultural Organization, 2008).

The cluster's production of Serra Gaúcha is responsible for 80% of the national production of wine. The production of grapes in the cluster of the Serra Gaúcha is a typical rural activity of family properties, thus, the impact generated by the market of wine are economic, as well as social. Today, the chain of grape and wine production goes from 16 to 18 thousand families in the state of Rio Grande do Sul (Emprapa Uva e Vinho, 2010).

In addition to the networks of cooperation in this emerging industry, other agents form the basis for sustaining the wine industry, such as higher education institutions (UCS, Unisinos, CEFET-BG, UFRGS, UFSM), Embrapa, Fepagro, Emater, Map, Sebrae / RS, Ibravin, Uvibra, Sindivinho. This social interaction, highlights the existence of Social Capital in rural communities (IBRAVIN, 2010). Social Capital is based on the predominance of social virtues and not just individual (Fukuyama, 1999). Thus, these companies will have better conditions to innovate organizationally, since the high degree of confidence will allow a variety of social relationships.

Recently, viticulture institutions were created in Brazil, which the aim to increase the collaborative process among different agents in the wine chain: i) in 2000, IBRAVIN started its operation with the unique purpose of promoting and institutionally organizing the whole chain – grape, wine and juice producers, ii) in 2002, an Export Consortium, called "Wines of Brazil" was created in order to facilitate the entry of fine wines in the international market, and to participate in fairs and events and exchange of information among the various actors of the viticulture sector, iii) in 2004, the launching of the National Chamber of Viticulture, Wine and Derivatives, a public agency, put many entities together throughout the supply chain in Brazil with the objective to promote the junction of the private and public sector, and the discussion to regulate the sector and support the most important strategies for the production chain (Visão, 2005).

The main technical factors identified as restrictive to the sectoral competitiveness in Brazil were discussed in other wine producing countries. In Australia, the industry realized the need to reduce the environmental impact of production processes and avoid risks to consumer's health. In South Africa, over half of all wine companies systematically invest in employees training (deductible from income tax) on sectoral institutions especially created for this role (Academy of Grape and Wine). For the Australian wine industry, the availability of human resources (from the producer to the director of the company) would require the structuring of an educational and training system where the employees have multiple skills, and motivation, therefore resulting in an accessible and high quality process (Visão, 2005).

The Governmental policy (grants, taxes, etc.), the access and terms of financing and the production costs have been pointed as the most restrictive factors for the competitiveness of grape farmers of Serra Gaucha. The producers of fine and regular grapes believe that the quality of grapes produced and the volume of production and productivity that can be achieved in the property (the potential of scale) are the most distinctive skills against competitors from other states and countries (Visão, 2005).

The difficulties related to financing and to the production cost of grapes is a common problem for growers who do not have economy of scale for profitable activity. In Argentina, the small grape producers have difficulties in order to compensate for the small scale production with the added value of raw materials offered - a situation partly explained by difficult access to funding, low technical skills and unfavorable cost structure. In fact, although the degree of specialization of the productive sector - 83% of production is directed to the preparation of wine - and the provision of technical assistance and pesticides canteens, producers find it difficult to adopt quality systems that increase the fixed costs and variables of the operation, reducing the profitability of the business (Azpiazu and Basualdo, 2003).

Faced with competition from a larger scale, marketing skills, access to natural advantages and institutional and privileged relationship with the major international retail chains, the industry's survival depends on its ability to implement strategies focused on specific market segments by supplying products with different characteristics.

The only way to compensate the asymmetries (in one hand, suppliers of production inputs, and on the other, suppliers of inputs and equipments, and retail) related to the superior bargaining power of sectors placed in the two base segments of the industry (wine production and wine processing) is through the consolidation of cooperation and coordination mechanisms, coupled with the strategy of value-added products in the industry, able to counteract with this structural disadvantage (lack of economy of scale).

There are two important collaborative networks in the cluster: the APROVALE (Association of Producers of Fine Wines of the Valley of Vinhedos) and the APROBELO (Association of Producers of Fine Wines of Monte Belo).

APROVALE was founded in 1995 to meet the legal requirements of Geographical Indication. The INPI (National Institute of Industrial Property) is a representative of the community that works in the production of goods or the provision of services that we seek to protect.

Thus, six wineries joined and started this process. Over time, the functions of the association were expanded and thus expanded the goals. Today, APROVALE has 31 wineries and 25 associated members none producers of wine, among hotels, inns, restaurants, handicrafts, and other cheese shops. The Vale dos Vinhedos produced in 2007, 7.5 million liters of fine wine equivalent to 10 million bottles (APROVALE, 2009).

The Vale dos Vinhedos was the first region of Brazil to seek the advice of the Origin of their products, displaying the seal of Control in wine and sparkling wine produced by associates. The request for geographic recognition sent to the INPI in 1998 was achieved only in 2002 (APROVALE, 2009).

Indeed, the location of vineyards is subject to the rule of comparative advantages which, in turn, linked to factors such as culture, technology production, tradition and experience can be converted into competitive advantages.

Therefore, no region can simply be classified as good or bad for the wine production, but distinct to its potential, the recovery will depend on the perceptions of their strategists, institutions and entrepreneurs (Visão, 2005).

The distinction of the potential of each region is given by the geographical indication, where producers, traders and consumers have demonstrated that some products from certain locations have individual qualities, attributable to their geographic origin. The valley has a geographical indication of origin and is already adapting the process to recognize the Geographical Indication by Designation of Origin.

The volume exported by the entity linked to wine was 426,247 liters, representing US$ 1,407,882. It is also noteworthy to include APROVALE's renowned wineries such as: Don Laurindo Winery, Don Candido Winery, Wine and Winery Miolo Cordelier (APROVALE, 2009).

APROBELO was funded in 2003 and currently has 12 wineries involved. Monte Belo do Sul is the biggest producer of grapes for fine Brazilian wines (the largest city producer of wine per capita), were 95% of the economy comes from the countryside. Paradoxically, the council does not include the renowned wineries and none of the wineries export their products (APROBELO, 2009).

In 2004, a technical committee was formed with representatives of APROBELO, researchers of Embrapa Grape and Wine and the University of Caxias do Sul, to draw up the draft legislation of the future production of indication of origin for fine wines of the region of Monte Belo. In March of 2008, the Ministry of Agriculture Livestock and Supply, reported the Technical Circular that characterized the regional identity of Monte Belo to present his indication to the INPI (APROBELO, 2009).

To sum up, the Brazilian wine industry has been characterized by increasing competition between economic blocks, marked by a performance business highly integrated with strategic collective plans (IBRAVIN, 2010). That is, the geographical proximity facilitates the development of cooperative relationship, based on existing trust that is intensified between different actors and agents. Such relations are important to explore competitive advantages that are created and disseminated within the network (Fersterseifer, 2007).

Relation to existing theories

This research uses the concept of social capital to explore the perceptions of a group of employees group about commitment. Despite the difficulties of measuring the concept – in part, due to the fact that social capital is defined by its function (Coleman, 1988) much attention is gained in the sociological and development literature recently. It refers to the features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit (Putnam, 2000). It may be hypothesized that high levels of social capital in a determined group – measured by social cohesion, cooperation, coordination – were related with high levels of individuals' commitment within organization.

The social capital raised in the external environment of an organization, may be linked to some of the relationships that companies maintain in order to create competitive advantages not only based on their own competences, but also on the competences of other organizations or institutions located in the same cluster. In short, social capital can be considered the sum of the resources and capabilities that belong to a network in which companies aim to compete successfully (Marti, 2004).

The development of complex collaborative actions among firms is enabled through the social capital, since the formation of a collaborative network will be influenced by the degree to which people in a business community share norms and values and are able to subordinate individual interests to collective interests (Balestrin and Verschoore, 2008).

Considering this point of view, it is also important to highlight some of the major advantages and goals for creating or linking a company to a collaborative network (Balestrin and Verschoore, 2008):

a) generation of economies of scale and market power, ie, gains due to the expansion of individual strength through growth in the number of affiliates to the network;

b) access to solutions to the difficulties of businesses, through services, products and infrastructure provided by the network for the development of its members;

c) provides conditions for learning and innovation by sharing ideas and experiences among members through innovative actions, developed jointly by the participants;

d) reduction by sharing costs and risks of certain actions and investments that are common to the participants;

e) generation and maintenance of social relations: approaching agents, increasing trust and social capital and leading the group relations beyond its main economic reasons.

The social capital is also an organizational feature. In the organizational context, social capital can be defined as one of the resources that reflect the character of social relations within organizations - at various levels of the company - through collective orientation and shared trust (Leana and Buren, 1999).

Despite this view, we decided to investigate the social capital, according to their structural, cognitive, and relational dimensions (Nahapiet and Ghoshal, 1998). In this approach, social capital is understood as the "sum of the actual and potential resources embedded within, available through and derived from the network of relationship possessed by an individual or social unit" (Nahapiet and Ghoshal, 1998, p. 243). The interaction among the agents of the network is what gives shape to relationships.

The structural dimension considers the pattern of connections among the actors and includes connections and network settings in terms of density, connectivity, hierarchy, and organizational adequacy. The relational dimension refers to assets that are created and leveraged through the relationships and include attributes such as identification, trust, norms, sanctions, obligations and expectations. Finally, the cognitive dimension refers to resources that represent shared visions, interpretations and systems of meanings, such as language, codes and narratives (Nahapiet and Ghoshal, 1998).

The main reason that allows us relate social capital and organizational commitment is that both concepts consist of some aspect of a social structure and they facilitate certain actions of individuals, making possible certain ends that are attainable because of coordinated actions into groups. Thus, the development of social capital through relationships of trust, communication and shared norms leads to reduction in transaction costs of business and this process is enhanced by the increase in organizational commitment.

The literature shows two basic components of organizational social capital: the associativity and confidence. The associativity is defined as the willingness and the ability of members of an organization to subordinate their individual goals in favor of collective goals. The second factor, the trust, is shown as a basic element of the success of collective action - it is essential that people who work together achieve the desired results (Leana and Buren, 1999).

In this sense, organizational commitment refers to identification with the organization, through the belief and acceptance of company's values and goals and through the desire to remain a member of the company making efforts for the benefit of the organization (Mowday et al., 1986). In addition, commitment has three main features: strong belief in the goals and values of the organization, willingness to make an extra effort on behalf of the company and a great desire to join and belong to the company (Fiorito, et al., 2007).

The most accepted view on organizational commitment refers to the psychological state that characterizes the relationship among employees and the company that implies the decision to continue being part of the company. In this study, we consider three components of organizational commitment: (a) affective commitment: related to employees' emotional involvement and their identification with the organization, (b) continuance commitment: related to perceived costs of leaving the organization; (c) normative commitment: related to the feeling of obligation to remain in the organization (Meyer and Allen, 1991).

Research method

This study is based on the survey method, using a questionnaire as a technique for data collection. We used the stratified sampling considering a sampling error of 5% and a reliability of 95%. The sample was non-probabilistic, which was chosen for convenience.

The survey was applied to 200 employees from companies that are members of this network (being 172 employees from companies associated to APROVALE and 28 from APROBELO). We aimed to correlate the amount of organizational commitment and the social capital present in the local context.

In order to measure social capital we used a 4-item scale from Onyx and Bullen (2000) which was validated in Brazil by Sarate and Macke (2007).

The choice of this referential work was due to the similarity of some features of the context, previously discussed by the authors, with the reality of companies to be surveyed. The geographical proximity between industries and their integration and relevance in local communities reinforce this choice.

For the organizational commitment analysis, we used the 7-item scale developed by Meyer and Allen (1991), which was translated and applied in Brazil by Rego et al. (2007). Before the formal survey, we ran a pre-test with fifteen employees in chosen enterprises. We used the software SPSS (Statistical Package of Social Science), version 17.0, to analyze the data. The statistics chosen were the descriptive, the factorial and the correlation analysis.

The descriptive analysis allowed identifying many important characteristics of the respondents:

a) 50.8% of the sample were men and 49.2% for women;

b) in relation to age, 57.4% are up to 35 years old;

c) education level: elementary education (18.8%), completed high school (20.9%) and undergraduate (23.6%);

d) 50.5% have lived in the same neighborhood for over 15 years;

e) 72.4% have lived in their own homes;

f) 34.2% of respondents live with spouse or husband and children; only 7.4% live alone;

g) 34.7% have children under 18;

h) 30.9% of the sample have working ties with the company for less than a year. However, 38.2% of respondents in the organization have served the company for more than 6 years;

i) 53.2% of respondents work in the production area;

j) in relation to income, 37.7% of respondents earn salaries between R$ 501.00 and R$ 999.00 (about US$ 300 to US$ 600), while 27.2% have salaries between R$ 1,000.00 and R$ 1,499 (about US$ 600 to US$ 900);

l) although the organizations surveyed are family businesses, only 12% of employees have kinship with the founder of the company.

