PROMOTING AN INCLUSIVE WORK CULTURE
FOR INNOVATIVE CORPORATE RESPONSIBILITY STRATEGIES:
A CASE STUDY IN THE LUXURY SECTOR

A Thesis

by

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in Partial Fulfillment
of the Requirements for the Degree

Master of Sustainability Science

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Graduate Program in Sustainability Science
Graduate School of Frontier Sciences

THE UNIVERSITY OF TOKYO

September 2013

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ABSTRACT

As the impacts from fast paced globalization become more evident, business firms started to face growing expectations from civil society to address environmental and social issues. Corporate responsibility (CR), which refers to private sector's voluntary initiative to go over-compliance and to tackle its economic, environmental and social responsibilities in an equal and balanced way, emerged as a response to these expectations for increased business regulation.

However, CR initiatives used to focus solemnly on uncoordinated philanthropic activities with no connection with the company's core business, resulting in little significant strategic both for the firm and for society. Nevertheless, CR has the potential to transform markets trends, provide firms with competitive advantage and create meaningful societal impact if carried out strategically. Indeed, the consideration of CR not as a constraint but as a source of innovation and creativity, can lead to the creation of new products, services or business models that aim at solving environmental or social issues, while building a source of competitive advantage. This innovative approach would bring more benefits to the firm and to society than just mere corporate philanthropy.

In this regard, innovative strategies require the promotion of human capital leading to innovation such as imaginative mindsets and increased learning capabilities, characteristics that emerge in a diverse environment. Diverse environment bring different thinking processes, increased creativity, unconventional knowledge and in particular diversity in gender, namely on the Board of Directors, is associated with greater innovative performances. But in order to benefit from diversity, companies need to out in place an appropriate organizational culture and

management strategy. In this sense, the organizational culture appears as a moderator of the relationship between diversity and organizational performance.

Nevertheless, previous studies on CR responsibility have been mainly theoretical, ignoring variables related to industry, cultural and national context on corporate responsibility. Furthermore, this lack of contextualization also applies to researches on the impacts of diversity on corporate performance, which focused mostly on the composition of upper management level such as boards of directors, ignoring the role of diversity management as an important moderating factor for the success of diversity in a business setting.

The objective of this study is to fill the gaps in previous research by opening up a more realistic understanding of the relationship between diversity and CR, by focusing on a specific industry sector, therefore allowing for consideration of contextual factors such as the business environment and the firm's strategic orientation. Our main research question was to investigate how companies in the luxury sector that invest in innovative corporate responsibility consider and manage diversity. The hypothesis in this research is that diversity can bring innovation, creativity and new perspectives to the firm, if supported with an inclusive corporate culture, and can lead to more innovative corporate responsibility strategy.

The research methodology encompassed a research design that entailed a quantitative and qualitative analysis of the company's CR and diversity strategy. A multiple case study approach was selected in order to allow in-depth studies of individual companies and comparisons between cases. The sample size included seventeen companies selected on the basis of annual revenue, including the more profitable firms in the luxury sector. The data was collected from secondary data sources publicly available, such annual reports, sustainability and environmental reports and organizational profiles. The data was analyzed on 26 dimensions of CR, in its economic, environmental and social dimension. Each indicator is scaled on three levels: high, medium and low sustainability In order to evaluate and compare the firm's strategies regarding these indicators, an Index of Corporate Commitment to CR was constructed. The index was analyzed using a cluster matrix analysis for the purpose of identifying common strategic orientation regarding CR as Innovative, Integrative or Philanthropic using a framework proposed by Halme and Laurilla (2009). As for the analysis of the diversity management and organizational culture, data was collected regarding the number and percentage of women on Boards, used as a proxy for diversity on board. Data was also collected for different policies for the promotion and inclusion of diversity (gender, age, ethic, nationalities, disabilities and sexual orientation), as well as qualitative data on the company's vision and discourse around diversity.

The analysis of the CR performances of the luxury sector revealed a segregation of strategies regarding CR. The first cluster of companies has a CR strategy that can be qualified as Innovative, perceiving sustainability innovation as a source of business advantage and value creation and therefore adopting a strategic point of view, investing in eco-products and engaging in sustainability with consumers. Companies in the second cluster are pursuing an Integrative CR strategy, focusing on preserving brand reputation by conducting business in an ethical manner, minimizing negative operational impacts such as detrimental environmental impacts and managing risks in the supply chain. Finally, companies in the last cluster can be qualified as Philanthropic as their CR strategy is mostly concentrated on compliance and traditional philanthropic activities, such as charity and employee volunteering, with no consideration of environmental impacts. Furthermore, the findings regarding diversity consideration in each of the above mentioned clusters revealed a strong linkage between the pursuit of innovative CR strategies and diversity promotion, both from a composition and a diversity management perspective. Firstly, companies in the Innovative CR cluster had in average more women both in number and in percentage, than the Integrative and Philanthropic clusters. Secondly, Innovative CR companies perceive diversity as business strength and adopt a pro-active attitude towards diversity promotion, as well as an inclusive organizational culture. Integrative CR companies look at the respect of diversity as part of being an ethical employer; their diversity management focuses on equal opportunity and on the disclosure of diversity composition to stakeholders. In contrast, Philanthropic CR companies do not support diversity beyond legal compliance and their diversity management has been the object of criticism by civil society. Nevertheless, we identified one dissident case that does not confirm our hypothesis revealing that there are several factors that can moderate the relationship between corporate responsibility strategy and diversity promotion. Indeed, we found that it is important to consider external factors that can influence the adoption of innovative CR strategies such as the business environment, national culture and legislation, influence of civil society, as well as internal factors such as the firm's strategic position and sector of activity.

This study evidences that a pro-active approach regarding diversity is beneficial for firms engaged in innovative corporate responsibility. In order to improve our understanding of the relationship between diversity and CR, future research should continue elaborating on case studies, especially in order to carry out longitudinal research to investigate if companies that are innovative became more diverse or if diverse firms became more innovative.

ACKNOWLEDGEMENTS

It is with immense gratitude that I acknowledge the support and help of Project Associate Professor Yarime Masaru, from The University of Tokyo for his supervision during the research process. This project would not have been possible without his guidance and his knowledge.

It also gives me great pleasure in acknowledging the help of Assistant Professor Tomohiro Akiyama, from the University of Tokyo for his support during the whole organizational and writing process. His commitment at all times toward his students makes him a great teacher and person.

I am hereby extending this acknowledgement and appreciation to all professors in GPSS and to their helpful input during GPSS Seminar.

I am indebted to Laurent Boillot from Guerlain that kindly offered me a rich inside in the company's diversity and corporate responsibility strategy.

I am also indebted to the University of Tokyo and MEXT that made it possible to carry this research, by providing me the needed resources.

I wish to thank all my colleagues that contributed to improve this work, with their useful advices and comments, and with whom I shared so many good times and laughs, especially all the students from the seventh floor.

DEDICATION

I dedicate this master thesis to my family for their support and for teaching me that with hard work, focus and confidence there is no goal out of reach.

I also dedicate this work to my loved one, who was the first to listen to this research on a crowded train to Tokyo. For his trust when I doubted, careful listening when I panicked and especially for being one of the pillars in my life.

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LIST OF ABBREVIATIONS

BOD	Board of Directors
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
EU	European Union

PREFACE

If there is a general consensus among academics and a wide acknowledgement of the public opinion on the unsustainability of our development path, an agreement on what sustainability consists and how to achieve it, it still to be found. Indeed, western industrial revolutions brought unseen economic development, which generated the material wellbeing we are now enjoying. Unfortunately, these material were acquired at the cost of environmental and social degradation, such over-use of natural resources, water, air and land pollution, poverty growth, uncontrolled urbanization, to name only a few.

As International Institutions and researchers struggled to find solutions to our planet more pressing issues, an agreement could not yet be reached on what sustainability consists exactly, what are its goals and how to achieve them (Holling, 2000) Of course, there is the most quoted definition of the former Norwegian prime Minister Gro Harlem Brundtland in the Brundtland report, that encompasses sustainability as ”path of progress that meets the needs and aspirations of the present generation without compromising the ability of the future generation to meet their needs” (World Commission on Environment and development, 1987). As, this concept has different meanings according to fields, sectors such as governments, civil society, Non-Government Organizations and industry, a deeper examination is needed.

The concept of corporate sustainability emerged from the main definition of sustainability and encompasses the impacts and responsibilities of the business sector. According to this definition, corporate sustainability can be defined as the consideration by the business sector of the so-called triple bottom line (Elkington, 1995) that is to say, companies should adopt a new responsible approach to making business that enables progress in the economic, social and environmental dimensions of corporate sustainability. Nevertheless, the corporate sustainability concept has the same flaws that the sustainability definition from it emerged: the goal is fixed but the road to get there remains uncertain. In order to get more concrete results, a management approach needs to be considered when dealing with sustainability in the business sector. Therefore, if we can compare corporate sustainability to the objective, corporate responsibility has the function of a tool-box to get to this objective.

This research will focus on corporate responsibility as defined by Halme and Laurila (2009), "Policies and activities that go beyond mandatory obligation such as economic responsibility (being profitable) and legal responsibilities (obeying the legislation and adhering to regulation)." Corporate responsibility is the management approach utilized to balance economic, social and environmental responsibilities (Windsor, 2006) not focusing on the results but on the means employed to achieve corporate sustainability. Research on corporate responsibility can contribute to sustainability research as management changes concerning environmental and social impacts are the first concrete steps that the private sector needs to take in order to achieve a more balanced economic development model.

1. INTRODUCTION

1.1 Historical Background on Corporate Responsibility

As the negative impacts of globalization become more evident (Korten, 1995; Stiglitz, 2006), corporations started to face growing expectations from civil society and academic researchers to address environmental problems, including forest degradations, mining destruction, climate change, as well as social issues such as worker's and communities rights (Auld et al., 2008). Renowned academic criticize the rules of globalization, favoring developed countries over developing countries. Indeed, economic, political, cultural and environmental systems in developing countries were sacrificed over the altar of economic growth in developed countries, meaning US, Europe and Japan (Stiglitz, 1996). Empirical research in the 1990's confirmed his hypothesis as the gap between rich and poor doubled from the 1970's levels, and developing countries saw their situation deteriorated (Rigby, 1993). But the assumption that globalization benefits developed countries has to be revised in the last years, since the financial crisis demonstrated how labor markets and public finances are also suffering from globalization and its delocalization for cheaper labor, as well as fiscal paradises, causing growing inequalities. Indeed, according to the OECD, The gap between rich and poor widened more in the three years to 2010 than in the previous 12 years.

New global governance structures and increased regulation on corporations was proposed as a solution to globalization negative impacts (Stiglitz, 2006) but recent failure of inter-governmental and governmental processes have undermined the expectations for external constraints on corporation behavior.