After verifying the main characteristics of the respondents, we analyze the social capital and organizational commitment and its relationship, as we will describe below.

Results and discussions

The original study conducted by Onyx and Bullen (2000), results in eight dimensions of social capital, which are: participation in the local community, proactiveness in a social context, feelings of trust and safety, neighborhood ties, family ties and friendship, tolerance and adversity, life values and relations with job (Onyx and Bullen, 2000). Similar findings can be observed in Sarate and Macke (2007).

However, in the present study the factor analysis revealed three factors for the social capital explanation. Compared to the theoretical background, we found that these factors had a close similarity with the social capital dimensions (Nahapiet and Ghoshal, 1998).

Thus, the three factors – structural, relational and cognitive – explain 61.25 % of the organizational social capital within the network. The Cronbach's Alpha for this scale was 0.882, which represents a very good result for an exploratory study. Figure 1 shows the elements and Cronbach's Alpha for each factor.

The structural dimension of social capital is linked to the network of relationships and the social system as the whole. This dimension examines the presence of ties between the actors and the network configuration and their patterns of connection. These characteristics are verified through some variables such as density, connectivity and hierarchy.

In this dimension, the variables stand out were "become part of a project in the community", "help local groups as a voluntary" and "help to organize a local service." Considering that the structural dimension addresses the link between the actors, it points out the collective action and cooperation as common elements of this factor. It is emphasized that cooperation and collective action refer to the ability of people to work together in order to solve common problems.

The second factor that emerged from the factor analysis was the relational dimension. The relational dimension of social capital brings into account the goods that are created and leveraged through relationships. Moreover, this dimension includes attributes such as trust, norms, sanctions, obligations, expectations and identification.

In this factor we found several variables related to workplace like: "consider work colleagues as friends"; "feel part of a work team", "feel part of the community where you work", "spontaneously help colleagues" and "take initiative in the workplace". Furthermore, the variable "feel valued by society" also had a strong correlation with the relational social capital factor.

It is necessary to highlight the significance of the "work" within the research context. We adopt the paradigm that the meaning of work can be considered as subjective, historical and dynamic cognition, characterized by multiple facets that are articulated in different ways (Sarate and Macke, 2007).

In the context of this research, we can highlight the historical conditions embedded in the community and its influence on the meaning of work. The region under study, settled by Italian immigrants, lives a kind of "cult of work", which can be under-

Structural Dimension 0.859*	**Relational Dimension 0.752***	**Cognitive Dimension 0.675***
Network configuration	Acceptance and prestige	Access to information
Cooperation	Trust	Codes
Ties	Social identity	Culture
Connectivity patterns	Interactions	Shared language
Reciprocity	Norms	Shared narratives
	Obligations and expectations	Systems of meaning
	Participation	Values
	Sociability	

* Cronbach's Alpha.

Figure 1. Elements of Each Social Capital Dimensions and Cronbach's Alphas.

stood as a glorification for what is done; like cultural heritage of immigrants, that think that everything can be achieved through hard work. The obstinacy, combined with the entrepreneurial characteristic, became the unmistakable mark of immigrants chosen by their descendants (Sarate and Macke, 2007).

The fundamental human desire for recognition boosted the relationships. While people work for organizations to provide their individual needs, the workplace brings them into a wider social world. This connection is not just a way of getting paid, but is a major purpose of human life itself. The satisfaction of the fact that someone has links to others in the workplace is related with a fundamental human desire for recognition. In fact, this desire is so deep and fundamental that it is a major driver of the whole process of human history (Fukuyama, 1999).

Finally, the third factor - cognitive dimension of social capital - refers to resources that represent understandings, interpretations and systems of shared meaning among the actors. These features are enhanced by factors such as language, codes and shared narratives. Although this dimension is little explored in studies on social capital, it presents essential elements for the formation and maintenance of this construct (Nahapiet and Ghoshal, 1998).

Considering the variables within this third dimension, we highlight the importance of the conditions of people to access information for the maintenance of social capital. Thus, the variables “find friends or acquaintances”; “get access to information to make important decisions”; “used the phone frequently to talk to your friends” and “go out of the local community to visit family”, can illustrate this idea.

These variables are manifested in the form of narratives and shared language. Therefore, the shared language facilitates the ability to reach other people and influence the categories of perception, providing a tool to interpret the environment. This tool of interpretation, in turn, can be accessed to bring people of different lifestyles and cultures together.

We found that the structural dimension of social capital, composed of elements such as network configuration, cooperation, ties between the actors, patterns of connectivity and reciprocity, increases significantly in groups of older respondents, more time living in the same neighborhood, more time in the company and higher income.

These results differ from the statements described by Onyx and Bullen (2000). The authors emphasize that social capital can manifest itself equally between rich and poor, men and women regardless of age or educational level. Therefore, for the authors, variations in this construct would not be correlated with demographic variables such as age, gender, and levels of employment, wage or qualification.

However, considering that the structural dimension in our study grouped mainly variables related to participation in the local community, we can conclude that the increase in this local participation is linked to a greater maturity (age variable), higher levels of responsibility (higher tenure and income) and increased time living in the community. We also noticed that individuals who are members of the founding family of the company had higher levels of structural and relational social capital dimensions.

Considering the structural dimension, this result may be linked to the building process of the ties between the actors, since family members will present characteristics related to the strong ties of social capital.

Fukuyama (1999) states that the family is the basic element in society and an important source of social capital. Moreover, the chances of cooperation and reciprocity (structural social capital) within kin groups are prominent and this feature can be enhanced by biological issues. In other words, strong ties can facilitate cooperation and reciprocity among members and this can be outspread to family businesses.

In the relational dimension, the higher levels presented by individuals who are members of the founding family may be linked to the meaning of work for these individuals passed from generation to generation. Moreover, the relational social capital comprises elements such as social identification, acceptance and trust, and these are present in the family context, justifying the higher average of this dimension.

Finally, we observed that no significant differences were found when comparing the characteristics of the groups with the cognitive dimension of social capital. This result will be examined in a future study.

Similarly, in order to examine the internal consistency of organizational commitment variables we measure the Cronbach's alpha for the eleven variables, resulting in a score of 0.777. As the social capital construct we had few cases of missing values.

Factor analysis brought out the three factors - affective, normative and continuance (or instrumental) - of original research (Rego and Cunha, 2007), validated in Brazil and Portugal. In order to verify the consistency of each factor, we calculated the values for the Cronbach's Alpha show in Figure 2. The explained variance for the construct resulted in 70.84%.

Like the original study, the variables related to the affective commitment had the highest averages. This dimension of organizational commitment is linked to the worker's identification with the goals and values of the company and the desire to remain an active member of the organization.

Continuance Commitment 0.887*	**Affective Commitment 0.811***	**Normative Commitment 0.724***
Costs of leaving the company	Feel part of organization	Believe in organizational loyalty
Afraid of leaving	Sense of belonging	Sense of moral obligation
Few options to consider in leaving the company	Make career in the organization	Willingness to stay in the company
Serious consequences in leaving the company	Personal meaning	Disgust jumping form one organization to another
Life disruption	Assume organization’s problems	

* Cronbach’s Alpha.

Figure 2. Elements of Each Organizational Commitment Dimensions and Cronbach’s Alphas.

The greater representation of the affective dimension can be attributed to characteristics of the local context. Initially, we highlighted the representativeness of the variable with the highest average: "I'm proud to tell other people that I'm part of this organization". In this sense, we can relate the fact to the development and recognition of the region. In addition, the agro-industrial activity in Southern Brazil is extremely important, since the Serra Gaúcha region is nationally and internationally known.

The highlights of the variable "I feel like 'part of the family' in my organization" can be explained by the fact that the companies surveyed are mostly family businesses, influencing management style.

The main characteristics of family businesses are the enhancement of mutual trust, the emotional ties extremely strong and behavior influenced, the preference of time in the company instead of efficacy or competence, the requirement of dedication and the expectation of loyalty (Bernhoeft, 1989). These features can enhance the feeling of organization's belonging, justifying the results found in the research.

Finally, when analyzing the continuance and normative commitments we found that they obtained lower scores other than the affective dimension. Previous studies (Rego and Cunha, 2007), found that affective commitment has the tendency to associate positively with the normative and negatively with the continuance.

This explains the fact that variables related to normative commitment present averages between 4.06 and 5.00 (considering the scale from 1 to 7) and the variables related to continuance commitment to acquired the lowest scores (between 2.66 and 3.46). This is expected because the continuance commitment is related to the costs that the individual may have leaving the organization while affective commitment is linked to identification and emotional involvement with the company. These findings are aligned to research on intra-organizational social capital and reveal that employees may execute these special tasks as a way of reciprocity to the support and trust that has been placed on them.

In this study, as an initial step of observation, we ran analysis of variance, which showed significant differences in variables related to educational level, age, tenure and area of expertise, when linked to continuance (instrumental) commitment. In this sense, considering that the instrumental commitment is due to loses that the individuals may have leaving the company and delay in future employability, we can understand these results as follow.

Initially, we noticed that the lower the educational level, the fewer opportunities in the work market. Another variable that influenced the chances of employability is the age of workers. A study conducted by Camarano (2001) in the elderly population in the Brazilian work market, showed that educational level and age had significant relation for employability. In this sense, increasing age may have a negative effect on employability, while higher levels of education have a positive effect.

Also, it is important to note that, in general, workers in the productive areas of the companies have less educational level in comparison to employees in administrative areas. This might explain the higher average in the instrumental commitment considering the workers in production areas.

In contrast, workers with higher tenure have higher averages of instrumental commitment due to a feeling of job stability. On the other hand, employees who remain tied for long periods in the same organization may be limited in terms of skills development, which can influence their employability, and, consequently, in the organizational commitment.

Another result that emerged is that the workers that are members of the founding family have higher average of normative commitment. This result is justified, since the normative commitment refers to feelings of obligation to stay in business, and this feeling extends to people who are part of the family. Thus, the obligation and loyalty that are present in the family are reflected in the organizational environment.

The preceding explanations suggest that intra-organizational social capital and organizational commitment are related concepts, as Watson and Papamarcos (2002) also implies. Both concepts focus on valuable social relationships in organizations. The correlation between commitment and social capital dimensions are shown in Table 1 and also illustrated in Figure 3.

The Pearson correlation analysis seeks to measure the linear association between two metric variables. The correlation coefficients vary from -1.0 to 1.0, whereas higher the coefficient the stronger the level of association. These coefficients can be positive or negative; this will depend on the direction of the relationship between variables, whether directly or inversely proportional (Hair, Babin, Money and Samoul, 2003).

We can conclude that the continuance commitment has no significant correlation with any social capital dimensions. A possible explanation for this result is that the individuals' willingness to contribute to organizational goals can be influenced by the nature of psychological ties (social capital) that links the employees to the organization. Thus, it is unlikely to have high work performance when people want to belong to the organization (normative commitment and effective) rather than when they are required or when they need to fit into organization (continuance commitment).

The results also suggest that the relational social capital present in the region enhances organizational commitment development, specially affective and normative dimensions. By integrating research on social capital and commitment, we show that organizational commitment can be considered as one of the most proximal organizational social capital outcomes.

In sum, we verified the existence of high levels of social capital, especially regarding the structural and cognitive dimensions. In this sense, the variables associated with the workplace

Table 1. Correlations among social capital and commitment dimensions.

Factors / Dimensions	Structural Social Capital	Relational Social Capital	Cognitive Social Capital
Continuance Commitment	- 0.047	0.026	0.004
Affective Commitment	0.360*	0.425*	0.361*
Normative Commitment	0.365*	0.407*	0.303*

* significant correlation at level 0.01

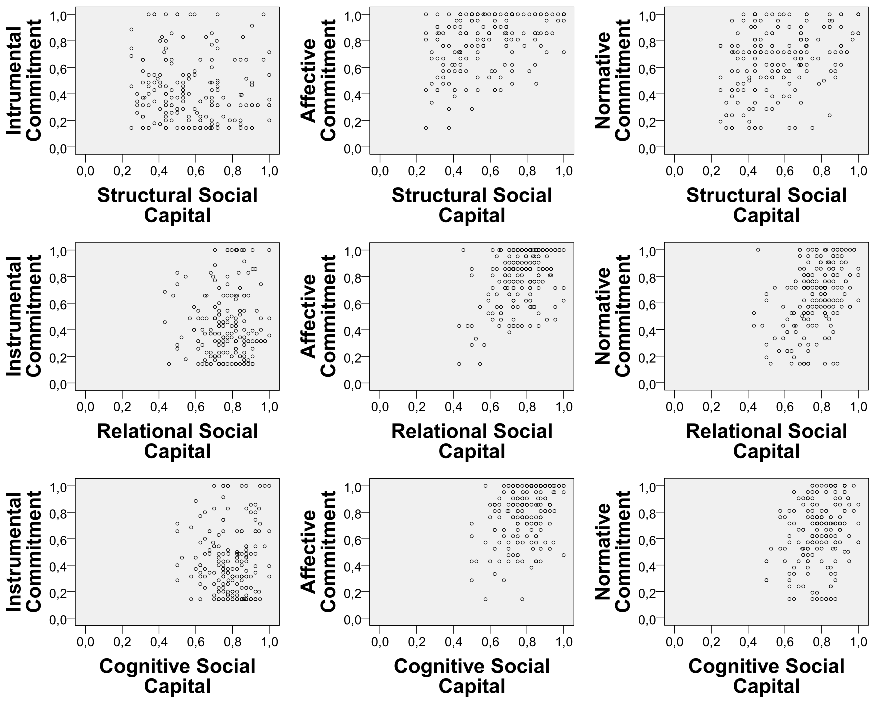

Figure 3. Correlations among organizational social capital and organizational commitment.