According to Young (1999), regimes in place to deal with large-scale environmental problems lack efficiency to solve the problems they were supposed to tackle. Growing criticisms for corporation's actions and the failure of governmental actions to regulate market behavior put the focus on corporations to bring their own solution to the problems they created, contesting the view that business responsibility is solemnly to be engaged in the pursuit of profit, not taking the responsibility for negative environmental and social externalities. The increased organizational capacity of NGO's (Non-governmental organizations) led to negative repercussions such as boycotts campaigns that could lead to reputational damage, loss of fidelity and therefore negative financial performances. The first protests took place in Seattle in 1999, and tackled the World Trade Organization and its role in promoting economic globalization. Other striking examples are the consumer boycott faced by Nike in the 1990's, as the New York Times revealed the working conditions of its Indonesian suppliers that suffered from abusive labor practices and deteriorated working conditions. These examples multiplied and extended to every business sector, from energy companies, to pharmaceutical industry and even fast-food companies (Porter and Kramer, 2006).

Corporate responsibility (CR) emerged as a response to civil society's expectations for increased business regulation. Corporate Responsibility is the ensemble of voluntary initiative of the business sector to go over-compliance and to tackle its economic, environmental and social responsibilities (Halme and Laurila, 2009) in an equal and balanced way. This concept is sometimes referred as corporate social responsibility, but in this research we will use the term corporate responsibility as some authors argue that it may exclude the environmental responsibilities of the private sector (Desjardin 1998). We think that the private sector should consider equally its economic, social and environmental responsibilities.

However, corporate responsibility initiatives used to focus solemnly on ethical actions with little significant strategic impact to business firms, presenting no real societal impact. This is mainly due to the fact that scholars and business representatives considered profitability as the main business responsibility, considering the impact on society and the environment as marginal, or even detrimental (Friedman, 1970). Indeed, Carroll (1991) in her pyramid of corporate responsibility, described in Table 1, emphasizes that the first responsibility of corporations is to the economic responsibility, that is to say, to be profitable. Once those companies are profitable, they should comply with the national and international legal framework, which she qualifies as "playing by the rules of the game". Above those responsibilities are the moral or ethical responsibilities, avoiding any harmful action to the society and, on the top of the pyramid, the discretionary responsibilities of companies that require the private sector to behave as a good corporate citizen, by contributing with financial resources to the community.

Table 1: The Pyramid of Corporate Social Responsibility. Modified from Carroll (1991)

Business Responsibilities	**Description**
Discretionary Responsibilities	Be a good citizen by improving the quality of life and contribute resources to the community
Legal Responsibilities	Obey the law, play the rules of the game
Economic Responsibilities	Be profitable: this is the foundation upon which of all others rest

According to this framework, CR actions taken by the private sector do not aim at changing the rules of the game. Therefore, early corporate responsibility actions were mainly concentrated on areas with no link with the company's core business activities. Indeed, according to Porter and Kramer (2006), the argumentation for carrying out CR activities has been disconnected from the business strategy: proponents of CR claim that the moral obligation of business, the license to operate, possible reputational damages and sustainability are valuable causes for pursuing these activities. But by disconnecting CR activities with business strategy and operational context, the impact of CR activities is hardly significant, both for business and society. Therefore, this conception resulted in uncoordinated philanthropic activities with no connection with the company's core business, with little societal impact and no competitive advantage for the firm. Furthermore, CR could even be a source of competitive disadvantage for firms, as financial resources were dedicated to these activities without positive repercussion, losing the competitive advantage from firms that spare those extra financial resources (Vogel, 2005). In order to really advance the CR model, one has to rethink the concept, anchoring it the firm's strategy and business environment.

1.2 Innovative Corporate Responsibility Strategies

The theory of the business case for corporate responsibility affirms that the last will have a positive impact on shareholder's revenue, stakeholders and society in general (de La Cuesta, 2004)[i]. The mechanisms for increasing the firm's benefit are multiple and range from eco-efficiency, (Porrit, 2001; Porter, 1995) to employee recruitment and motivation, and to the impact on customer satisfaction and corporate reputation (Steger et al., 2005).

Indeed, firms that have achieve greater consumer's satisfaction levels thanks to their CR activities will be rewarded with increased consumer loyalty and therefore higher reputation and market value.

Nevertheless, empirical research on the impact of corporate responsibility on firm's financial performance has been inconclusive. While some research supports the positive relationship between CR and firm's market value, in aspects such as economic value (Simpson et al. 2002; Griffith et al., 1997), the reduction of organizational risks (Moore, 2001; Orlitzky et al., 2001), employee retention (Turban et al., 1997), corporate image and reputation (Maignan et al., 1999; Brown et al., 1997) and to customer satisfaction (Luo et al., 2006). However, other authors do not found any positive relationship and sometimes even a negative relationship between corporate responsibility and the firm's financial performance (Omran et al., 2002; Mc Williams et al., 2000).

One of the reasons for this gap in empirical results is the fact that most research considers corporate responsibility as a homogenous block, with no practical distinction of the different types of CR, and especially its link with the company's strategy, its core business and operational activities. Indeed, previous discussion on the impacts of CR both in financial performances and society were not distinguishing between different types of corporate responsibility, ignoring the fundamental differences between initiatives with different purposes and impacts.

In order to remedy this gap, Halme and Laurila (2009) developed a typology based on the relationship of CR with core business, the target and expected benefits of CR, as described in Table 2. This action-oriented typology distinguishes between philanthropy, CR integration and CR innovation.

Firms pursuing CR Philanthropy are pursuing reputation preservation, therefore engaging in activities outside the business firm and receiving no direct business benefit from them. By contrast, firms engaging in CR Integration are internalizing the negative externalities in their core business, by implementing policies to improve environmental and social operational impacts in their core business: expected benefits include cost and risk reduction and reputational improvement. The last type of CR sees environmental or social problems not as constraints but as a source of business innovation and creativity and seeks to develop new products to solve these issues. This Innovative CR approach has strong potential benefits both for business and society because it is built on a win-win approach. By creating new products, services or business models beneficial for the environment and society, the company is also strategically investing in its future, and in a source of competitive advantage.

Table 2: Distinction of Three Corporate Responsibility Strategies. Modified from Halme and Laurilla (2009)

	Philanthropic CR	**Integrative CR**	**Innovative CR**
Relationship to core business	Outside of firm's core business	Close to existing core business	Enlarging core business or developing new business
Actions or activities	Extra activities	Environmental and social performance in existing business	New product or service development
Benefit	Image improvement and other reputation impacts	Improvement of environmental and social aspects of core business	Alleviation of social end environmental problem

As previously discussed, recent development in the CR concept indicates that it has the potential to transform markets trends, provide firms with competitive advantage and create meaningful societal impact. While it is often argued that both Integrative and Innovative CR could bring more benefits to the firm and to society than philanthropy (Hillman and Keim, 2001; Porter and Kramer 2006), Innovative CR could potentially be the more profitable approach (Halme and Laurila, 2009). Nevertheless, in order to successfully implement this approach firms should look at strategies to promote innovation and creativity. Previous research considered the potential of innovation for sustainability.

Stimulating innovation can favor the creation of new products or production processes superior from an environmental or social aspect, such as eco design or sustainable design (Carrano and Thorn, 2006). It is also positive to achieve organizational innovation such as changes in the organizational structure, corporate strategy and management techniques to create a favorable ground for the implementation of sustainability issues (Preuss, 2010).

1.3 Diversity as a Factor of Innovation and Creativity

Previous studies emphasize how the implementation of innovative strategies requires the promotion of human capital leading to innovation such as imaginative mindsets and increased learning capabilities (Grifiths, 2004), characteristics that tend to emerge in a diverse environment. Indeed, empirical research connected highly diverse teams to different thinking processes, increased creativity, and unconventional knowledge (Cox, 1994; Higgs, 2005; Leung, 2008). In particular diversity in educational backgrounds and gender were associated with greater innovative performances (Ostergaarde, 2010). Researchers analyzing the impact of diversity on corporate performance have been particularly focusing on diversity on Boards, and especially on Boards of directors (BOD). Indeed, previous researchers on Women on BOD found that gender inclusive leadership is associated with higher levels of charitable contributions (Soares et al, 2011), corporate social responsibility ratings as well as corporate reputation (Bear et al, 2010), and the probability of being represented in the most ethical companies indexes (Bernardi et al, 2009). Other researchers also linked the demographic diversity in the Boardroom to innovation, using a sample of Fortune 500 (Miller et al, 2009).

But in order to benefit from diversity, companies need to put in place an appropriate organizational culture and management strategy so that innovative performance will be actually achieved (Dwyer et al., 2001). In this sense, the organizational culture appears as a moderator of the relationship between diversity and organizational performance (Dwyer et al., 2001). According to these authors, diversity benefits from an informal organizational culture characterized by flexibility and spontaneity. Therefore, internal conditions, such as organizational culture and diversity management, are essential to create favorable conditions for innovation and organizational performance.

1.4 Gap in Previous Research and Research Contribution

This research will mainly address the gaps in the two research streams previously mentioned. Firstly, we will address the gaps in the research field of CR and, secondly, in the field of the impact of diversity on corporate performance.

Previous research on CR has been mainly theoretical (Halme, Laurilla 2009), therefore having a limited understanding of its impacts on a real life setting. In order to remediate to this, future research should include two aspects. On one hand, authors pointed out the need to introduce more variables related to industry, cultural and national context in future research on corporate responsibility (Aguilera et al., 2007; Goll and Rasheed, 2004; Dalzmann et al., 2005; Simpson and Kohers2002). Indeed, corporate responsibility is a complex phenomenon as what can be considered as responsible corporate behavior depends on several contextual factors such industrial context (Lankoski, 2000) or national, cultural and social contexts (Midttun et al., 2006).

In order to get a better understanding of the potential of different types of corporate responsibility, there needs to be a greater inclusion of contextual factors. On the other hand, researchers (Halme and Laurila, 2009) also pointed out that future studies will need to address CR outcomes in a more detailed fashion, using a variety of research designs and using different empirical measures. In this sense, case studies looking in detail into the strategy of companies could contribute to this research field. Indeed, there is a need for descriptive research in this area that should either focus on specific groups such as industry sectors, in order to identify common patterns or variations (Steger et al., 2005) and open up a more realistic understanding of the CR relationship.

Concerning research on the impacts of diversity on corporate performance and specifically on innovation, previous researchers pointed out that future academic study should incorporate different levels and dimensions of diversity, as past studies considering human capital focused mainly on small groups such as top-managers or members of Boards of Directors (Ostergaard et al., 2010). This choice overlooks the fact that the innovation process requires innovation between employees at several levels inside the same organization (Lundvall, 1985, 1992; Laursen et al, 2006). Moreover, research on the impacts of Board Diversity on corporate performance has been focusing on financial performance, such as return on investment, rather than on corporate responsibility. Furthermore, the role of organizational culture is a critical factor for the success of human capital in the firm's performance (Dwyer et al., 2003) that has been overlooked. Therefore, future research should not only look at demographic composition, but also consider other factors such as management, and more precisely how the firm manages diversity (Pitcher and Smith, 2001).

Indeed, this last factor is critical for understanding if a diversity on the BOD brings different perspectives to the decision-making process of if diversity is teams and in management is promoted to favor new perspectives to the company's strategy.