(relational dimension) have significant representation in the research environment, especially with in regard to the meaning of work for the respondents.

Answering the objective of identifying the relationship between social capital and organizational commitment, we found that the dimensions of instrumental, relational and cognitive social capital have a positive correlation with affective and normative dimensions of organizational commitment through the following characteristics:

a) structural dimension of social capital and organizational commitment: elements such as reciprocity and cooperation have influenced the manifestations of the commitment;

b) relational dimension of social capital and organizational commitment: elements such as trust, participation and shared norms have influenced the manifestations of the commitment;

c) the cognitive dimension of social capital and organizational commitment: elements such as communication and values have influenced the organizational commitment.

In the comparison of the main characteristics of respondents with levels of social capital and organizational commitment, significant differences were identified.

For example, the analysis of the structural dimension of social capital, composed of elements such as network configuration, cooperation, social ties, patterns of connectivity and reciprocity, showed that it significantly increases in groups of respondents with age, time living in the same neighborhood, time in the company and higher income. This dimension consists mainly of variables related to participation in the local community. In this sense, we can conclude that the increase in this local participation is linked to a greater maturity, levels of responsibility in the company and time to bond with the community. In addition, individuals who are members of the founder's family had higher levels of social capital (especially in structural and relational dimensions).

Final considerations

Considering the findings described and the theoretical background we defend three elements of context analysis that relates social capital and organizational commitment: identity building, power relations, and network performance.

The "identity building" consists of the several groups of which the agent (company) takes part. Therefore it is necessary to understand how a group objectively exists: through the establishment of relations between its members, that is, by their actions – it is through the action that someone becomes something. The key issue is that identity offers a collective view of its activities and its criteria for action.

We can see the identity building in the Brazilian Wine Industry Cluster stimulating the formation of a collaborative network through the culture and the history of Italian immigration. The immigration brought to light the culture of mutual assistance and cooperation for the development and started the colonization process in the last century (the Italian immigration began in 1875).

The cultivation of vines and the wine production are trademarks of immigration: the Serra Gaúcha wine is not just a business, it is a tradition brought by Italian immigrants which has been going through generations.

The "power relations" are the basis for the analysis of the structure of social space. This structure is not immutable; it represents a state of social positions immersed in a dynamic of preservation and change.

The companies associated with APROBELO (formed mainly by smaller wineries) have more need to stay together specially in structural terms. The creation of a water waste treatment plant used by all associated wineries is an example of this need. Moreover, the joint use of equipments, the adoption of packaging and other materials (with the aim of reducing costs) and the project of building a headquarter for the association (including

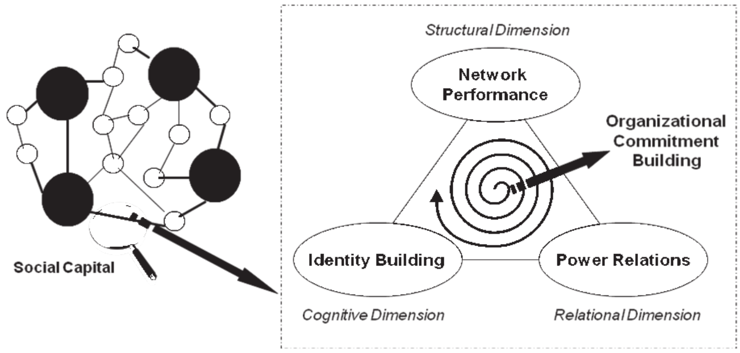

Figure 4. Understanding social capital and organizational commitment in collaborative networks.

a complete structure for the manufacture of wines and sparkling wines in a cooperative system) reinforce this finding.

Considering these characteristics we realized that the more symmetric the relations among the network members, the more is the presence of social capital elements such as cooperation and reciprocity (structural dimension), trust and participation (relational dimension). Therefore the symmetric relations benefit the social capital and commitment building.

The "network performance" considers collaborative network indicators, such as the organization collective performance, including the sustainability of each partner. It is necessary to understand different business processes and trust, to ensure the systemic use of this trust and to maximize the potential of opportunities.

The relationships into the APROVALE an APROBELO networks allow their members to access new management concepts, methods, and styles, developing a learning horizontal cooperation process.

This characteristic of collective development of the business can be understood as the responsibility of the members to bring new business opportunities for the network. In this context, network performance can be evaluated by the learning in the exploitation of market opportunities and overcome obstacles through a combination of virtuous capacities of each partner and also through the search for new knowledge outside the network. In order to summarize our findings we illustrate these ideas in Figure 4.

In short, social capital has provided inexhaustible sources since the beginning of its use, but may decrease and become rare if not used – because social capital is within the relationships. Therefore, the development of social capital is affected by factors that structure the development of social relations.

Existing literature highlights some consequences of social exchange such as social capital and commitment among agents. While each of these mechanisms has been studied individually, their relationship has rarely been examined in full. The purpose of this paper is to contribute to the literature on organizational social capital and organizational commitment in collaborative networks context. In addition to contributing to the literature, we hope to provide an improved understanding of the institutional determinants of social capital.

The importance of assessing social capital in collaborative networks can be summarized as: (a) high level of social trust and strong reciprocity norms, reduce the transaction costs; (b) social networks attenuate the risks, allowing that their members engage more in innovations; (c) social networks facilitate the fast information dissemination and with this, they reduce the asymmetries; and (d) social networks allow that its members solve their collective problems easily.

Despite these findings, we know that there is much more to research in social capital. One of the future purposes of our research group is to study how deep the goals, strategies, and practices of networks are influenced by powerful social actors operating both within and outside network boundaries.

Future cross-country research that employs firm-level and case study methodologies will also promote a better understanding of the social capital elements most related to networks competitiveness.

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The Social Theory Research Group has been developing research outputs in the domains of social capital, corporative social responsibility and collaborative networks. The research group consists of 7 professors and 11 master business students. The researches have been published in various international journal and congresses.

Resources Affecting Banks' CSR in Sultanate of Oman: A Stakeholders' Perspective

K. Sangeetha
S. Pria

Abstract

Corporate social responsibility is a form of corporate self-regulation integrated into the business model. CSR functions as a built-in, self-regulating mechanism whereby business ensures its active compliance with the spirit of the law, ethical standards and international practices. This paper aims to study the resources affecting the CSR initiatives of the banks in Sultanate of Oman from the perspective of major stakeholders. This research is based on the survey conducted among the major stakeholders. The selection of the banking sector is rational as it can be considered to be representative of the financial institutions in Oman due to its majority stake. This paper contributes to the existing literature in CSR activities of the banks and stakeholders participation in CSR.

Keywords

Corporate Social Responsibility (CSR), Resources, Stakeholders, Banks, Oman

1. Introduction: CSR and its Benefits to the Corporate Sectors

Corporate Social Responsibility (CSR) has been adopted by many business organizations across the world. Business entities embrace CSR considerably and the same is evident from the recent surge in number of activities undertaken by corporates. The goal of CSR is to own the responsibility for company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities and other stakeholders (Wood, 1991). Firms are benefited by their CSR strategies by getting consumers' positive product and brand evaluations, brand choice and recommendations (Sen & Bhattacharya, 2001). It increases the customer base and their attachment to the firm (Lichtenstein, Drumwright & Braig, 2004; Maignan, Ferrell & Ferrell, 2005). CSR brings good reputation and positive purchase intentions (Mohr & Webb, 2005). It also paves the way for enhanced customer satisfaction (Luo & Bhattacharya, 2006). Bhattacharya, Sen & Korschun, 2007 indicated in their work that CSR is adopted by firms as a part of their internal marketing strategy.

Lin, Yang & Liou, (2009) examined Taiwanese firms which used R&D as a part of the business strategy. This will benefit in business sustainability and social responsibility. A positive relationship between CSR and financial performance was found in the study. It was reported that CSR offers a remarkable long-term fiscal advantage. Hassan & Latiff (2009) studied the CSR activities of Islamic financial institutions. From this study, it was found that there is need for long term cooperation among business, Islamic financial institutions and charitable organizations to achieve their common (social) objectives. It was stated that philanthropic measures help the corporate sector to increase their value. In this work, expenditure on social issues was considered as a benefit rather than a cost. It was mentioned that there is no inherent contradiction between improving competitive context of business and making a sincere commitments to the society. Bravo, Montaner & Pina, (2009) studied the role of bank image for customer against non-customers for Spanish commercial banks. They found that corporate image helps companies to increase their success in the short and long term. It was found that corporate image of financial institutions can reflect the characteristics of service offered, accessibility, CSR and global impression. These attributes are expressed by the customers and non-customers. Kim, Lee, Lee & Kim (2010) found out that firm's CSR initiatives increase employee- company identification. This in turn, influences the employees' commitment to their organization.

It is evident that CSR provides many direct and indirect benefits to the firms operating in a competitive environment. This paper focuses on the resources affecting the bank's CSR activities based on stakeholders' perception. It is expected that the results from this study may help the firms by providing proper direction in formulating the CSR strategy and policy. It is also expected to identify the dominant variables having profound effect on the CSR pursuits. This research provides comprehensive evaluation of resources requirements from the wide base of stakeholders.

2. Oman's Financial System

The financial system in the Sultanate of Oman has its axis in the form of Central Bank of Oman(CBO). It is the lone regulatory authority of financial services sector. It is responsible for providing monetary and financial stability in the country. The other components of the financial sector in Oman includes commercial banks, non-banking finance, leasing companies, money exchange establishments, insurance companies, pension funds and capital market (Market Review, Business Today, June 2010). Banks dominate the financial sector by owning nearly ninety percent of the total assets and liabilities of the sector. A significant number of the banks are state owned i.e. government and quasi government institutions. Government's share in these banks ranges from seven percent to forty three percent. Government and quasi-government institutions own more than 26 percent of the assets of the banking system. This practice is in line with the structure found in other GCC countries. For example, it is thirteen percent in Kuwait and fifty two percent in the United Arab Emirates (Bologna and Prasad, 2010).

2.1 Banking Industry in Oman

Banks in Oman play an important role in the economic development of the country. This is through their support to private sector activities, mobilizing the resources and extending credit to the citizens. Growth of the banking industry in Oman is due to the strong economic performance, liberalization of the economy, diversification, major infrastructure developments and accelerated privatization programs. Now there has been a gradual shift in focus of the bank financing from personal loans to industrial financing and other service sectors (Damodharan & Rengarajan, 2008). This is also supported by the in-flow of foreign direct investments, favourable demographics with strong population growth and high percentage of youth. With the outlook of Oman's economy looking bright, the banking industry in Oman will be one of the main beneficiaries through increased lending opportunities and improved asset quality (Oman Banking Sector Report, 2007). The potential for banking business opportunities are also due to government's commitment to the long term goal of economic diversification (Al-Obaidan, 2008). Thus any analysis and research for the improvement of banking sector will provide leverage on the overall economic development of the country.

As on today, nineteen banks are operating in Oman. This includes seven locally incorporated commercial banks, ten overseas branches of foreign banks and two banks specialized to cater to home and project finance requirements. Of the ten foreign banks, two each are from India, the United Kingdom and Iran, one is from Pakistan and three are from other Middle East regions. These two banks collectively control only less than ten percent of the local market. (Business Today, June 2010). The remaining 90percent credit share is accounted for by the seven local banks in the country. Hence this research focuses only on these seven banks that are locally incorporated. It is also rational as the other foreign banks can be considered as the overseas branches of their institution with policies are directed from their central offices and may be contextualized to local conditions.