This research's objective is to fill these gaps by conducting descriptive research in a real business setting in order to investigate the relationship between different CR strategies and diversity, taking into consideration the business environment and the firm's strategic orientation. In order to look in detail into the company's strategies, as well as getting an understanding of this relationship in a real life setting, the research design will encompass a series of case studies in the luxury sector. By engaging in research in luxury sector, this research is to perceive the opportunities for corporate responsibility and identifying different corporate responsibility strategies among companies in the luxury sector, that has not being considered in previous research. The luxury sector was reticent to adopt and communicate their corporate responsibility practices. According to Lochard and Murat (2011), the causes for this late commitment are multiple. On one hand, the longevity of its products, often transmitted from generation to generation, constitute an opposition to the often-criticized mass consumption and mass production system, principally responsible for resource depletion. On the other hand, the nature of the luxury sector business does not have an obvious impact on the environment, unlike heavy impact industries such as energy or chemical industries. The criticism expressed by civil society regarding corporate responsibility practices of luxury companies (Bendell and Kleanthous, 2007), especially regarding the sourcing and use of materials, was a wake-up call for all major actors in the industry. NGO's such as Global Witness, PETA and Greenpeace took actions concerning the sourcing of diamonds, the use of animal skin or the toxicity of the cosmetic industry and alerted consumers on hidden practices of major luxury companies. Firms started considering their environmental and social responsibilities as fundamental in order to preserve brand image and corporate reputation, a strategic issue for the luxury sector. But corporate responsibility was only considered under its Philanthropy and CR Integration form, and few companies see its potential to form a competitive advantage. Previous assessment on the luxury engagement concluded that "luxury brands failed to embrace social and environmental challenges as part of their core business strategies. Instead, we are seeing a piecemeal approaches to corporate social responsibility (…) this is usually limited to "glam philanthropy" (Bendell and Kleanthous, 2007). Identified weaknesses by these authors include lack of explicit policies, systematic programs, stakeholder dialogues and comprehensive sustainability reporting. Nevertheless, the luxury sector has the potential to engage in meaningful CR strategies, to transform markets and create a meaningful impact in the society. Firstly, luxury firms have a major impact in consumer behavior (Bendell and Kleanthous, 2007) and could propagate environmentally and socially responsible consumption behavior patterns, both to the elite and to mass consumers. Secondly, luxury firms have a considerable transformative potential in other industries (Bendell and Kleanthous, 2007), which could be used to stimulate the offer of eco-products if those are desirable and unique in the mass market. Innovative CR of luxury firms should therefore concentrate on engaging with consumers on sustainability by diffusing new values and consumption behavior, as well as increase their offer on eco-products and environmentally friendly design and conception.

Therefore, our main research question is: does a diverse leadership leads to better CR practices, that is to say a top-down, or do firms investing in Innovative CR promote diversity as a factor of innovation following a bottom-up approach?

In order to answer this, there are two sub-questions: What are the CR strategies of companies in the luxury sector? And what is the relationship between CR strategies, diversity in the Board of Directors and corporate culture regarding diversity in those firms?

The hypothesis of this research is that firms aiming at innovative corporate responsibility strategies need innovation, creativity and new perspectives integrated in the decision-making process: therefore, Innovative CR firms will actively promote diversity through an integrative culture. Nevertheless, this relationship between CR strategy and diversity is moderated by the external business environment and the firms' characteristics.

2. METHODOLOGY

2.1 Research Design: The Choice of Multiple Case Studies

The purpose of this section is to describe how the research design chosen is suited for exploring and answering the research questions stated in the previous section. The research encompasses a mixt of quantitative and qualitative analysis through multiple case studies of 17 companies' CR and diversity strategy.

Firstly, as our research objective is to get a better understanding of both diversity and corporate responsibility strategies, the research design should allow for in depth studies of individual companies practices. In order to do so, qualitative data was extensively used in this research as it allows for a detailed description and in-depth analysis of corporate strategies. In this regard, case studies are more appropriate to analyze large amounts of qualitative data.

Secondly, the research design opted for a multiple case study approach instead of a single case study as the first allows comparisons between cases. Multiple case studies enable the researcher to study similarities and differences between two or more cases and by comparing cases researchers can get a better understand of a social phenomenon (Bryman, 2008). This is especially true when the units studied are from two or more countries that obey to different institutional systems, legislative systems as in the case of this research. Indeed, comparative case studies allow the research to investigate the generative or causal mechanisms in equal or different contexts such as different institutions, customs, life-styles (Bryman, 2008): therefore this approach is largely used in organization studies (Lacey and Peer, 2009). In this research, we applied this research design to the analysis of business firms in contrasting labor markets.

Thirdly, the use of multiple case studies improves the generalizability of these findings (Miles and Huberman, 1994), through replication logic (Eisenhard 1989, Yin, 1994). By having multiple case studies, we can confirm whether our hypothesis is confirmed (Eisenhardt, 1989; Yin, 2009) and therefore the theory building process is facilitated. In our study, comparing multiple cases can bring insight on the relationship between diversity promotion and corporate responsibility

Finally, as this study's research objective entails a contextualization of the relationship between CR and diversity, and a case study design allows for a more detailed analysis of the influence of the firm's environment and strategic orientation in the adoption of CR and diversity practices. Case studies are useful to get a better understanding of a phenomenon in a "real-world context", where an understanding of the context is essential for the understanding of the phenomenon (Yin, 2009). Especially in organization theories, case studies allow studying the "sensitive dynamic interaction" between organizations and their business environment (Hussey and Hussey, 1997). By analyzing different contexts, this research can get a better understand of how CR is related to corporate diversity, and how this relationship depends on the context. By doing so, we can determine what are the crucial contextualizing factors that will undermine or boost the gender diversity-corporate and responsibility relationship, such as the firm's strategic orientation and the business environment. Therefore, a case study is useful to understand the contextual and complex nature of business strategies, corporate responsibility strategies and firm's organization

2.2 Selected Cases

The sample comprised of business firms in the luxury sector, defining luxury according to the Colbert criteria. If the modern vision of luxury emerged in France in the 17th century, researchers still have not arrived on a common definition to the meaning of luxury. Indeed, several approaches have been taken in order to define luxury, and through extension, the luxury market. The first approach used the dimensions of high priced products, defining luxury as a higher-priced tier of offering in almost any product or service category (Dubois, 2001). The experiential approach illustrated by Jean-Noel Kapferer (Kapferer, 1998) defines luxury as items which provide extra pleasure by flattering all senses at once. In this research, we define luxury according to the six criteria defined by the Colbert committee and described in Lochard and Murat (2010). As shown in Figure 1, luxury is defined as a combination of tradition, know-how, excellence and innovation. To this traditional dimension of luxury, two more recent additions need to be mentioned: selectivity in the retail policy and in customers.

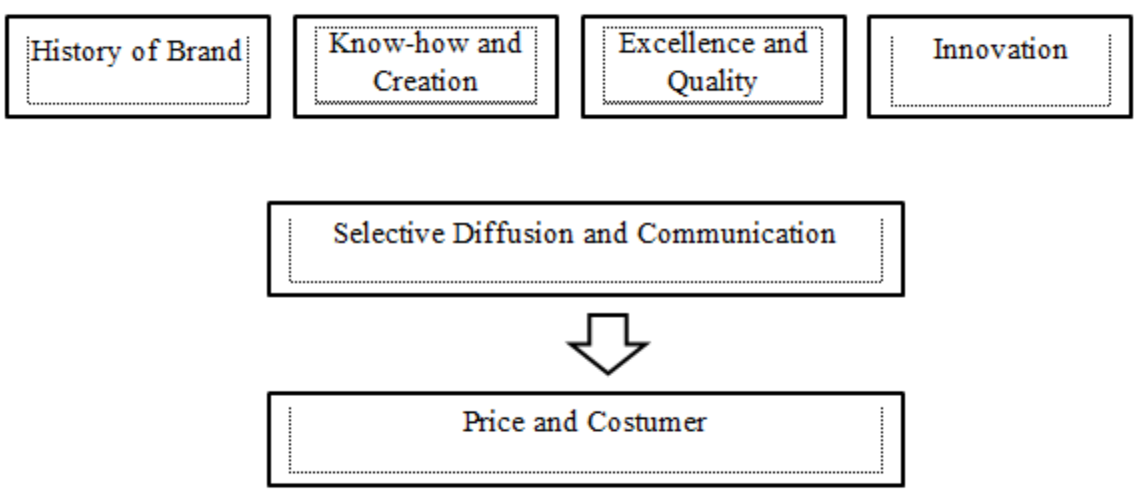


Figure 1: Characteristics of luxury. Adapted from Lochard, Murat (2011).

The luxury sector does not form a sector per se but encompasses different sectors of activity. One can identify up to 35 sectors of activity, from fashion accessories to crystal work, luxury florists, smoking articles, and this segmentation is constantly evolving. A luxury brand or prestige brand is a brand for which a majority of its products are luxury goods. It may also include certain brands whose names are associated with luxury, high price, or high quality, though few, if any, of their goods are currently considered luxury goods. The principal and more famous four sectors are wines and liquors, fashion and leather accessories, perfumes and cosmetics, watches and jewelry, as represented in Table 3

Table 3: Repartition of Revenue Per Group of Activity in the Luxury Sector. Adapted from Lochard and Murat (2011)

Millions of euros	**2001**	**2002**	**2003**	**2004**
Wines and Liquors	2232	2266	2116	2280
Fashion and Leathers	3612	4207	4149	4362
Perfumes and Cosmetics	2231	2236	2181	2153
Watches and Jewelry	548	552	502	496
Selective retail	3493	3337	3039	3378
Total	12116	12688	11668	12577

The sample size included seventeen companies selected on the basis of annual revenue including the more profitable firms in the luxury sector (Lochard, Murat, 2011). It includes Louis Vuitton Moët Hennessy (LVMH), Estée Lauder (ELC), Richemont, Luxottica, Shiseido, L'Oreal, Ralph Lauren, PPR, Swatch, Coach, Tiffany & Co, Hermès, Armani, Hugo Boss, Prada, Burberry and Safilo.

Table 4: Revenue of Major Firms in the Luxury Sector. Adapted from Lochard and Murat (2011)

Rank	**Sector**	**Company**	**Revenue in M euros**
1	Leather-Liqueurs	LVMH	14 340
2	Cosmetics	Estee-Lauder	5 562
3	Jewelry-Watches	Richemont	5 176
4	Eyeglass manufacturer	Luxottica	5 094
5	Cosmetics	Shiseido	4 954
6	Cosmetics	L'Oreal DPL	4080
7	Textiles	Ralph Lauren	3581
8	Leather goofs	Gucci	3390
9	Watches	Swatch	2934
10	Leather goods	Coach	2517
11	Jewelry	Tiffany &co	1941
12	Leather goods	Hermes	1914
13	Textiles	Armani	1620
14	Textiles	Hugo Boss	1562
15	Leather goods	Prada	1556
16	Textiles	Burberry	1437
17	Eyeglass manufacturer	Safilo	1011

2.3 Data Collection and Analysis on Corporate Responsibility and Diversity Strategies

2.3.1 The construction of a corporate responsibility index

Data was collected and analyzed through a framework built for the purpose of assessing and comparing the commitment of luxury-brand companies in regard to CR: the Corporate Responsibility Index. Firstly, a literature review on the economic, environmental and social impact of the Luxury sector was conduct in order to improve our understanding of detrimental impacts and potential innovative ways to solve these problems by corporate responsibility policies. Secondly, in order to build a framework to compare the sustainability commitment of companies in the luxury companies sector, qualitative data was collected on the CR policies of selected companies, using qualitative indicators. Priority was given to qualitative indicators as this research objective is to analyse the corporate responsibility strategy and not the corporate sustainability performance per se. Indeed, sustainability performance is the result of management of sustainability aspects inside companies (Staniskis, Arbaiauska, 2004), in this research we will look at the management part only and not on the evaluation of the result. On this aspect, according to Loreta Kinderyte (2010) the advantages of qualitative methodologies for comparing companies in the orientation to the "ideas generation on sustainability rather than accurate evaluation", which we think it is appropriate to our research objective. As previous authors mentioned, in order to evaluate the sustainability of an enterprise with qualitative indicators, it is best to build a three levels assessment (Loreta Kinderyte 2010). Here we opted for a scale that indicates where the commitment of the company is innovative, integrative or philanthropic according to Halme and Laurila (2009) framework. Indicators were selected through a study of the impacts of luxury companies on the three dimensions of corporate sustainability, that is to say the economic, environmental and social pillar (Kranc and Glavic, 2005). Indicators were compiled both from literature on corporate sustainability evaluation methods such as the GRI report system and from an analysis of the sustainability reports of luxury companies and other literature on luxury and sustainable development, in order to create indicators specifically for the luxury industry. From there, an Index of Corporate responsibility was constructed as shown in Table 5.

The data was collected from secondary data sources that are publicly available. Such sources include information contained on annual reports, sustainability and environmental reports and organizational profiles available online. Such sources were used in previous assessments of CR strategies (Arnold 2010) and constitute an appropriate source as it allows the researcher to examine in detail the commitment and the strategic attention given to corporate responsibility through the communication of this information to stakeholders.

Table 5: Set of Indicators for Creating a Corporate Responsibility Index\

Policy	Commitment 2	Commitment 1	Commitment 0
	Economic Indicators		
Code of ethics	The Company is a member of the Global Compact	The Company has its own Business code	Not considered
Supply Chain Management	The company audits its suppliers' compliance	The company impose compliance norms for their suppliers	Not considered
Risk Management	The company takes environmental risk into its risk management strategy	The company limits its risk management to economic and social risks	Not considered
Stakeholder engagement	The company promotes best practices by collaborating with the main stakeholders on its field of activity	The company has open dialogue with stakeholders	Not considered
Redistribution to Society	The company gives back to the community where it operated	The company donates to charity and sponsorship	Not considered
Reporting	The company published a separate sustainability report	The company publishes a separate environmental report	Not considered

Communicating sustainability to consumers	The company engaged in promoting a cause through Marketing and advertisement	The company complies with responsible advertisement principles	Not considered
Top-Executive commitment	The company published an introductory speech about sustainability by top executive member	The company published an introductory speech about sustainability by another executive	Not considered
Governance	The company has a sustainability department or division	The company has an environmental department or division	
Employee engagement	The company promotes employee volunteering	The company offers training to its employees on sustainability	Not considered
Environmental Indicators			
Water Management	The company monitors its progress in water management	The company has a policy to improve its water efficiency	Not considered
Energy Management	The company	The company has a	Not considered

	monitors its progress in energy management	policy to improve its energy efficiency	
Waste Management	The company monitors its progress in waste management	The company has a policy to improve its waste efficiency	Not considered
Environmental Management System	All of the company's manufacturing sites are certified by ISO 1400	Part of the company's manufacturing sites are certified by ISO 1400	Not considered
Transports	The company has a policy to reduce the environmental impact of its products and employees	The company has a policy to encourage sea shipping	Not considered
Materials Sourcing	The company has a socially responsible purchase policy	The company sources some ingredients from socially responsible sources	Not considered
Biodiversity Protection and Preservation	The company has initiatives to preserve the	The company has initiative to preserve the biodiversity	Not considered

	biodiversity affected by its business activities		
Renewable Energies	The company produces or buy all required energy from regenerative sources	The company produces or buy part of the required energy from regenerative sources	Not considered
Product Design	The company has an initiative to design its products with consideration of its environmental impact during its whole life cycle	The company has an initiative to reduce environmental impact of product packaging	Not considered
Social Indicators			
Employee training	The company encourages skills transmission to apprentices in key professions in its sector	Employees have the opportunity to participate in training	Not considered

Employee Involvement	The company has a system to evaluate and opinions and receive feed-back from employees (bottom-up approach)	The company provides an internal communication system (top down approach)	Not considered
Health	The company has a policy to improve the well-being of its employees	The company has a policy to provide health care to its employees	Not considered
Safety	The company provides training about safety and occupational hazards to its employees	The company has a policy to improve the safety of the working conditions for its employees	Not considered
Product Safety	The company considers the precautionary principle when creating a new product	The company has a policy to evaluate the product quality	Not considered
Human Rights	The company supports the Universal Declaration of Human Rights	The Company supports principles similar of equivalent to those mentioned in the Declaration	Not considered
Customers opinions	The company conducts regular consumer satisfaction inquires	Not considered	Not considered

Furthermore, a qualitative description of these findings was performed using a cluster matrix analysis (Miles and Huberman 1994) for the purpose of identifying common strategic orientation regarding CR as Innovative, Integrative or Philanthropic.

2.3.2 Data collection and analysis on diversity composition and management

In order to investigate if there are differences in the leadership composition and diversity management between firms of different CR strategies, qualitative data was collected regarding the representation of women on board, as well as policies and management strategies regarding diversity. Data was collected on the gender-diversity of Boards of Directors, used as a proxy for the leadership diversity. Data was also collected regarding the policies for the promotion and inclusion of different dimensions of diversity such as gender, age, ethic, nationalities, disabilities and sexual orientation, measures to promote gender-equality, policies prohibiting harassment and discrimination as well as descriptive statements on the company's vision and leaders' discourse around diversity. Table 6 summarizes the data collection and analysis process regarding both CR and diversity strategies.

Table 6: Summary of Data Collection and Analysis Process

Step	Description
Step 1	Literature Review on the Impacts of the Luxury Sector
Step 2	Data Collection on Companies CR Strategies
Step 3	Final Set of Criteria for Index of CR Commitment
Step 4	Corporate Responsibility Ranking
Step 5	Clustered Analysis of CR Strategies
Step 6	Comparison with Diversity on Board
Step 7	Comparison with Diversity Management
Step 8	Table of Comparative Results

3. RESULTS

As this research objective is to understand if diversity, when supported with an inclusive corporate culture can bring innovation, creativity and new perspectives to the firm's CR strategy, this result part will be divided in two sections. The first section will describe our findings concerning the CR strategies of firms in the luxury sector, starting with a general overview and going in detailed observation, grouping them according to their belonging to Innovative, Integrative or Philanthropic CR. The second section will describe how these companies address the issue of diversity internally, looking for the identification of common patterns between the CR strategies and both the gender-diversity in the BOD and diversity management.

3.1 Analytical Findings of Corporate Responsibility Strategies

This section will describe this study's findings on the CR strategy on the luxury sector. It is composed of two sections. The first section is a general overview of the adoption of CR policies by the firms in the luxury sector, including an analysis of the three pillars of CR and cross-country analysis. We will then describe how companies in the luxury sector can be categorized in three clusters, according to their corporate responsibility strategy.

3.1.1 General overview of corporate responsibility strategies

The first methodological step of this study included an analysis of the different policies adopted by companies in the luxury sector. Table 6 discloses the scores that each company obtained for each of the evaluation indicators, as well as the total score

Table 7: Corporate Responsibility Evaluation Indicators and Company Ratings

CR evaluation Indicator	Companies																
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Code of ethics	1	2	2	2	2	2	1	2	1	1	1	0	1	1	1	1	1
Supply chain management	2	2	2	2	2	2	2	2	0	0	2	1	2	0	2	0	0
Risk management	2	2	2	2	2	1	2	2	2	2	1	1	1	1	1	0	0
Stakeholder engagement	2	2	2	2	2	2	2	2	2	0	0	0	2	0	0	0	0
Retribution to society	2	2	2	2	2	2	2	2	2	2	2	0	2	1	2	1	1
Sustainability reporting	2	2	2	1	0	2	2	0	0	0	0	0	0	0	0	0	0
Sustainability communication to consumer	2	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0	0
Executive commitment to sustainability	2	2	2	2	2	2	2	0	0	0	0	0	0	0	0	0	0
Employee engagement	2	2	2	1	0	2	2	2	2	1	1	0	2	0	2	0	0
Governance	1	2	2	1	2	2	2	2	2	0	0	0	0	0	0	0	0
Water management	2	2	2	2	2	0	2	0	1	2	0	2	0	0	0	0	0
Energy management	2	2	2	2	2	2	2	1	0	2	1	2	0	0	0	0	0
Waste management	2	2	2	2	2	1	0	1	1	1	0	2	0	0	0	0	0
Environmental Management system	2	1	1	1	1	0	0	0	1	0	0	0	0	0	0	0	0
Transport	2	2	2	2	2	0	2	1	0	0	1	0	0	0	0	0	0
Material sourcing	1	2	1	2	2	2	2	1	0	0	1	2	0	0	0	0	0
Biodiversity Conservation	2	0	2	2	2	2	0	0	0	2	0	0	0	0	0	0	0
Renewable Energies	1	1	1	1	1	1	1	0	0	1	0	1	0	0	0	0	0
Product Design	2	2	2	2	2	1	1	0	1	2	0	0	0	0	0	0	0
Employee training	2	1	1	2	2	1	2	2	1	2	2	2	1	1	0	0	0
Employee empowerment	2	2	2	2	2	2	1	1	2	0	0	0	0	0	0	0	0
Health	2	2	2	2	2	2	0	2	0	1	2	1	1	1	0	0	0
Safety	2	2	1	2	2	1	1	1	2	2	1	1	0	1	0	0	0
Product Safety					2	0	0	0	1	0	1	1	0	1	0	0	0

	1	2	1	2													
Human Rights	2	2	2	2	2	2	2	2	2	2	2	0	1	1	0	0	0
Customers feed-back	2	2	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	47	47	46	45	44	36	33	26	23	23	18	16	13	8	8	2	2

A: ELC B: L'Oreal C: Shiseido D: LVMH E: PPR F: Tiffany G:Richemont H: Burberry I: Luxottica J: Hermes K: Boss L:Swatch M: Coach N: Safilo O: Ralph Lauren P: Armani Q: Prada

Based on this result, a ranking of the performances of CR was created, enabling comparisons of performances between the cases. Figure 2 summarizes the CR performances of the selected cases, showing the contribution of the environmental, economic and social pillar in the overall score.