3. Stakeholders Participation in CSR and its Strategic Implications

Stakeholder's participation is important for achieving a company's financial performance as well as recognition from the society. Formation of close relationships with the various kinds of stakeholders is an indispensable part of business. Miles, Munilla & Darroch (2006) explored the role of strategic conversations in CSR strategy formation. In this study, it was suggested that engaging stakeholders in the CSR strategy-making process will minimize their concerns. CSR activities have a significant influence on several consumer related outcomes such as consumer product responses and brand evaluation (Pirsch, Gupta & Grau, 2007). It was mentioned that one of the ways to build better corporate reputation of the banks is through efficient and sustainable management of stakeholders. This will help the banks to preserve market position, profit margin and organizational vitality. Corporate reputation is a broad entity that enables a bank to establish a relationship with their stakeholders and encompasses the full range of attributes associated with the underlying products and service experience. Based on the assumption that consumers will reward firms for their support of social programs, many organizations have adopted CSR practices. Zappi (2007) found that Italian banks created value by listening to its stakeholders. Stakeholder engagement signifies the complex process of dialogue and interactions with stakeholders. These stakeholders have multiple, diverse interests in the enterprise, contribute towards the implementation of the mission and are capable of influencing to attain the corporate objectives through their participation.

Cuganesan & Khan (2008) studied stakeholder reciprocity in the Australian banking sector. This study indicates that there was neither consistency nor information about stakeholder involvement. Moreover these banks have identified limited key stakeholders: employees, customers and shareholders.Stakeholders' involvement helps the managers better understand the CSR investments of the company (Marin, Ruiz & Rubio, 2009). Khan, Halabi & Samy (2009) studied CSR activities of the banking companies in Bangladesh from the perceptions of stakeholders.

Kim et al. (2010) investigated about corporations based on their public relations efforts with the objective to prioritize the expectations of different stakeholders. The study identified expectation gaps between stakeholders and corporate public relations efforts. Huang & Fan (2010) investigated stakeholder expectations in relation to environmental disclosure. This research examined the influence of external, internal and intermediary stakeholder groups to learn their expectations. It was found that the level of environmental disclosure is significantly affected by the stakeholder's demands.

Pedersen (2010) modeled CSR based on managers' perspective. It was mentioned that managerial perceptions of social responsibility differ in some aspects from the mainstream models of CSR. Manger's awareness about the role of business in society ultimately helped in bridging the gaps between firm behavior and stakeholders' expectations. A detailed study about the experiences due to inadequate stakeholder analysis and engagement was presented by Bryson, Patton & Bowmanc (2011). In this study, it was found that many of the corporate decisions are not implemented or partially attempted and thus resulted in poor performance. This was due to lack of knowledge of decision makers about the interests of key stakeholders. Works of Cousins & Whitmore (2007) and King (2007) stressed the importance of paying attention to stakeholders in problem solving, planning and decision-making. Hence there exists a need to study bank's CSR from stakeholders' perspective. This research is significant as it attempts to focus on the least studied sector i.e. banks operating in Sultanate of Oman.

4. Research Methodology

4.1 Research Aim

This paper aims to investigate the factors influencing a bank's CSR initiatives. As mentioned earlier, the banking sector contributes to 90% of the financial institutions in Oman. The banking sector in Oman is mainly dominated by the national banks. There are seven national banks in Oman: Ahli Bank, Bank Dhofar, Bank Muscat, Bank Sohar, National Bank of Oman, Oman Arab Bank and Oman International Bank. In this research, stakeholders from only these seven banks are considered for their opinion on the proposed research theme.

4.2 Survey Instrument

Freeman, 1984 in his stakeholder's theory defined stakeholders as a group or an individual who can be affected or influenced by the firm's achievement. Connor & Spangenberg (2008) in their research devised the CSR stakeholder dialogue process with three main categories of stakeholders namely internal stakeholders, external stakeholders and broader external stakeholders. Internal stakeholders are those who are having direct financial interests such as employees, managers and shareholders. External stakeholders are those having business connection such as suppliers, customers, banks, etc. Broader external stakeholders are having indirect attention to the firms such as academicians, companies, local authorities, local community, etc. Based on this, the major stakeholders related to banks in Oman are identified in this research. They are customers, investors, local community, employees, managers, academicians/ management thinkers and regulators.

4.2.1 Pilot Study

A pilot study was conducted among the major stakeholder groups. The authors found it difficult to register the opinion of the regulators as it requires lot of formalities to be completed. Meanwhile, a detailed survey of the literature and research works revealed that the regulators do not play a significant role in determining the CSR activities of the banks. Dusuki and Dar (2005) found that the regulators' response was ranked the lowest in perceiving CSR as an important banking patronage factor. It was indicated that even though the commitment towards social responsibility is encouraged, there is no specific requirement by law or any official guidelines from the regulating authorities. Regulators are more concerned with compliance and adherence to the prescribed standard operating procedure rather than intervening in ethical aspects. So regulators are excluded from the survey and the research carried out with the remaining major stakeholder groups.

4.2.2 Sample Size Estimation

The formula employed for estimating sample size for unknown population is:

$$n = \frac{X^2 Z^2}{D^2}$$

Where D is level of precision (acceptable error); Z is the value associated with confidence level; X is the standard deviation; n is estimated sample size. Based on a pilot study with 30 respondents, the sample parameters are determined and presented in Table 1.

The opinion of the stakeholders about the resources affecting banks' CSR is recorded through a structured questionnaire. This questionnaire was designed to seek general information of the respondents, resources affecting CSR activities along with other metrics related to the research. The questionnaire consists of mainly close-ended type of questions and a few open-ended questions. Respondents were asked to rate on a 5-point Likert scale a list of statements such as (a) Appointment of dedicated team for CSR greatly influence the quantum of projects involved; (b)Budgetary allocation/planning is paramount importance to CSR; (c) Readiness of the local community to understand and accept the need for change is vital for the success of the CSR activities; (d) Higher representation of women in top management drives towards CSR; (e) Suggestion box kept in the bank directs the management towards CSR; (f) Bank's frequent interactions with local community helps to formulate better CSR practices; (g) Longevity of the bank has direct influence on the quantum of CSR; (h) Stable economic conditions prevailing in the country helps the bank to invest more on CSR; (i) Business collaboration give more direction for CSR activities and (j) Bank with better market segmentation is more towards CSR.

The questionnaire was originally prepared in English and then translated into Arabic. Before the final version of the questionnaire used, it was pilot tested to determine the appropriateness and relevance of the questions in the instrument. This early draft was circulated and piloted among the sample stakeholders that include business people, customers, local community and bank employees to receive their feedback. Based on the feedback from these respondents, modifications were made to the wording of few questions to increase its clarity. The final version of the questionnaire was then distributed to six stakeholder groups of national banks in Oman. Table 2 shows the profile of the stakeholders participated in this research. Table 3 presents the details about target group, response rate and methodology adapted to distributing the questionnaire. Table 3 shows the response rate is found to be 78.09%. This is a good response rate to validate the sample used for the research.

4.3 Hypothesis Development

The following are the hypotheses framed to study the resources influencing the CSR initiatives of the banks:

H1: There is no significant difference among the stakeholders on the degree of agreement that appointment of dedicated team and budgetary planning greatly influence the CSR activities of the banks.

H2: Stakeholders of banks in Oman have no significant difference on the degree of agreement that a higher representation of women in top management helps the banks to go for more CSR.

H3: Stakeholders have no difference in the opinion that suggestion boxes kept in the bank helps the bank in its direction towards CSR.

H4: Bank's frequent interaction with the local community and cooperation of the local community are important resources that affect bank's societal quest.

H5: Longevity of the bank and stable economic conditions prevailing in the country creates a healthy atmosphere for banks to spend more on CSR.

H6: Business collaboration and market segmentation direct the bank towards its CSR pursuits.

H7: Stakeholders in Oman give equal weightage to various resources affecting the bank's CSR.

5 Results

Statistical analysis of the survey instrument is carried out using SPSS17. Reliability analysis of the sample is carried out and the results are presented in Table 4. Descriptive analysis of the stakeholders' views is given in Table 5 for all the hypotheses. Table 6 gives the results of the nonparametric test i.e. Kruskal Wallis test.

Statement 1 is posted to determine the role of a dedicated team for CSR. It is found that majority of the stakeholders (69.5%) agreed to this statement but 3.2% disagree and rest are indecisive. Mean value is 3.90 with median 4 and standard deviation of 0.801. Chi square value is 6.132 which is lower than the tabulated value for five degrees of freedom. Statistical significance (Sig.) value is 0.370. Statement 2 examines the importance of budgetary allocation/planning to the bank's CSR pursuits. It is found that 71.5% of the stakeholders agree, indicating a stronger positive judgment from the stakeholders. Standard deviation is 1.027. 19.5 % are neutral and 8.8 % disagreed to this statement. Chi square value is 7.378, sig. value is 0.194 and infers that no significant difference among the stakeholders. Hence H1 is accepted due to agreement and absence of significant difference among the stakeholders.

79.7% of the stakeholders agree that higher representation of women in the top management as a factor that influences CSR contributions of the system (statement 4). 7.1% disagree and 13.1% are indifferent to this opinion with mean value of 4.15 and standard deviation of 0.985. Chi square value is 29.947 with sig. value of 0.000 indicates that there is significant difference among the stakeholders. Hence H2 is rejected due to significant difference among the stakeholders. Customers and investors differ considerably compared to other stakeholders about the role of women representation in top management. Interestingly this is supported by the internal stakeholders.

Majority of the stakeholders (80.7%) judged that the suggestion boxes kept in the banks are not useful in directing the banks towards CSR activities (statement 5). 7.1% agreed and 12.3 % are neutral about the role of suggestion boxes. Chi square value is 21.760, sig. value is 0.001 and infers that significant difference among the stakeholders. Mean value for this statement is 1.86. Hence H3 is rejected due to disagreement on the usefulness of the suggestion box. Investors, local community and management thinkers differ considerably on this. This may be due to the fact they are not making frequent visits to banks.

Regarding statement 3, readiness of the local community to understand and accept the need for change is vital for the success of the CSR activities, 87.7% of the stakeholders agreed with 1.6% disagree and 10.7% remained neutral. Chi square value for this statement is 4.912 with five degrees of freedom and sig. value is 0.427. Similarly for the statement 6, bank's frequent interactions with local community helps to formulate better CSR practices, 7.6% disagree, 11.4% neutral and 81% agreed to the statement. Chi square is 5.603 and sig. value is 0.347 with mean value of 4.35 and standard deviation of 0.740. Hence H4 is accepted as there is not much of deviation in the degree of agreement among the respondents.

Statement 7 is posted to determine the stakeholders view on the relationship between longevity of the banks to its CSR projects. 78.7 % agreed that longevity and quantum of CSR projects are related to each other with a mean value of 4.10 and standard deviation of 1.038. 9.7 % stakeholders disagree and 11.5 % remain neutral. Chi square value is 8.418, sig. value is 0.174 and infers no significant difference among the stakeholders. Majority of the stakeholders (83.4%) agree that stable economic conditions prevailing in the country is important factor to determine the CSR activities of the banks (statement 8). Only 2% disagree while the remaining 14.6% stakeholders are indecisive. Hence H5 is accepted due to agreement and absence of significant difference among the stakeholders.

There is difference to some degree among the ratings given by the stakeholders in agreeing to the statement that there is relationship between business collaboration and CSR activities. Table 5 indicates that 73.2% agree that there exists relationship between business collaboration and CSR. Chi square value is 51.360 which is well above the tabulated value of 10.967 for five degrees of freedom. Sig. value is 0.000. Mean value is 3.94, indicates that stakeholders agree to this statement but some differences in their perception. Bank's internal stakeholders and management thinkers rate the statement comparatively higher compared to other stakeholders. Bank with better market segmentation is inclined more towards CSR is posted as statement 10. It is found that there is difference among the stakeholders in agreeing to this statement but 75.3% agree that market segmentation shows the ability of the company to respond to the needs of the customers. Hence this directs the company to move towards CSR. Chi square value for statement 10 is 31.780 is higher than the tabulated value. Sig. value is 0.000. Mean value is 4.00 with 1.085 standard deviation, indicating stakeholder's agreement to this statement but considerable difference in perception among the various stakeholders' groups. Hence H6 is rejected due to significant variation in the degree of agreement among the stakeholders.

From Table 7, it is found that stakeholders are not giving equal importance to various factors influencing CSR activities. There are three major factors that are classified to influence the CSR activities. Corporate governance that includes appointment of dedicated team, budgetary allocation and higher representation of women in the top policy making body. The factor of stakeholders' involvement includes use of suggestion box to get inputs from the stakeholders, readiness of the local community in adapting to CSR and frequent interactions with stakeholders. Economic and market conditions factor includes longevity of the bank, stable economic conditions prevailing in the country; business collaboration and market segmentation. There is significant difference among the stakeholders in patronizing three major factors that influence CSR activities of the banks in Oman. It was found that readiness of the local community, bank's frequent interactions with local community, stable economic conditions of the country, higher representation of women in top management and longevity of the bank are attached with more significance when compared to other factors. According to the respondents, suggestion box kept in the banks are not useful in influencing the CSR pursuits of the banks. Hence H7 is rejected due to significant differences among the rating given by the stakeholders. Table 8 shows the consolidated results of the stakeholders' nature of response, consensus and hypotheses results.