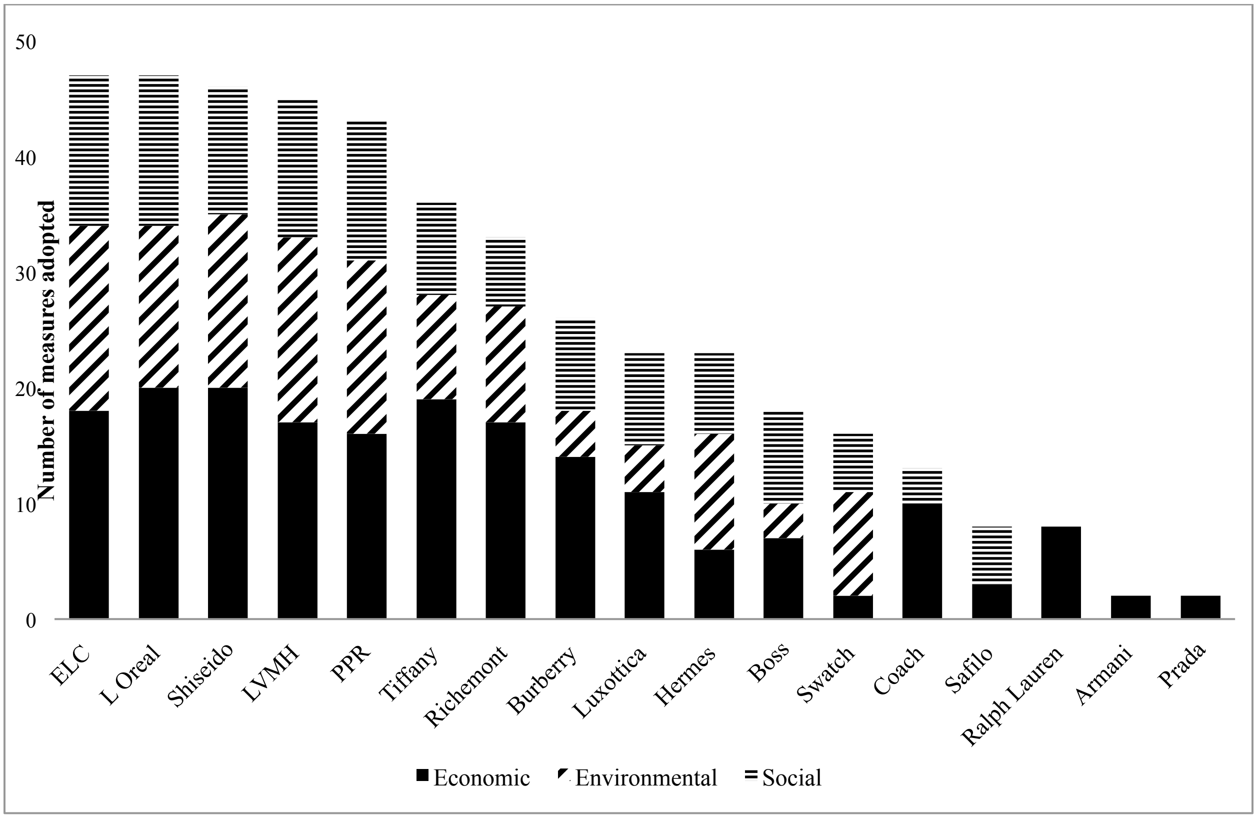


Figure 2: Ranking of Corporate Responsibility Performance

Some general observations can be made at this point considering the difference in engagement in CR. Indeed, there is a wide gap of commitment from companies in the luxury sector, as it can be observed from Figure 2 that reveals that if the most performing companies obtained 47 points out of 52, while the least performing companies have a score of only 2 points. Moreover, the repartition of policies adopted in the different aspects of corporate responsibility is variable from company to company. If the better performing companies have a quite balanced ratio of economic, environmental and social performance, it is not always the case for medium performing companies or the least performing companies.

This analysis presents only a general overview of the management of corporate sustainability in the luxury sector. In order to observe in detail the performances, a more detailed analysis was conducted on each pillar enabling to see the detailed performance between the selected cases. Figure 3 shows the ranking of performances in the economic pillar of CR. We can observe that there is a gap of performance of 18 points between the better performing companies and the least performing companies. Among the better performing companies are L'Oreal, Tiffany, ELC, LVMH, Richemont and PPR. Among the least performing companies we can find Safilo, Armani, Swatch and Prada.

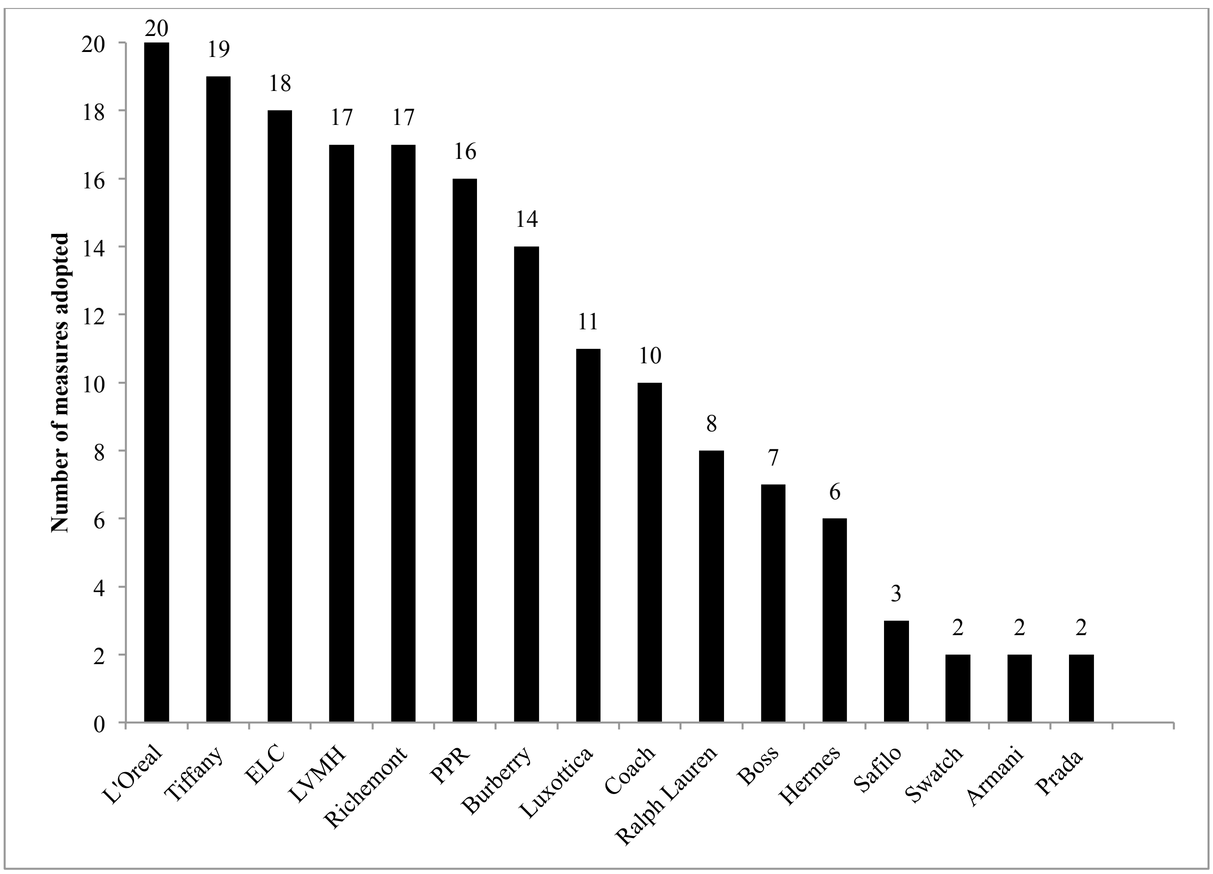


Figure 3: Ranking of Performance in the Economic Pillar of Corporate Responsibility

Figure 4 presents the ranking of performances in the environmental pillar of CR. The gap between the better performing companies and the least performing companies is 16 points. We notice that among the better performing companies are LVMH, ELC, PPR, Shiseido and L'Oreal. The worst performing companies, that is to say Ralph Lauren, Coach, Armani, Prada and Safilo, do not address any aspect of the environmental pillar of CR and therefore have a zero score on this pillar.

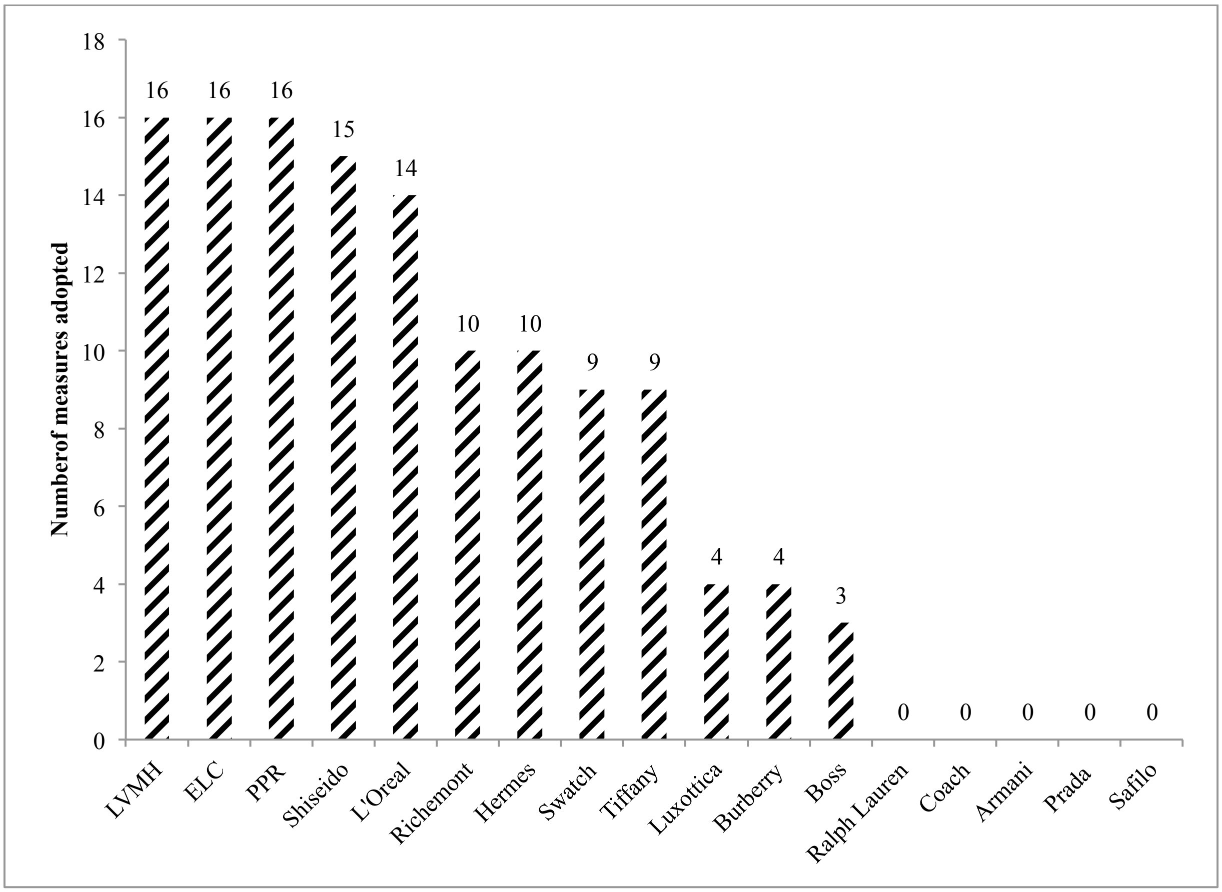


Figure 4: Ranking of Performances in the Environmental Pillar of Corporate Responsibility

Figure 5 shows the ranking of performances in the Social pillar of Corporate Responsibility. The gap of performances among companies is of 13 points. Again, among the better performing companies we can find ELC, L'Oreal, LVMH, PPR and Shiseido. Among the least performing companies

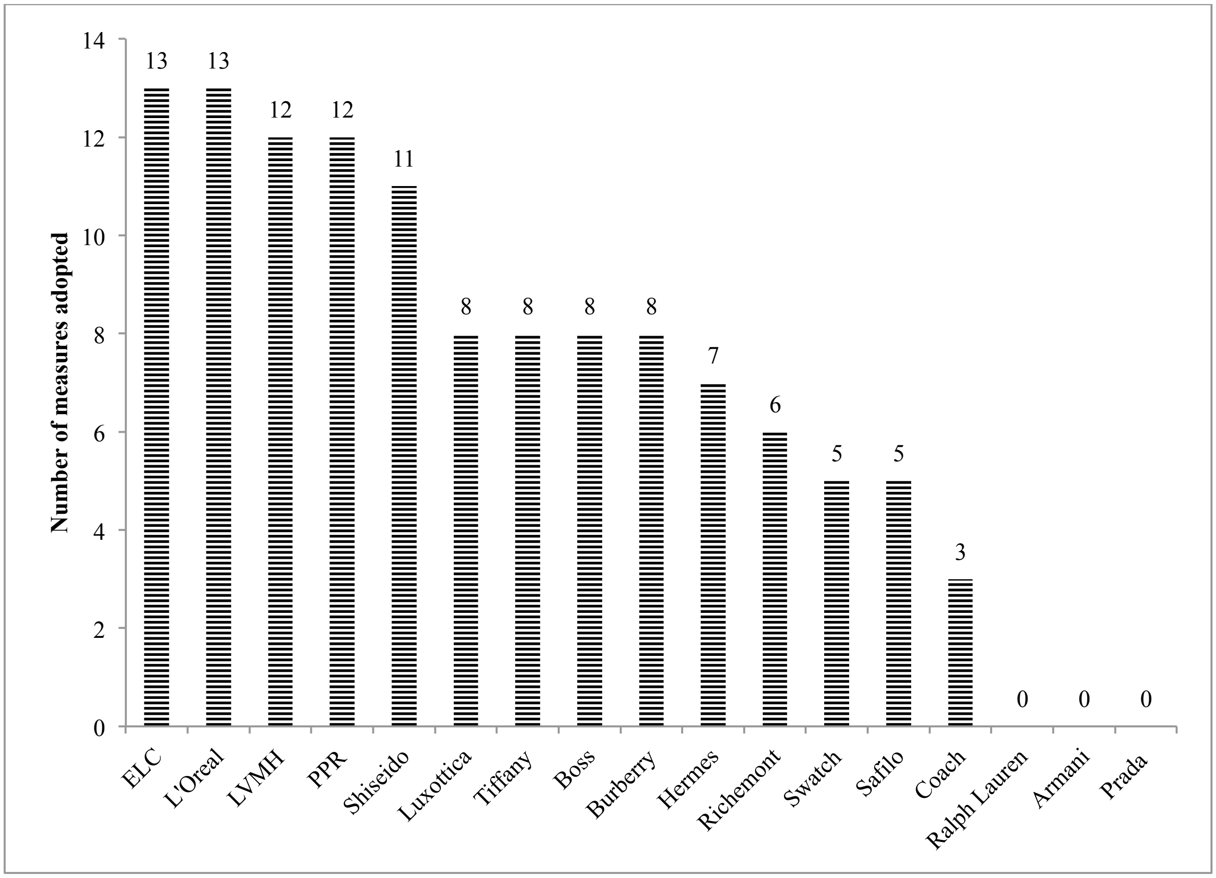


Figure 5: Ranking of performances in the Social pillar of Corporate Responsibility

This general overview was completed by a comparative analysis of the performances among sectors of activity, as shown in figure 6. From this figure, it appears that the cosmetic industry is the best performing sector, with an average score of 46 points, followed by the leathers and liqueurs with a score of 37, and the jewelry industry with a score of 28. The least performing sectors are the textiles and the eye glass manufacturer, with a respective score of 11 and 8 points.

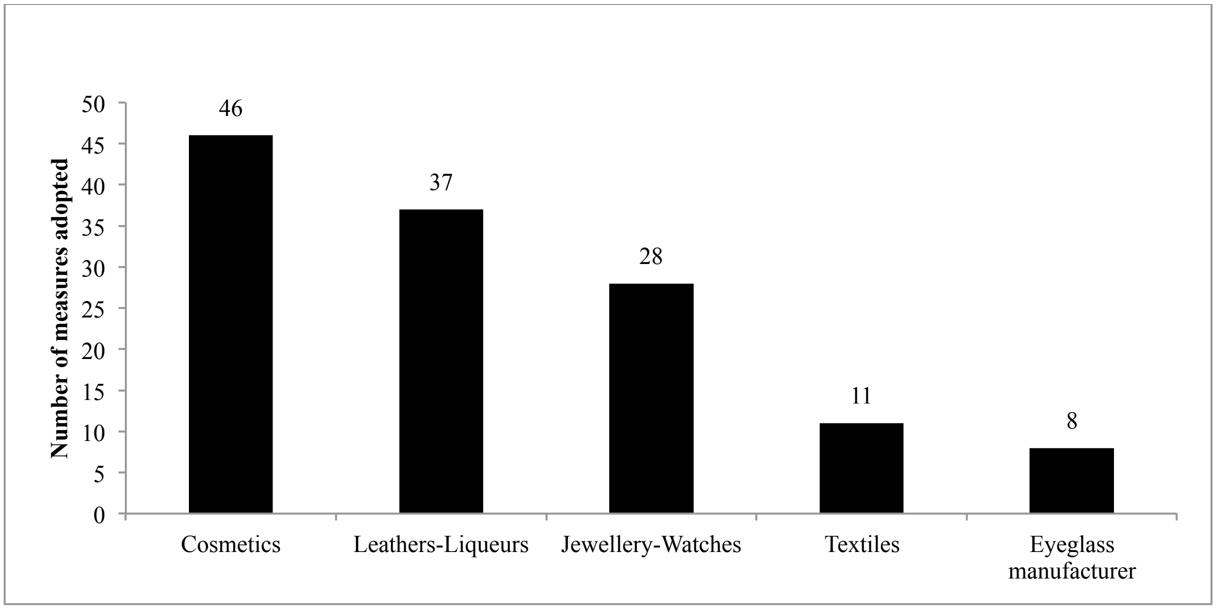
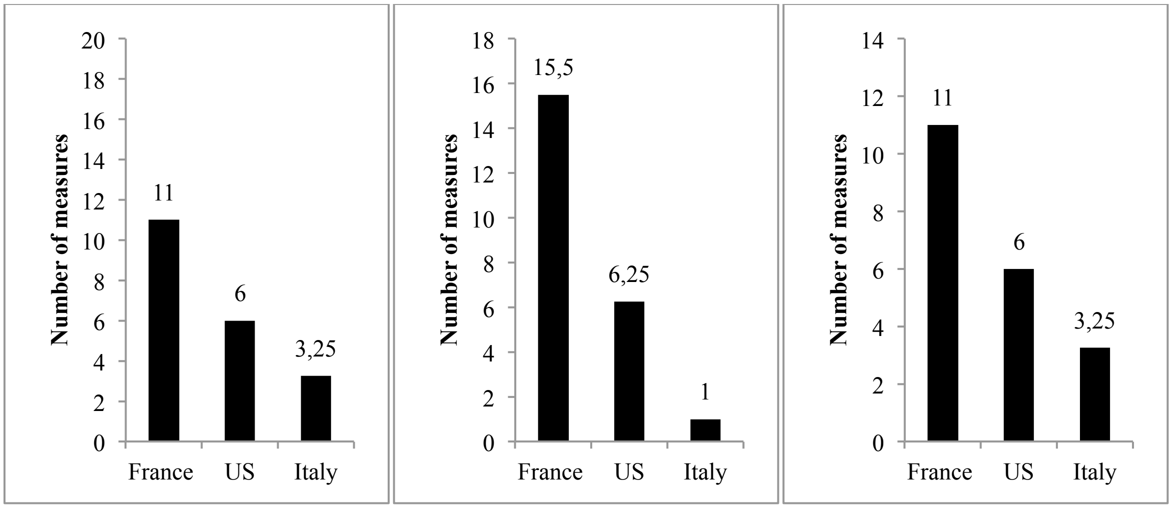


Figure 6: Ranking of Performances per Sector of Activity

An analysis of the performances of French, Italian and American companies was also conducted, as shown in Figure 7, analyzing the differences of performances among them. French, Italian and American companies represent 70% of our sample size, with the 30% being comprised of British, Swiss and German companies. As revealed by Figure 7, French companies obtained a score of 14.7/20 in the economic pillar, compared to 4.5 for Italian companies and 13.75 for American companies. As for the environmental pillar, of a total of 20, French companies scored 15.5 compared to 1 for Italian companies and 6.25 for American companies. The social pillar registered the same tendencies, with French companies scoring an average of 11 on a scale of 14, compared to 3.25 for Italian companies and 6 for American companies.



(a) (b) (c)

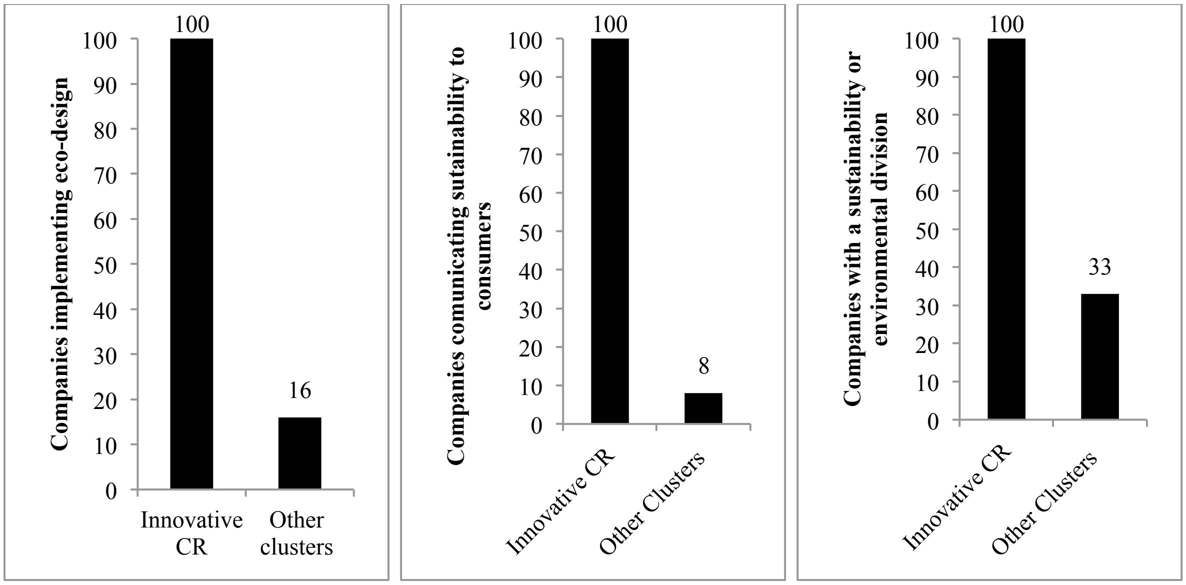
Figure 7: Ranking of Performance of Corporate responsibility for French, American and Italian Firms
(a) Economic performances (b) Environmental performances (c) Social performances

Even if this quantitative analysis enables us to have a general overview of the performances in CR in the luxury sector, and especially the gap among them, it is nevertheless insufficient in order to categorize the overall strategies regarding innovative, integrative and philanthropic CR. Therefore, this quantitative analysis was complemented by a qualitative description of each group's corporate responsibility strategy, considering not only the number of the measures adopted but also the nature of initiatives and its relationship with the core business of companies. The cluster analysis will be presented in the following section.