6. Discussion and Conclusion

The aim of this research work is to study the resources that affect the bank's CSR initiatives from stakeholders' perspective as business sustainability is related to stakeholder's participation in strategy formulation of the firms. Stakeholders of banks in Oman believe that appointment of team to implement the CSR policies is an important resource for the active involvement of banks in their social activities. It is evident from the recent organization structure of major firms that there is a separate department/ team to plan and execute the CSR activities. It is found that allocation of exclusive budget for CSR efforts is also an important resource affecting CSR pursuits. Hence these two factors are the two important internal resources influencing the social pursuits of the banks, according to its major stakeholders.

CSR contributions of a bank are positively related to the readiness of the local community to adopt to the changes and also their involvement increases the effectiveness of the CSR programmes. This view is in agreement with that of Frynas (2005) who indicated that failure or lack of success of the CSR projects is not only attributed to that of the firm but is also equally due to lack commitment from NGOs, social organizations, etc. There is significant difference in the degree of agreement on the role of women in top management for bank's CSR activities. This view is not supported by customers and investors adequately when compared to the other stakeholders. Barako & Brown (2008) studied the corporate social reporting and board representation of the Kenyan banking sector. They had examined the influence of gender and board representation. It was inferred that higher level of women representation and independent directors were found to improve the corporate disclosure.

Stakeholders of the banks in Oman negated the role of suggestion boxes kept in the banks as a medium to learn the stakeholder's expectations. This may be due to the fact that such suggestion boxes are only accessible to customers and investors. Other stakeholders are not making regular visits as they are external to bank. There is considerable uniformity in stakeholders of banks in Oman about the need for bank's frequent interactions with local community as a factor to influence their CSR initiatives. The rationale behind this idea is that CSR activities are aimed to serve the local community. So interaction between the corporate and local community is important to learn the needs of the society. Occurrence of such interactions should be more frequent to analyse the strategy, its implications, target and issues arising in its implementation.

Long term operation of the bank in a country makes its amenable for it to learn better about the people, culture, requirements and expectations. Moreover by their long term presence, economic viability of such firms is also proved. This view is well supported by the stakeholders. A stable economic condition is a paramount factor for survival and stable operation of any business organization. This provides a suitable platform for the corporate to sustain and grow. This view is in line with that of stakeholders as they rate stable economic conditions of the country as the factor to reckon with for CSR activities of the banks.

Business collaboration is an important factor for the growth and nourishment of business in an era of stiff competition. Banks through their business collaborations with their partners may operate in tandem with each other to achieve common organizational goals, share resources and expertise. Interactions with multinational companies, suppliers and associates benefit the firm with social activities of their collaborators. This introduces the element of workforce diversity. Business collaboration helps to identify the company among the mass. This is also agreed by stakeholders but significant differences in the degree of agreement. Market segmentation allows the firms to operate and target wide variety of stakeholders. This allows the firms to have closer interaction and better understanding of various stakeholders in different categories. In banking sector, market segmentation involves adoption of financial products and services to the different sections of the society. This paves the banks to understand and adopt to the needs of the society. This will increase their CSR role and contributions. This view is supported by the stakeholders but not uniformly mainly due to difference in ratings of customers and investors.

It can concluded that stakeholders' believe that appointment of dedicated team for CSR, budgetary allocation/planning, cooperation of the local community and their involvement in CSR initiatives, bank's interaction with local community, longevity of the bank and economic stability of the country are the primary resources that affects CSR activities of banks in Oman. It is also found that the stakeholders are not giving equal weightage to all resources of CSR but prefer more representation of women in top management, local community interaction, longevity of the bank and stable economic conditions as the dominating factors. The results of the study indicate that stakeholders attach comparatively higher weightage to women representation as it reflects the social development taking place in the country with more women are working in all levels at various organizations in this country. Moreover the people wish to have stable conditions prevailing in the country wherein corporate plays their role in shaping the economy and contribute their part in the national development process. Service to the human beings are emphasized in their culture, this might be the reasons for stakeholders vouch for better and frequent interactions with local community in determining the CSR initiatives of the banks. This research provides an insight into the stakeholders' views and identifies the various resources affecting the CSR of the banks. This research also gives an opportunity for the management to revisit their strategy in terms of identifying the key resources in line with the stakeholders' opinions and chalk out strategy in accordance to their views in the pursuit towards the serving the society in a better and befitting way.

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Table 1 Sample Parameters & Size

Sl. No.	Parameter	Values
1	D	+ or -3
2	D2	9
3	CL	95%
4	z	1.96
5	z2	3.8416
6	x	35.40
7	x2	1267.36
9	n	535

Table 2 Profile of the Stakeholders

Gender	Male/Female
Age Group (Years)	Below 20; 21-30; 31-40; 41-50; Above 50
Marital Status	Single/Married
Highest Educational Qualification	Primary school; Secondary school; Diploma; Bachelors; Masters; Ph.D
Professional Affiliation	Unemployed/Student; Working in government/ministry; Private sector; Business
Monthly Income in RO	Below 100 ; 100-200; 201-500; 501-800; 801-1000; Above 1000
Native Region/Wilayat	Al Batinah (North/ South); Dhofar; Dhakiliya; Dhahirah; Al Wusta; Muscat (South / Central /North); Sharqiya
Stakeholder Relationship	Customer; Investor; Local Community; Employee; Manager; Management thinker/Academician
Bank	Ahli Bank; Bank Dhofar; Bank Muscat; Bank Sohar; National Bank of Oman; Oman Arab Bank; Oman International Bank
Years of Association	Less than one year; 2-5; 6-10; 11-20; Above 20 years
Nationality	Omani/Expatriate

Table 3 Target Groups, Methodology Used and Response Rate in the Sampling

Target Group	Questionnaire		Response Rate %	Methodology in Distributing Questionnaire
	Distributed	Returned		
Customer	155	123	79.35	Hard copy (field work)
Investor	127	103	81.10	Hard copy (field work)
Local Community	150	124	82.67	Hard copy (field work)
Employee	139	103	74.10	Soft & Hard copies (field work & email)
Manager	70	43	61.43	Soft & Hard copies (field work & email)
Management thinkers/ Academicians	80	67	83.75	Soft & Hard copies (field work & email)
Total	721	563	78.09	

Table 4 Reliability Analysis of Stakeholders' Reponses on Resources influencing CSR

	Scale Mean	Scale Variance	Corrected Item-Total Correlation	Alpha
Appointment of dedicated team for CSR	34.99	33.286	.193	.848
Budgetary allocation/ planning	34.93	29.847	.429	.832
Cooperation of the local community	34.54	28.630	.825	.799
Higher representation of women	34.74	28.220	.624	.811
Suggestion boxes kept in banks	37.03	35.108	-.028	.871
Frequent interactions with local community	34.54	28.630	.825	.799
Longevity of the bank	34.79	28.049	.599	.814
Stable economic conditions	34.62	28.026	.842	.795
Business collaboration	34.94	27.422	.595	.815
Market segmentation	34.88	27.341	.634	.810

Table 5 Descriptive Analysis of Stakeholders' Responses

	Percentage of Stakeholders										
Statement	1	2	3	4	5	6	7	8	9	10	
Rating scale	Value										
Strongly Disagree	1	.2	2.8	.2	2.5	42.5	4.2	2.8	.4	3.4	3.0
Disagree	2	3.0	6.0	1.4	4.6	38.2	3.4	6.9	1.6	11.4	9.4
Subtotal %		3.2	8.8	1.6	7.1	80.7	7.6	9.7	2.0	14.8	12.4
Neutral	3	27.4	19.5	10.7	13.1	12.3	11.4	11.5	14.6	12.1	12.3
Agree	4	45.5	35.3	38.7	34.6	5.0	35.9	35.0	37.8	33.9	34.8
Strongly Agree	5	24.0	36.2	49.0	45.1	2.1	45.1	43.7	45.6	39.3	40.5
Subtotal %		69.5	71.5	87.7	79.7	7.1	81	78.7	83.4	73.2	75.3
Mean Value		3.90	3.96	4.35	4.15	1.86	4.35	4.10	4.27	3.94	4.00
Median Value		4.00	4.00	4.00	4.00	2.00	4.00	4.00	4.00	4.00	4.00
Mode Value		4	5	5	5	1	5	5	5	5	5
Standard Deviation		.801	1.027	.740	.985	.959	.740	1.038	.792	1.127	1.085

Table 6 Nonparametric Test on Resources Affecting CSR Initiatives

	Relationship with Bank	N	Mean Rating	Chi	df	Sig.
Statement 1	Customer	123	271.73	6.132	5	0.370
	Investor	103	284.33			
	Local Community	124	269.60			
	Employee	103	309.13			
	Manager	43	316.48			
	Management Thinker/Academician	67	317.58			
Statement 2	Customer	123	287.47	7.378	5	0.194
	Investor	103	300.27			
	Local Community	124	250.66			
	Employee	103	282.53			
	Manager	43	289.67			
	Management Thinker/Academician	67	296.14			
Statement 3	Customer	123	278.81	4.912	5	0.427
	Investor	103	260.86			
	Local Community	124	303.06			
	Employee	103	286.32			
	Manager	43	280.45			
	Management Thinker/Academician	67	275.72			
Statement 4	Customer	123	238.29	29.947	5	0.000
	Investor	103	242.23			
	Local Community	124	319.40			
	Employee	103	308.65			
	Manager	43	303.91			
	Management Thinker/Academician	67	299.15			

Statement 5	Customer	123	327.22	21.760	5	0.001
	Investor	103	255.67			
	Local Community	124	261.00			
	Employee	103	294.33			
	Manager	43	302.81			
	Management Thinker/Academician	67	246.02			
Statement 6	Customer	123	278.81	5.603	5	0.347
	Investor	103	260.86			
	Local Community	124	303.06			
	Employee	103	286.32			
	Manager	43	280.45			
	Management Thinker/Academician	67	275.72			
Statement 7	Customer	123	269.69	8.418	5	0.174
	Investor	103	260.14			
	Local Community	124	283.05			
	Employee	103	314.44			
	Manager	43	309.84			
	Management Thinker/Academician	67	305.24			
Statement 8	Customer	123	286.53	5.654	5	0.341
	Investor	103	256.28			
	Local Community	124	274.17			
	Employee	103	300.71			
	Manager	43	295.58			
	Management Thinker/Academician	67	290.22			
Statement 9	Customer	123	276.43	51.360	5	0.000
	Investor	103	200.51			
	Local Community	124	270.88			
	Employee	103	334.50			
	Manager	43	330.77			
	Management Thinker/Academician	67	326.06			
Statement 10	Customer	123	250.29	31.780	5	0.000
	Investor	103	233.67			
	Local Community	124	281.06			
	Employee	103	327.83			
	Manager	43	323.78			
	Management Thinker/Academician	67	318.98			

Table 7 Stakeholders Rating for Resources influencing CSR activities

		Mean Score by Stakeholders						
Factor		C	I	L	E	M	MA	Total
Corporate Governance	Dedicated team for CSR	3.67	3.71	3.84	4.10	4.09	4.30	3.90
	Budgetary allocation/planning	3.95	4.13	3.65	4.03	4.09	4.10	3.96
	Higher representation of women in top management	3.80	3.84	4.41	4.37	4.35	4.33	4.15
Stakeholders Involvement	Readiness of the local community to understand and cooperation	4.34	4.22	4.45	4.31	4.56	4.33	4.35
	Suggestion boxes in the banks	2.26	1.66	1.69	1.93	1.88	1.64	1.86
	Bank's frequent interactions with local community	4.34	4.22	4.45	4.37	4.35	4.33	4.35
Economic & Market Conditions	Longevity of the bank	3.79	3.94	4.09	4.37	4.37	4.37	4.10
	Stable economic conditions prevailing in the country	4.29	4.13	4.21	4.33	4.33	4.33	4.27
	Business collaboration	3.89	3.26	3.85	4.35	4.35	4.35	3.94
	Market segmentation	3.71	3.62	4.01	4.37	4.37	4.33	4.00

C: Customers; I: Investors; L: Local Community; E: Employees; M: managers; MA: Management thinker/ Academicians

Table 8 Hypothesis and Stakeholders Opinion

Number	Hypothesis	Nature of Response	Significant Difference	Results
H1	There is no significant difference among the stakeholders on the degree of agreement that appointment of dedicated team and budgetary planning greatly influence the CSR activities of the banks.	Agreement	No	Accepted
H2	Stakeholders of banks in Oman are having no significant difference on the degree of agreement that higher representation of women in top management	Agreement	Yes	Rejected
H3	Suggestion boxes kept in the bank helps the bank in its direction towards CSR.	Disagreement	Yes	Rejected
H4	Bank's frequent interaction with the local community and cooperation of the local community are acts as one of the resources to affect bank's societal quest.	Agreement	No	Accepted
H5	Longevity of the bank and stable economic conditions prevailing in the country acts as external resources that help the banks to spend more on CSR.	Agreement	No	Accepted
H6	Business collaboration and market segmentation directs the bank towards the CSR pursuits.	Agreement	Yes	Rejected
H7	Stakeholders in Oman give equal weightage to corporate governance, stakeholders' involvement and economic conditions as the resources affecting the CSR activities	Rating is not uniform	Yes	Rejected

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Evaluation of Social Reporting Practices of Islamic Banks in Saudi Arabia

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Abstract

Islamic banks are said to possess ethical identity (Haniffa and Hudaib, 2007) because their social goals are just as important if not more important than financial goals because of the fact that they are based on religious foundations, i.e. the Islamic Shari'ah which has as its ultimate goal, the betterment of society. Islamic banks are thus expected to portray a high level of corporate social responsibility which would be evident in their social reporting practices as evidenced in their annual reports.However, two prominent studies of the social reporting practices of Islamic banks have shown otherwise (Maali et.al, 2003; Haniffa and Hudaib, 2007). This study replicated the Haniffa and Hudaib study by examining the social reporting practices of Islamic Banks in Saudi Arabia. This examination involved a comparison of the social disclosures of 4 Islamic banks made through their annual reports against an ideal level of social disclosures that Islamic banks ought to make, over the years 2008-2009. This comparison was accomplished using the Ethical Identity Index (EII) developed by Haniffa and Hudaib (2007). The findings revealed that at present, Islamic banks in Saudi Arabia have much more in common with their conventional counterparts than they do with banks that are supposedly based on Shari'ah. Indeed, the core dichotomy expected between Islamic banks and conventional banks in relation to Islamic ethics was not clearly shown.

Introduction

After many centuries of domination by the West, and the subservience and adoption of Western culture and values as a result of this domination, there has been a revival of Islamic principles and values in Muslim countries. This revival was a result of a growing discontent among the Muslims with the values of the West. This discontent spread to all aspects of life, including the economic aspect. Specifically, there were grave concerns for the conventional banking practices present in these Muslim countries. These banks were involved in the charging and collection of interest (riba) which is strictly prohibited in Islam. "The desirability of abolishing fixed interest rates and the Islamization of financial systems" (Haqiqi and Pomeranz, n.d.) is one of the main reasons for the establishment of Islamic banks.

Ideally, Islamic banks and other Islamic financial institutions are supposed to adhere strictly with the precepts of the Shari'ah', the Islamic code of law "derived from the Holy Qur'an, Hadith of the Prophet Muhammad (Peace be upon him), and juristic reasoning (ijtihad) of Islamic scholars" (Kamali, 2000: 1). Due to the prohibition of interest in Islam, they could not offer conventional financial services and had to offer those in compliance with the Shari'ah. Examples of such services include Mudarabah, Musharakah, and Ijarah. Whereas the goal of conventional banks is to make as much profit as possible and at any means; for Islamic banks, whereas profit is a part of its goals, it isn't the most important goal. To understand the goal of an Islamic bank, one has to understand the objectives of the Shari'ah. Imam Ghazali (as cited by Dusuki n.d.) states that "the objective of the Shari'ah is to promote the well-being of all mankind, which lies in safeguarding their faith (din), their human self (nafs), their intellect ('aql), their posterity (nasl) and their wealth (mal). Whatever ensures the safety of these five serves public interest and is desirable". From these noble objectives, it can be gathered that the most important role of Islamic banks is to promote the betterment of the society in which they are set up by providing means by which members of the society can better themselves, particularly improving their posterity and wealth.

Allah says in the Holy Quran, "O you who believe, why do you say that which you do not do? Greviously odious is it in the sight of Allah that you say that you do not do." (as-Saff: 2-3) and the researchers' study had as a goal, a determination of whether Islamic banks in Malaysia were fulfilling their claim of complying with the Shari'ah by comparing their disclosures as reported in their annual reports against an ideal level of disclosure as measured by the "Ethical Identity Index" developed by Haniffa and Hudaib (2007).

This paper will be organized as follows: Islamic banking – theories and practices, theories of social reporting, research methodology, analysis and discussion of results, overview of findings and implications.

Literature review

Islamic Banking – Theories and Practices

Islamic banking refers to a system of banking activity that is in conformance with the Islamic law (Shari'ah) in all aspects. "Among other things, Shari'ah prohibits dealing in interest and undertaking transactions with unknown fate, while it requires transactions to be lawful (halal), and also requires Muslims to pay the religious [levy] Zakā. Abolishing interest from their dealings is the fundamental principle on which Islamic banks are based" (Maali et.al, 2003: 3).

The online dictionary, Dictionary.com, defines an objective as "something that one's efforts or actions are intended to attain or accomplish; [a] purpose [or] goal". Based on this definition, it can be stated that for conventional banks, the ultimate objective is profit maximization, which is in line with the Capitalist worldview on which these banks are founded upon. This situation is not so for Islamic banks as they are founded on the basis of the religion of Islam. Although, banks are viewed as separate and legal entities unto themselves, in reality they are run by human beings. Islamic banks are thus run by Muslims, and the ultimate objective of a true Muslim is to be successful in this world and the Hereafter by pleasing Almighty Allah in all his affairs. With this reasoning, the Islamic banks also possess this as their ultimate objective. This is not to say that profit is not a major objective of Islamic banks; on the contrary, Islamic bank managers are expect to strive earnestly to make a reasonable profit for its depositors and shareholders, but all the while adhering to the principles of Islam in all their dealings (Maali et.al 2003; Haniffa and Hudaib, 2007). So unlike conventional banks, profit maximization is not the primary objectives of Islamic banks, as they "have to incorporate both profit and morality into their objectives" (Haron, 1997: 7).

Social justice as exemplified by the betterment of the whole society is a concept that is mandated for all Muslims by the Holy Quran, as expounded in the following verse:

"O ye who believe! Eat not up your property among yourself in vanities; but let there be amongst you traffic and trade by mutual goodwill; nor kill (or destroy) yourself: for verily Allah hath been to you most merciful. If any do that in rancor and injustice – soon shall we cast them into fire: and easy it is for Allah" (an-Nisa: 29-30).

Islamic banks thus have to obtain a balance between earning and spending in order to achieve this noble target of betterment of the whole society.

As regards the concept of equity, in Islam it is understood that absolute ownership of everything belongs to Allah, and in His infinite wisdom he allocates resources to people in varying degrees. The following verse of the Holy Qur'an illustrates this absolute ownership of Allah:

"To Allah belongeth the dominion of the heavens and the earth; And

Allah hath power over all things" (al-Imran: 189).

For this reason, it is expected that those apportioned with more resources than others understand that they have a responsibility of helping others less fortunate than them. Allah says:

"And in their wealth and possessions (was remembered) the right of the (needy), him who asked, and him who (for some reason) was prevented" (Qur'an, al-Maryam: 51).

The implication of the above verses for Islamic banks is that "while making profit from business is allowable in Islam, the accumulation of profit without utilization for the betterment of the community is forbidden… Islamic banks are expected to be more sensitive to the needs of society, promote more social programs and activities, and make contributions towards the needy and poor families" (Haron, 1997: 17).

The Shari'ah prohibits the involvement with interest in very strong terms as is evidenced by the following verses of the Holy Quran:

"That which ye lay out for increase through the property of (other) people, will have no increase with Allah: But that which ye lay out for charity, seeking the countenance of Allah (will increase): it is these who will get a recompense multiplied". (ar-Rum: 39)

"That they took Riba (usury), through they were forbidden and that they devoured men's substance wrongfully – We have prepared for those among men who reject faith a grievous punishment." (an-Nisa: 161)

This prohibition forces Islamic banks to pursue other avenues of business transactions that are in line with the Shari'ah. Haron (1997) states that these principles can be broadly classified into three categories:

1) Profit and loss sharing principles

The two most common modes of financing under this principle currently in use by Islamic banks are the Mudaraba and Musharaka. Mudaraba is an agreement between an investor or capital provider (rabb al-mal) and an agent or entrepreneur (mudarib), where the mudarib invests the funds in a project. The profit is shared between the two parties based on a predetermined ratio, while all loses are borne by the rabb al-mal. (Haron, 1997; Chiu and Newberger, 2006). Musharaka is an equity participation contract whereby the bank and its clients contribute funds to engage in a project. Profits and losses are usually distributed based on proportion of funds contributed. It is in effect a partnership where both parties share in profit as well as losses (Qorchi, 2005; Chiu and Newberger, 2006; Wilson

2007). These two principles of Mudaraba and Musharaka which permit risk-sharing between the banks and its clients are viewed as strongly Islamic in a consensus among Muslim scholars, as they conform to Islamic objectives in both form and substance (Haron, 1997). Unfortunately, most Islamic banks focus more on fees or charges based principles as they most strongly resemble the conventional mode of charging interests (Maali et. al, 2003; Haniffa and Hudaib, 2007).

2) Fees or charges based principles

These refer to debt-based transactions, the most popular of which is the Murabaha.

Murabaha which is the most widely used financing method used by Islamic banks today, involves a bank purchasing a good required by a customer and then re-selling the good to the customer at a pre-determined profit. The customer agrees to pay for the good over a given period in installments (Polard and Samers, 2007). To be truly in line with Islamic principles, the bank must take actual ownership of the good before reselling it to the client. However the practice today in Islamic banks more closely resembles conventional interest-based financing whereby the bank does not take actual ownership of the good in question, but rather advances the client with the money to purchase the good, and which the client pays back over time with an added amount which the Islamic banks call profit but in reality is considered a "back door" to interest (Dusuki, 2006). This is why some scholars refer to debt-based principles as weakly Islamic as actual practice is Islamic in form but not in substance (Haron, 1997).

3) Free services principles

These principles reflect the social role that Islamic banks are expected to play as expounded by the Shari'ah, with the ultimate goal of betterment of society thorough their activities. This principle is manifested mainly through the provision of interest-free loans known as Qard hasan to those clients most in need of such funds (Pollard and Samers, 2007; Haniffa and Hudaib, 2007).

"All Islamic banks have a Shari'ah Supervisory Board (SSB) whose role is to ensure that any new formulations and modalities are in line with Shari'ah principles and within the ambit of Islamic norms" (Haniffa and Hudaib, 2007: 102). The SSB usually comprises eminent scholars of the area, and although they are hired by the bank management, they are considered to be independent and possess the authority to sanction or reject any proposals made by the bank management in light of Islamic law (Dar and Pressly, 2000). Usually contained along with an Islamic Bank's annual report, the SSB are required to confirm the discharge of the functions by providing a Shari'ah report. This report provides the bank's stakeholders with an assurance on whether or not the bank complied with the Shari'ah in all its dealings, and in instances of noncompliance, discloses where the noncompliance occurred, why it occurred, and what steps are taken to make sure it never occurs again.

Theories of Social Reporting (SR)

Gray et al. (1987: 4) define social reporting (SR) as:

"The process of providing information designed to discharge social accountability. Typically this act would … be undertaken by the accountable organization and thus might include information in the annual report, special publications or reports or even socially oriented advertising."

Driven by recent business scandals around the world such as Enron, WorldCom and Parmalat, just to name a few, there has being growing interest in corporate, environmental and social reporting for achieving better corporate accountability (Hess, 2007). Proponents of social reporting also argue "that organizational transparency through social reporting is the key to meaningful stakeholder engagement" (Hess, 2007: 454).

The SR literature provides various theories propounded to explain the motivation for disclosing social information by firms and the particular set of stakeholders for whom such social information is provided for. The more prominent theories are as follows:

1. Legitimacy theory

Legitimacy theory implies that given a growth in community awareness and concern, firms will take measures to ensure their activities and performance are acceptable to the community In other words, the legitimacy theory as related to social disclosure implies that the reason why companies disclose their environmental activities is because it is required by the community in which they operate, and failure to disclose could have adverse implications for the company (Wilmshurst & Frost, 2000; Milne and Patten, 2002; Campbell et.al, 2003; Nik Ahmad and Sulaiman, 2004; Mobus, 2005; Moerman and Van der laan, 2005).