3.1.2 Cluster analysis of corporate responsibility strategies

Characterizing CR strategies is challenging because, as other business strategies, they are multi-dimensional and often encompass several objectives and elements. Indeed, the corporate responsibility strategy of most of the companies contains elements from innovative, integrative and philanthropic strategy. The following analysis was made considering the main direction that emerged from all the practices adopted. Having this in mind, the cluster analysis revealed common patterns of behavior and discourse around sustainability, as illustrated in Table 6. The cluster analysis of CR strategies of the luxury firms revealed three patterns of corporate social responsibility strategies, namely, CR as value creation, risk management, and philanthropy.

This first cluster includes the following companies: ELC, LVMH, L'Oreal, Shiseido and PPR. All of these firms have high scores regarding economic, social and environmental performances, as illustrated by the previous section (Figure 3, Figure 4, and Figure 5). Companies in this cluster approach CR from a strategic perspective, in order to obtain a competitive advantage in the industry, by conciliating innovation and traditional skills. As evidenced by Appendix 1, this group of companies believes that sustainability pursued with innovation and creativity can be a part of their business model and emphasize the role of sustainability innovation in their corporate sustainability strategy. Figure 8 illustrates the main areas of commitment in this cluster. These companies concentrate their CR efforts on their core business, in order to create value both for the company and for society, such as improving their offer of eco-products. Indeed, figure 8(a) shows that all companies in this cluster are investing in eco-products on their sector of activity, compared to an average of 16% on Integrative and Philanthropic cluster. Examples of eco-products include the development of environmentally friendly products considering their life-cycle, such as green chemistry or eco-bags. For l'Oreal, green chemistry is a process that aims at combining innovation and environmentally friendly processes and it plays a key role in their sustainable development strategy (L'Oreal, 2012). Their objective is to use renewable raw materials, develop environmentally friendly processes and product biodegradable ingredients with low environmental impact. Another example of eco-friendly products in the luxury industry is the eco-bag, such as new models released by Gucci that claim to be made of zero-deforestation leather (Chamione, 2013). But creating eco-products is only the first step in order to transform markets and open the way for more sustainable consumption patterns. The second step involves a through communication of these sustainability initiatives to consumers, in order to influence consumer's behavior. As shown in figure 8 b) 100% of the companies in the Innovative CR cluster communicate their sustainability to their consumers. One of the innovative examples is the use of smartphone applications developed also by Gucci entitled "Sustainable Reality", that delivers information about the sustainability of Gucci products and boutiques. Their strategic involvement in CR is reflected by the existence of specific committees or departments in order to guide their actions regarding sustainability, as emonstrated in figure 8 (c). For example, LVMH instituted an Environment since 1992 in charge of the coordination of actions inside the Group and of the respect of the environmental chart.



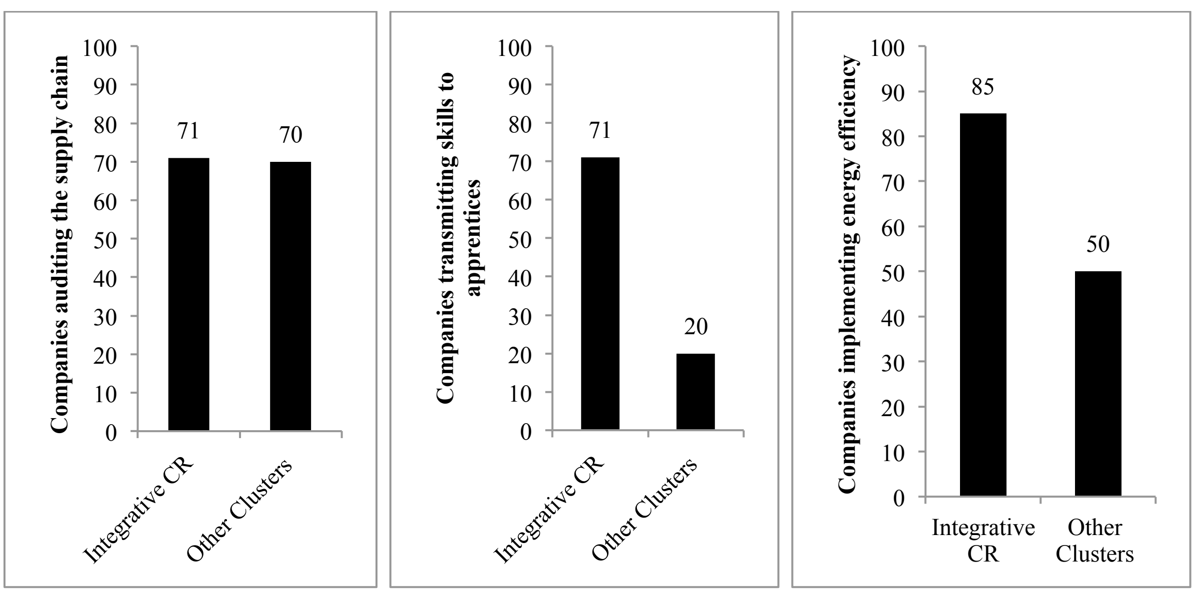
(a) (b) (c)

Figure 8: Characteristics of the Innovative Corporate Responsibility Cluster
(a) Percentage of Companies implementing Eco-Design
(b) Percentage of Companies Communicating Sustainability to Consumers
(c) Percentage of companies in the Innovative CR Cluster with a Sustainability or Environmental Division

Companies of group 2, Tiffany, Richemont, Burberry, Hugo Boss, Luxottica, Swatch and Hermes, have a moderate score on CR performances as indicated in Figure 3,4 and 5. They can be categorized as Integrative companies as according to transcripts in Appendix 1, they consider CR as a mean to maintain an ethical image and avoid brand criticism in order to preserve their reputation of excellence and prestige. Their CR strategy is oriented towards the preservation and diffusion of the image of a responsible business. Figure 8 illustrates the main areas of commitment in this cluster. Indeed, this group of companies concentrates their CR efforts on managing operational risks, such as negative environmental impacts, through the implementation of environmental management system to regulate CO2 emissions, water and waste. Figure 11 (c) illustrates the percentages of companies in this cluster that implemented measures to promote energy efficiency: 85% of companies in the Innovative CR cluster have some policy to save energy, as opposed to 50% in other clusters, for example by investing in environmentally friendly technologies or buildings like Boss (cf.Table 6).

Another critical point of their CR strategy is the control risks on the supply chain in issues such as human and labor rights through audit programs. As indicated by Figure 11 (a), 71% of the companies in this cluster audit their suppliers, in order to certify the compliance to the norms imposed on the Codes of Conduct. In this regard, we could quote the adhesion of jewelry companies such as Richemont and Tiffany to mechanisms to diffuse and regulate practices in the industry, such as the Responsible Jewelry Council, that aims at regulating human rights, social and environmental practices in the fold and diamond supply chain.

The last significant point of investment is the strategic philanthropy in the communities they operate, such as the training of apprentices in their industry. For example Richemont has its own training institute for providing watchmaking apprenticeships to young people.



(a) (b) (c)

Figure 9: Characteristics of the Integrative Corporate Responsibility Cluster
(a) : Percentage of Companies Auditing the Supply Chain
(b) : Percentage of Companies Transmitting skills to Apprentices
(c) : Percentage of Companies Implementing Energy Efficiency

Companies in Group 3, Coach, Ralph Lauren, Prada, Safilo and Armani, have low scores regarding their involvement on CR as evidenced by Figure 3, 4 and 5. This group of companies considers CR mostly under its traditional compliance and moral philanthropy form, such as Foundations work as illustrated in figure104 (b). Indeed, companies in this cluster are the only companies that give funds to philanthropic activities that are not based in the communities in which the firms operate, such as the strategic philanthropy mentioned in the Figure 10 (b).

An example of such initiatives would be the Prada Foundation that sponsors artists and galleries around the world. Another common initiative is the employee volunteering in non-strategic areas as evidenced in Figure 10 a). Companies in this cluster have no inclusion of environmental sustainability or policies to reduce negative environmental impacts as shown in Figure 4. Four out of the five companies have a general opacity concerning the working conditions in terms of training, health and safety (Table 7) so most of the companies appear as a black box to the public and the communication on sustainability is nonexistent.

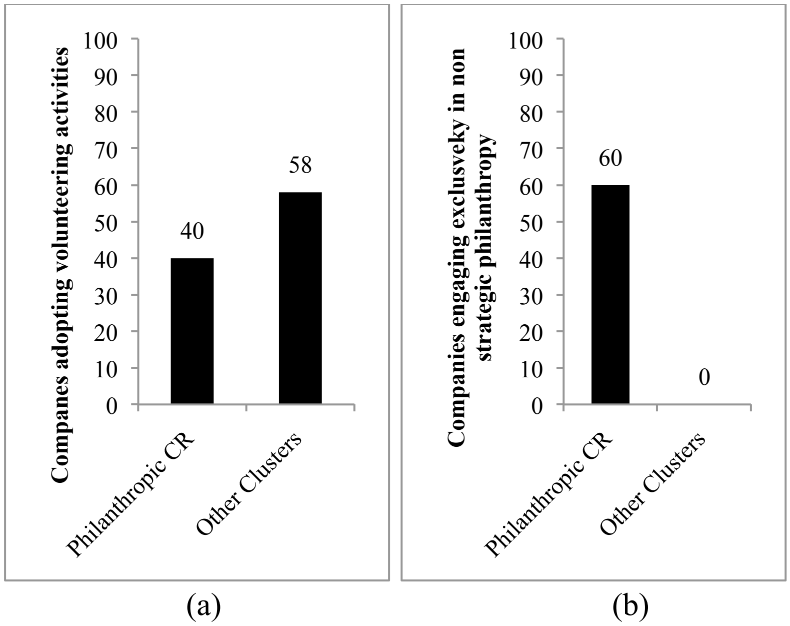


Figure 10: Characteristics of the Philanthropic Corporate Responsibility Cluster
(a) Percentage of Companies adopting Volunteering Activities
(b) Percentage of Companies Engaging Exclusively in Non-Strategic Philanthropy

The first part of our results is summarized in Table 3. The group of companies investing in eco-products, communicating sustainability with consumers and approaching CR from a strategic perspective, have a CR strategy that can be qualified as Innovative, as these companies believe that sustainability innovation can be a source of business advantage and value creation. Companies in group whose CR strategy is focusing on preserving brand reputation by conducting business in an ethical way are classified as Integrative CR. Finally, companies in group3 have a CR strategy is mostly concentrated on compliance and traditional philanthropic activities, that is to say philanthropic CR.