2. Decision Usefulness Approach

The decision usefulness approach propounds that firms provides social disclosures because they are deemed useful for stakeholders (Campbell and Beck, 2004; O'Dwyer et.al, 2005; Campbell et.al, 2006; Solomon and Solomon, 2006; Boesso and Kumar, 2007). For example, Campbell et.al (2006: 96) explore "community disclosures in annual reports examining annual reports for 5 UK FTSE 100 sectors between, 1974 and 2000". Their findings suggested that community disclosure was positively associated with public profile. These findings were consistent with "reporting behavior found in other categories of voluntary disclosure, where disclosure has being found to be associated with the presumed information demands of specific stakeholders" (Campbell et.al, 2006: 96, emphasis added).

3. Stakeholder Theory

"Stakeholder theory identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the "Principle of Who or What Really Counts" ("Stakeholder theory" 2006: para 1). Applying this theory to social reporting, it implies that a firm will disclose social information as part of a dialogue between itself and its stakeholders (Maali et.al, 2003). In other words, stakeholder theory views social disclosure as a response to significant pressures from a firm's external environment. Apart from the investment community, such pressures may arise from pressure groups or the general public (Brammer and Pavelin, 2006; Danastas and Gardenne, 2006; Hess, 2007; Belal and Owen, 2007).

The common thread running connecting all these theories is the fact that they have human origins, in that they have all being propounded by human beings who are fallible by nature. In Islam, reasons for actions are obtained from a divine source, the Shari'ah. "Social reporting takes place within a framework of social relations. Fundamental to an Islamic perspective on social reporting is an understanding of the concepts of accountability, social justice and ownership that are central to social relations" (Maali et.al, 2003: 11).

1. Accountability

The Western concept of accountability is usually restricted to an organization's stakeholders as can be seen in the following definition of this concept:

"Accountability refers to the process through which an organization makes a commitment to balance the needs of stakeholders in its decision-making processes and activities, and delivers against this commitment" ("Global accountability report", 2007).

This concept is restricted to the human realm when envisioned from the Western viewpoint; however, from the Islamic viewpoint the concept is much broader and transcends the human realm. In Islam, accountability is first and foremost to Almighty Allah.

"On that Day will men proceed in companies sorted out, to be shown the deeds that they (had done). Then shall anyone who has done an atom's weight of good, see it! And anyone who has done an atom's weight of evil, shall see it" (Qur'an, az-Zilzal: 6-8).

The verse of the Holy Quran above captures in a nutshell the concept of accountability in Islam. Allah has provided for mankind various resources and blessings, too numerous to count. Man is expected to use these blessings in the service of Allah, and on the Day of Resurrection, each man shall have to give an account on how he used these blessings. He who used these blessings in the service of Allah is rewarded with Paradise and he who does otherwise is doomed to Hellfire. This awareness is supposed to drive the action of each and every Muslim at all times in all aspects of life, be it personal or business, and in his or her dealings with others as well. It can thus be said that "accountability to God implies accountability to society" (Maali et.al, 2003: 12).

2. Social Justice

"Social justice means giving each individual what he/she deserves in the distribution of financial benefits in the society, and providing equally for basic needs. It is also the egalitarianism in opportunities, i.e. each person has a chance to climb up the social ladder" ("Social Justice in Islam", n.d.). Social justice is critical for the development of a moral and justice society, and for this reason is greatly emphasized in Islam, as evidenced by the following verses of the Holy Quran:

Allah doth command you to render back your Trusts to those to whom they are due; and when ye judge between man and man, that ye judge with justice: Verily how excellent is the teaching which He giveth you! For Allah is He Who heareth and seeth all things (an-Nisa: 58).

O ye who believe! Stand out firmly for Allah, as witnesses to fair dealing, and let not the hatred of others to you make you swerve to wrong and depart from justice. Be just: that is next to piety: and fear Allah. For Allah is well-acquainted with all that ye do (al-Ma'idah: 9).

The prohibition of Riba to prevent exploitation of people, the imposition of Zakat to help alleviate poverty in the society, and the recommendation to help others through charity, are all examples of Islam's emphasis on social justice. "For Islamic businesses, the requirement to deal justly encompasses all dealings with employees, customers and all members of the society in which these businesses operate" (Maali etal. 2003, p.13).

3. Ownership and Trust

Allah is the ultimate owner of everything and man has being entrusted with resources as a trust to be used in accordance with the commands of Allah. This concept is closely linked to the concept of accountability as it is for these entrusted resources that each man has to account for on the Day of Resurrection.

The following verse of the Holy Qur'an illustrates this absolute ownership of Allah:

"To Allah belongeth the dominion of the heavens and the earth; And Allah hath power over all things" (al-Imran: 189).

The implication of this concept for an Islamic business is that its resources must be used in accordance with the commandments of Allah and for the benefit of society. It can thus be concluded that the three concepts of accountability, social justice and ownership are interlinked and co-dependent; One cannot exist without the others.

Research methodology

Research Method

The researchers' study adopts as a guide the study carried out by Haniffa and Hudaib (henceforth referred to as H&H) in 2007, which sought to explore the ethical identity of Islamic banks as communicated via annual reports. The researchers' study sought to discover the social reporting practices of Islamic banks in Saudi Arabia. To achieve this objective, content analysis was utilized in order to examine the annual reports of the selected Islamic banks. Content analysis was selected as research method for the researchers' study because it is "a research technique for making replicable and valid inferences from texts to the content of their uses. As a research technique, content analysis provides new insight, increases a researcher's understanding of new phenomena, or informs practical action. Content analysis is a scientific tool" (Krippendorf, 2004: 18).

In many previous social disclosure studies, content analysis has been the method of choice for determining the extent of an organization's social disclosures through whatever media of communication; whether annual reports (Maali et.al, 2003; Grunning, 2007; Boesso and Kumar, 2007), company websites (Branco and Rodrigues, 2006; Holcomb, 2007) or any other media. This widespread use of this method by previous social reporting literature is another reason why content analysis was chosen as the research method by the researchers.

To determine whether or not Islamic banks in Saudi Arabia were fulfilling the Shari'ah requirement of full disclosure, a checklist of items that Islamic banks ought to disclose was developed. This checklist was adopted from two studies, H & H (2007) and Maali et.al (2003).

Sample Selection

As the researchers' study was undertaken in Saudi Arabia, the population was four (4) fully-fledged Islamic banks operating in Saudi Arabia. "Fully-fledged" implies that the banks are standalone Islamic banks separately incorporated, and not merely Islamic windows. The decision was made to select only fully-fledged Islamic banks as it was reckoned that they would be more committed to adhering to Shari'ah principles, rather than Islamic windows which simply provide alternatives to interest products, but are still part of a conventional bank whose foundation does not rest on the principles of Shari'ah.

The population was narrowed down based on availability of annual reports on the internet. This led to a final sample of 4 Islamic banks in Saudi Arabia. They are as follows:

1. Al Rajhi banking and investment corporation
2. National Commercial Bank
3. Saudi Hollandi Bank
4. Riyad Bank

Research Instrument

The researchers adopted, the "ideal ethical identity" checklist developed by H&H (2007) in order to determine the social reporting practices of Islamic banks in Saudi Arabia. The reason for adopting H&H (2007)'s checklist was because it contained a detailed list of items known as "constructs" which Islamic banks ought to disclose. In addition, H&H (2007)'s study was one of two most recent studies on the disclosure patterns of Islamic banks (the other one is Maali et.al 2003), and thus provided the most recent scholarship in the area of Islamic banks social reporting practices. The researchers adopted H&H (2007)'s checklist completely.

An important note was the fact that H&H (2007) focused on the ethical identity of Islamic banks, and thus did not take into consideration the banks' activities effect on the environment which is an important part of social reporting. As the researchers' aim was to explore the social reporting practices of Islamic banks in Saudi Arabia, it was important to include a dimension dealing with the environment, which is an integral part of the social reporting process. To accomplish this, the researchers looked to Maali et.al's 2003 study which examined the social reporting practices of Islamic banks. The reason the researchers chose this study was because it was the only other one in the literature apart from H&H (2007) in recent times that examined the reporting practices of Islamic banks. Maali et.al (2003) included an "environment" dimension in their research instrument and this dimension had two items that Islamic banks were expected to disclose, and these are outlined as follows:

i) The amount and nature of any donations or activities undertaken to protect the environment, and

ii) The projects financed by the bank that may lead to harming the environment.

This "environment" dimension and its two "constructs" listed above were inculcated into the "ideal ethical identity checklist" under the "Community" theme, as the environment is considered a part of the banks' stakeholders in the community.

Therefore, the checklist utilized by the researchers for the study consisted of 4 themes,

9 dimensions and 80 constructs. A copy of the checklist is presented in the appendix of the researchers' study.

Data Collection and Analysis Procedures

The annual reports of 4 Saudi Arabia banks in the sample were obtained on their various websites for the years covered by the study, 2008-2009. These annual reports were then read completely to discover the items that they disclosed as required by the ideal ethical identity checklist. To measure whether a discrepancy existed between actual disclosure levels and ideal disclosure levels as delineated by the checklist, a disclosure index was utilized which H&H (2007) dubbed the Ethical Identity Index (EII).

In determining the level of disclosure in the annual reports of the 4 Islamic banks in the sample, a score of 1 was assigned for every item or construct of the checklist that was disclosed in the annual report for each bank, and zero for every item not disclosed. In addition, a company was not given extra marks if it disclosed a construct more than once in its annual report.

Each of the 9 dimensions had a certain number of constructs under it, which Islamic banks had to disclose to fulfill the Shari'ah requirement of full disclosure. To determine how well a bank did in terms of disclosure for each of the 9 dimensions, the EII for each dimension was computed for each annual report examined in every year covered by the study. The resultant computation was referred to as the Annual Dimension EII (ADE). The ADE was calculated as follows:

ADEy = Xy/Xj.......................................(1)

where

ADEy = the annual dimension EII for a bank "y"

Xy = number of items disclosed by a bank "y" under dimension "X"

Xj = ideal number of items to be disclosed under that dimension.

Analysis and discussion of results

This section presents the results of the analyses of the annual reports examined for the 4 Islamic banks in the sample of this study for the years 2008-2009.

Table 1: ADE (2008)

DIMENSION	ARB	NCB	SHB	RB
Vision and Mission Statements	0.88	0.77	0.55	0.66
BODs and top management	0.23	0.00	0.46	0.61
Product and services	0.3	1	0.90	0.90
Zakat, charity and benevolent loans	0.26	0.60	0.26	0.33
Commitments toward employees	0.66	1.00	0.77	0.77
Commitments toward debtors	1.00	0.75	1.00	1.00
Commitments toward society	0.71	1.00	0.14	1.00
Environment	0.00	1.00	0.00	0.50
SSB	0.18	0.27	0.18	0.09
Community	0.71	1.00	0.14	1.00

Table 2: ADE (2009)

DIMENSION	ARB	NCB	SHB	RB
Vision and Mission Statements	0.77	1.00	0.44	0.88
BODs and top Management	0.38	0.69	0.69	0.69
Product and services	0.40	0.90	1.00	0.80
Zakat, charity and benevolent loans	0.33	0.46	0.26	0.46
Commitments toward employees	0.66	0.33	0.77	0.88
Commitments toward debtors	1.00	1.00	1.00	1.00
Commitments toward society	0.71	0.85	0.14	1.00
Environment	0.50	0.00	0.00	1.00
SSB	0.18	0.18	0.18	0.18
Community	0.71	0.85	0.14	1.00

Findings

The basis of discussion is in perspective of a dimensional approach. Overall performance of the banks throughout the specific years covered by the study is measured and their performance discussed.

In 2008, the "Vision and Mission statements" dimension, all banks disclosed more than half of the required items necessary in the annual report. In 2009, there was an improvement with 3 of the 4 banks disclosing at least half except Saudi Hollandi.

Contrary to the previous dimension results, on "BODs and top management", 1 out of 4 of the banks disclosed more than half required items in 2008. In 2009, there was an improvement in disclosure with 3 of the 4 banks disclosing more than half the required items.

Under the 3rd dimension, "Products and Services", three of the banks disclosed up to half of the required items in 2008 and 2009.

Under the "Zakat, charity and benevolent loan" dimension, only one bank disclosed up to half the required items in 2008 and disappointedly , none in 2009.

The 5th dimension, "Commitments toward employees" revealed that all the banks disclosed up to half the required items in 2008 while in 2009, 3 of the 4 banks disclosed up to half the required items.

The 6th dimension, "Commitment toward debtors", unsurprisingly revealed that all the banks disclosed almost all the required items both 2008 and 2009.

Under the 7th dimension, "Commitment towards society", 3 of the 4 banks disclosed up to half the required items in 2008 and 2009. However, Saudi Hollandi refused to disclose up to half the required items in 2008 and 2009 respectively.

The 8th dimension, "Environment" revealed that 2 banks disclosed up to half the required items in 2008 and 2009.

The 9th dimension, "SSB" revealed that none 4 banks disclosed up to half the required items in 2008 and 2009.

Lastly, the tenth dimension, "Community" revealed that 3 out of the 4 banks disclosed more than half of the items required with an exception of Saudi Hollandi bank.

Discussion of results

The results revealed that Islamic banks in Saudi Arabia had poor disclosure practices for institutions that claim to be operating on Shari'ah principles. Results of the analysis indicated that of the 10 dimensions, the dimension demonstrating the banks' commitment to debtors was the most disclosed, while the dimension dealing with the banks' activities as regards the environment was the least disclosed. In fact, the largest incongruence between actual level of disclosures and ideal level of disclosure was under five dimensions: "Environment", "Zakā, charity and benevolent loans", "Products and services", "Commitment to community" and "Vision and mission statements". The implication of these findings is that at present, Islamic banks in Saudi Arabia have much more in common with their conventional counterparts than they do with banks that are supposedly based on Shari'ah. This is because they disclosed a reasonable amount of information on their debtors and their corporate governance practices which is what one would expect from conventional banks. However, in areas that would demonstrate their ethical identity and ultimate goal of betterment of society that separates them from their conventional counterparts, they disclosed very little information in this regard in their annual reports.

As Haniffa and Hudaib (2007: 111) put it, the findings are surprising because Islamic banks, as social and economic institutions are expected to disclose more on those dimensions that reflect accountability and justice not only to society, but also ultimately to God. What can be gathered is that Islamic banks in Saudi Arabia have a lot of work to do before they become worthy of the tag they claim of been Islamic. This is not to imply that the development of Islamic banks in Saudi Arabia is not a step in the right direction; it is, but, these institutions have to realign their activities and priorities to make sure they truly reflect the Islamic principles which they claim to follow. This is very important if they are to retain their credibility and reputation in the society in which they operate. Perhaps an even more important implication for Islamic bank managers is their accountability to Allah, regarding their claim to operate under the precept of Shari'ah which at present is not truly been reflected by their actions.

In particular Zakat, which is one of the five pillars of Islam, has not been appropriately taken care of by the Islamic banks as indicated by the findings. Therefore, the study suggests that all the banks should take as a matter of urgency the issue of Zakat as important as it has a great impact other dimensions such as "Commitment towards society", "Community", and "Environment". Islamic banks, by their very nature, are supposed to adhere strictly to Shariah precepts as evidenced by the dimensions. The sad truth is that this is not reflected by Islamic banks in Saudi Arabia as reflected by the poor social disclosure practices. As Allah said in the Holy Quran, "O you who believe, why do you say that which you do not do? Grievously odious is it in the sight of Allah that you say that which you do not do." (Surat as-Saff, 61:2-3)

Limitations and future research suggestions

The researchers' study of disclosure in annual reports of Islamic banks in Malaysia answered the call for further research made by Haniffa and Hudaib (2007) and thus added to prior related studies on corporate social disclosures that focus mostly on the Western concept and hardly provide an Islamic perspective of this phenomenon. However, the findings of this study were subject to several limitations.

Firstly, there were limitations that arose as a result of the use of content analysis. Content analysis tends to focus on the quantity of information disclosed, rather than the quality. This affects the reliability of inferences and interpretations derived from such an analysis (Guthrie et.al, 2004). Another limitation of content analysis is the problem of subjectivity involved in coding when developing the research instrument (Wilmhurst and Frost, 2000). The instrument used in the researchers' study was adopted from Haniffa and Hudaib (2007), and Haniffa and

Hudaib mitigated this weakness by using two coders to score the research instrument and resolving any problems and discrepancies that arose via a set of basic coding rules (Haniffa and Hudaib 2007, p103). Another limitation of content analysis as used in the researchers' study was as regards the subjectivity involved in determining the disclosure levels of each bank. Only the researchers scored the banks and thus could have been affected by a bias, which would thus affect the reliability of the scores. To mitigate the weaknesses of content analysis, future research should consider other methodological approaches such as detailed interviews with management and stakeholders, in combination with content analysis, so as to enhance understanding of company social reporting practices.

Secondly, the researchers' study focused only on comparing disclosures made in annual reports with ideal levels of disclosure. It failed to take into account other means by which companies can communicate their social activities; for example via website, newspapers and magazines. Future research should thus consider disclosures in these other media.

Thirdly, the researchers' study compared communicated disclosures against ideal disclosures. The reality is that what is contained in annual reports may not reflect the true nature of social activities a company has actually done. Future research may thus consider comparing between actual social activities against those disclosed in annual reports, or actual social activities against an ideal level of social activities. This would provide evidence on whether or not Islamic banks intentionally mislead stakeholders by reporting what they have not actually done in their annual reports and other such media, all in an attempt to enhance their reputation.

Practical relevance of the paper

This study provides a useful toolkit for the management of Islamic banks to identify the gaps they need to fill and improve upon their social reporting practices. Also, the Saudi Government can also benefit from this study by using it to ensure that Islamic banks fulfill their corporate social responsibility. All other institutions that are based on the principles of Shariah can also utilize this study as a guide to achieving excellent social reporting practices in accordance with Shariah precepts.

Other Islamic bank stakeholders such as customers and other members of the community as well as non-governmental organizations will find this study useful. Customers, for example, can use this study's result to determine whether to stick with their current Islamic bank or shift to another one which has better social disclosure practices.

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Appendix

RESEARCH INSTRUMENT

Summary:
4 Themes
9 Dimensions (a new "environment dimension" added as this study examines "social reporting practices" as opposed to "ethical identity" as in original study).
78 constructs (two eliminated from original instrument as it is not applicable to Malaysia; two constructs added under new "environment"dimension)

Constructs eliminated:
1) Zakat to be paid by individuals (in Dimension 4)
2) Branches for women (in Dimension 7)
Constructs added:
1) The amount and nature of any donations or activities undertaken to protect the environment
2) The projects financed by the bank that may lead to harming the environment

Theme 1: Underlying Philosophy and Values
A. Dimension: vision and mission

	Construct	Disclosed (Y or N)
1.	Commitments in operating within Shari'ah principles/ideals	
2.	Commitments in providing returns within Shari'ah principles	
3.	Focus on maximizing shareholder returns	
4.	Current directions in serving the needs of Muslim community	
5.	Future directions in serving the needs of Muslim community	
6.	Commitments to engage only in permissible investment activities	
7.	Commitments to engage only in permissible financing activities	
8.	Commitments to fulfill contracts via contract (uqud) statement	
9.	Appreciation to shareholders and customers	

B. Dimension: BOD and top management

		Disclosed (Y or N)
1.	Names of board members	
2.	Positions of board members	
3.	Pictures of board members	
4.	Profile of board members	
5.	Shareholdings of board members	
6.	Multiple-directorships exist among board members	
7.	Membership of audit committee	
8.	Board composition: executive vs. non-executive	
9.	Role duality: CEO is Chairman of board	
10.	Names of management team	
11.	Positions of management team	
12.	Pictures of management team	
13.	Profile of management team	

Theme 2: Interest-Free and Islamically Acceptable Deals

C. Dimension: product

	Construct	Disclosed (Y or N)
1.	No involvement in non-permissible activities	
2.	Involvement in non-permissible activities - % of profit	
3.	Reason for involvement in non-permissible activities	
4.	Handling of non-permissible activities	
5.	Introduced new product	
6.	Approval ex ante by SSB for new product	
7.	Basis of Shari'ah concept in approving new product	
8.	Glossary/definition of products	
9.	Investment activities – general	
10.	Financing projects – general	

Theme 3: Development and Social Goals

D. Dimension: Zakat, charity and benevolent loans

	Construct	Disclosed (Y or N)
1.	Bank liable for Zakat	
2.	Amount paid for Zakat	
3.	Sources of Zakat	
4.	Uses/beneficiaries of Zakat	
5.	Balance of Zakat not distributed – amount	
6.	Reasons for balance of Zakat	
7.	SSB attestation that sources and uses of Zakat according to Shari'ah	
8.	SSB attestation that Zakat has been computed according to Zakat	
9.	Sources of charity (saddaqa)	
10.	Uses of charity (saddaqa)	
11.	Sources of qard al-hassan	
12.	Uses of qard al-hassan	
13.	Uses of qard al-hassan	
14.	Policy on non-payment of qard al-hassan	

E. Dimension: Employees

	Construct	Disclosed (Y or N)
1.	Employees appreciation	
2.	Number of employees	
3.	Equal opportunities policy	
4.	Employees welfare	
5.	Training: Shari'ah awareness	
6.	Training: other	
7.	Training: student/recruitment scheme	
8.	Training: monetary	
9.	Reward for employees	

F. Dimension: Debtors

	Construct	Disclosed (Y or N)
1.	Debt policy	
2.	Amount of debts written off	
3.	Type of lending activities – general	
4.	Type of lending activities – detailed	

G. Dimension: Community

	Construct	Disclosed (Y or N)
1.	Creating job opportunities	
2.	Support for org. that provide benefits to society	
3.	Participation in government social activities	
4.	Sponsor community activities	
5.	Commitment to social role	
6.	Conferences on Islamic economics	

H. Dimension: Environment

	Construct	Disclosed (Y or N)
1.	The amount and nature of any donations or activities undertaken to protect the environment	
2.	The projects financed by the bank that may lead to harming the environment	

Theme 4: Reviews by Shari'ah Supervisory Board
I. Dimension: Shari'ah Supervisory Board (SSB)

	Construct	Disclosed (Y or N)
1.	Name of members	
2.	Pictures of members	
3.	Remuneration of members	
4.	Report signed by all members	
5.	Number of meeting held	
6.	Examination of all business transactions ex ante and ex post	
7.	Examination of a sample of business transactions ex ante and ex post	
8.	Report defect in product : specific and detailed	
9.	Recommendation to rectify defects in products	
10.	Action taken by management to rectify defect in product	
11.	Distribution of profit and losses comply to shariah	

JYVÄSKYLÄ UNIVERSITY
SCHOOL OF BUSINESS AND ECONOMICS

University of Jyväskylä is a traditional research university in the lake region of Finland with over a century of history in multidisciplinary education and research. Jyväskylä University School of Business and Economics is a full service Business School with vivid educational activities (Bachelor, Master, Doctoral), research, and business outreach. The faculty of the Business School serves 1100 full time students, 170 doctoral students, and 200 MBA students.

The positions are located in the Strategy and Entrepreneurship Group. The Group is dedicated to high-quality research in the areas of (1) strategy, (2) new business creation (3) internationalization, and (4) corporate environmental management. Teaching assignments encompass undergraduate, graduate, and Ph.D. programs: on average three courses per year. Courses are taught in English. The appointments are effective starting October 1, 2012 or thereafter as soon as possible.

Applications are currently being accepted for several positions:
1) Professor, entrepreneurship, contract length open-ended
2) Professor, entrepreneurship and international business, contract length open-ended
3) Professor, technology management, contract length open-ended
4) Professor, strategic management, contract length open-ended
5) University researchers 1-4 positions, contract length four years or open-ended
6) Postdoctoral researchers 1-4 positions, contract length maximum of four years

The university researchers and postdoctoral researchers are being recruited in the main research areas of the department, which are **entrepreneurship, entrepreneurship and international business, technology management and strategic management**. The appointments are effective starting October 1, 2012 or thereafter as soon as possible. The qualifications, duties and tasks of the professors are described in more detail in the appointment procedures, see https://www.jyu.fi/jsbe/appointmentprocedure

Salary
The basic salary of professors depends on the qualifications and experience of the nominee and ranges between levels 8–11 (4543,23 EUR/month – 6703,084 EUR/month), for university researchers the basic salary ranges between levels 5–7 (2787,19 EUR/month – 3754,51 EUR/month), for post-doctoral researchers between levels 5–6 (2787,19 EUR/month – 3254,17 EUR/month). Based on personal performance, these can be supplemented by up to 46,3 %.

Enquiries

For informal enquiries about the positions, please refer to the research projects listed online, or contact Head of Strategy and Entrepreneurship Group, Professor Juha-Antti Lamberg (juha-antti.lamberg@jyu.fi , telephone: +358505771698).

Applications

The Call for Applications can be seen on the University of Jyväskylä website at www.jyu.fi/en and can be ordered free of charge from the University Registry Office, tel. +358 40 805 3473.

Applicants are kindly asked to make their applications by using the electronic form on page https://www.jyu.fi/jsbe/jobs/tenureapplication. The application with the applicant's contact information can also be addressed to University of Jyväskylä, Registry Office, P.O. Box 35, 40014 University of Jyväskylä, Finland.

The closing date for the applications is 31 July 2012 at 16.15.