Table 8: Cluster Analysis on Corporate Responsibility Strategies

Companies	**CR Score**	**CR Strategy**	**Objective**	**Characteristics**
ELC, LVMH, L'Oreal, Shiseido, PPR	High Score	Innovative CR	Sustainability-driven innovation seen as a competitive advantage	Eco-design and green innovation Communication with consumers on sustainability issues Sustainable Committee and/or Division
Tiffany, Richemont, Burberry, Luxottica, Hermes, Boss, Swatch	Moderate Score	Integrative CR	Preserve reputation and brand integrity by acting as an ethical and responsible company	Manage negative environmental operational l impacts Control risks in the supply chain Strategic Philanthropy through apprenticeship
Coach, Safilo, Ralph Lauren, Armani, Prada	Low Score	Philanthropic CR	Compliance with national law	Charity and sponsorship Traditional employee volunteering

After the examination of the different CR strategies carried out in this section, the following section will focuses on the leadership composition and diversity strategies of the companies mentioned above.

3.2 Analytical Findings of Diversity Strategy

The following section has for objective to relate the corporate responsibility strategies of companies to their component of diversity. This analysis was conducted through a comparison of our previous findings about CR strategies with the various diversity strategies. Firstly, we will present our results concerning the leadership composition in the boards of directors and then, the management and perception of diversity of the selected cases.

3.2.1 Findings on gender diversity on boards of directors

The first component of diversity in this study is the gender- diversity in the leadership team, expressed by the diversity in the Board of Directors. The average number of women on Board in the selected cases is 20.2% and the average number of women on BOD is 2.4.Figure 11 indicates the detailed results for each company.

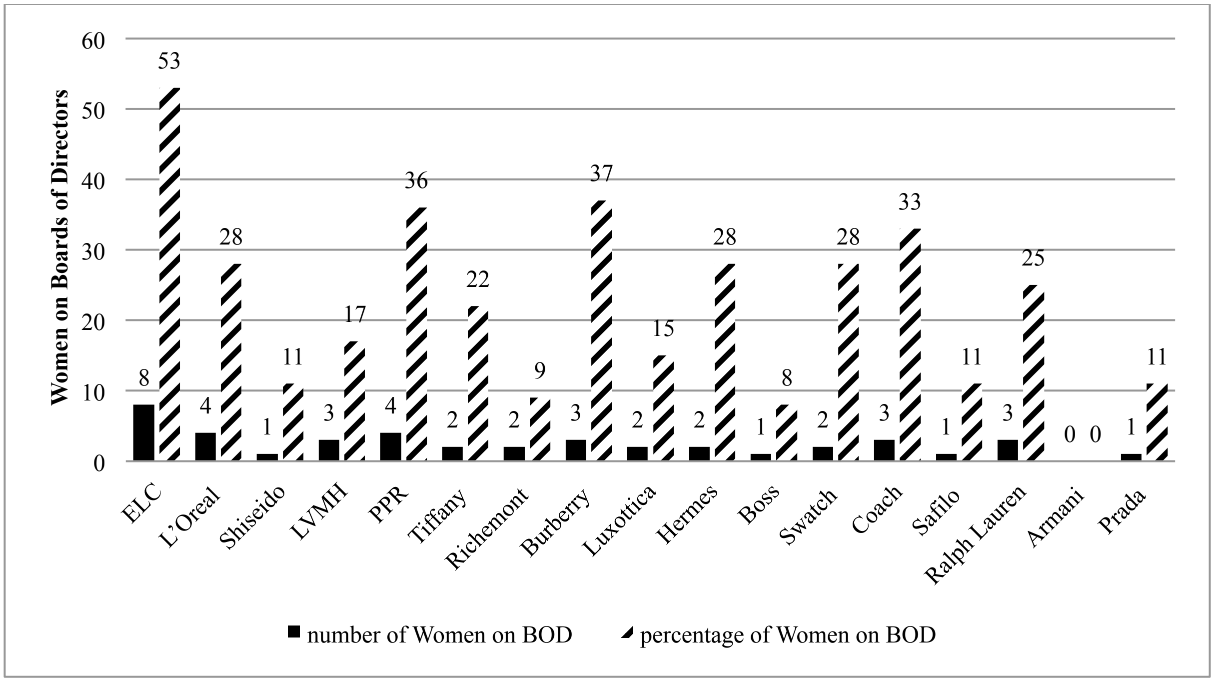


Figure 11: Representation of Women on Boards of Directors

In order to investigate if gender diversity in the leadership team could be correlated to more pro-active CR strategies, we considered both the percentage and the average number of women on Boards of Directors on the three clusters defined in the above section: Innovative, Integrative and Philanthropic. Figure 12 (a) shows the percentage of women on BOD for each cluster. The Innovative CR cluster had 29% of women, compared to 24% for the Integrative cluster and 16% for the Philanthropic cluster. As for the number of women, Figure 12 (b) indicates that the average number of women on Boards of Director is 4 for the Innovative CR cluster, 2 for the Integrative CR cluster and 1.6 for the Philanthropic cluster.

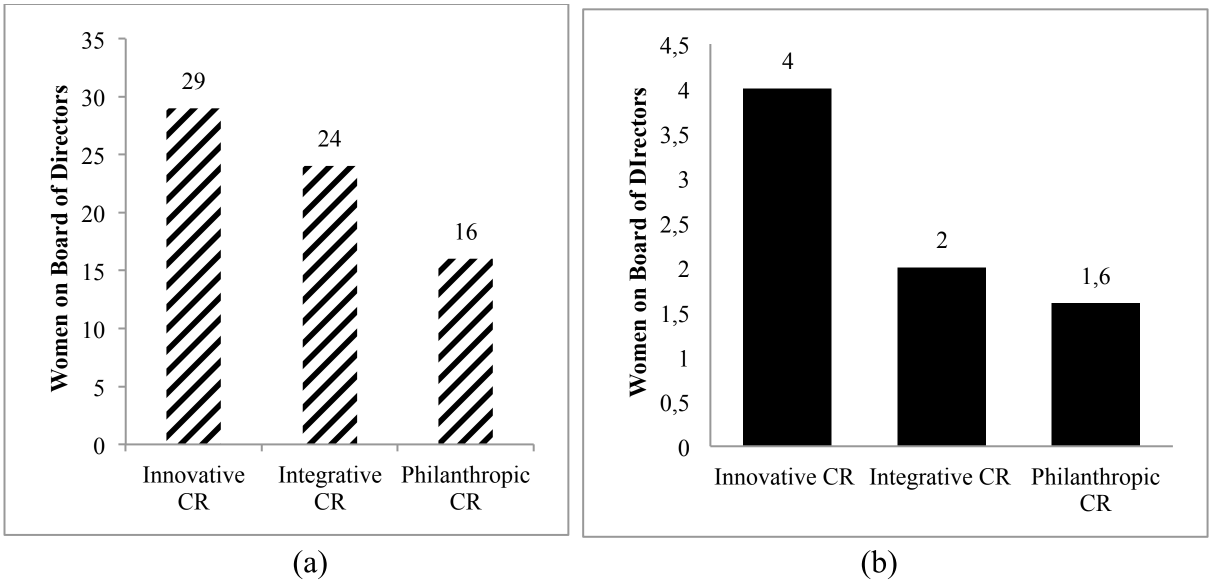


Figure 12: Representation of Women on Board of Directors According to Cluster
(a) Percentage of Women on Board of Directors
(b) Average Number of Women on Board of Directors

The composition of the Board of Directors was also compared with the adoption of individual policies related to Innovative corporate responsibility strategy. An analysis of the adoption of three different measures that reveal the commitment to corporate responsibility, that is to say the publication of sustainability information in a separate report, the presence of a sustainability division and the communication of sustainability to consumers, according to the diversity on BOD was carried out, as shown in Figure 13, 14 and 15.

Both the analysis comprising the percentage and the number of women on Board revealed that companies with more than the global average of women on Board, that is to say 15% (Konrad, Kramer 2010) are more likely to report on sustainability issues (Figure 13), have a sustainability or environmental division(Figure 14) and engage on sustainability matters with their customers (Figure 15). The measurement of commitment to publish a separate environmental or sustainability report indicates that 40% of companies with more than 15 % of women on the BOD report separately on sustainability issues, when 28% of companies with less than 15 % do.

As for the average number of women on Board, 42% of companies with more than 3 women report on sustainability matters, against 40% for companies with 2 women directors and 20% for companies with 1 or less women on the Board (Figure 13).

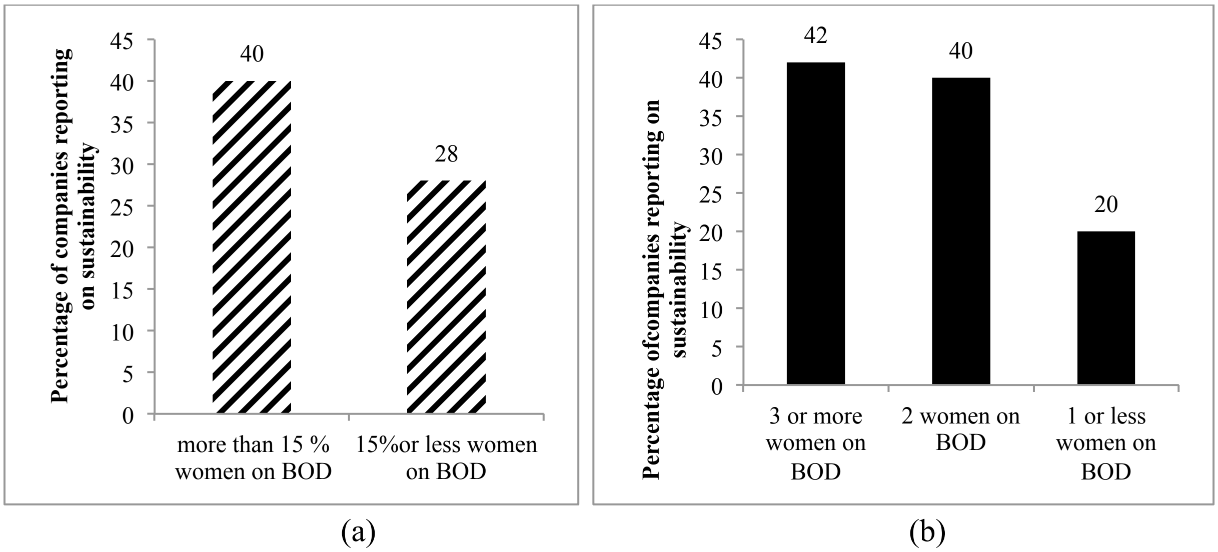
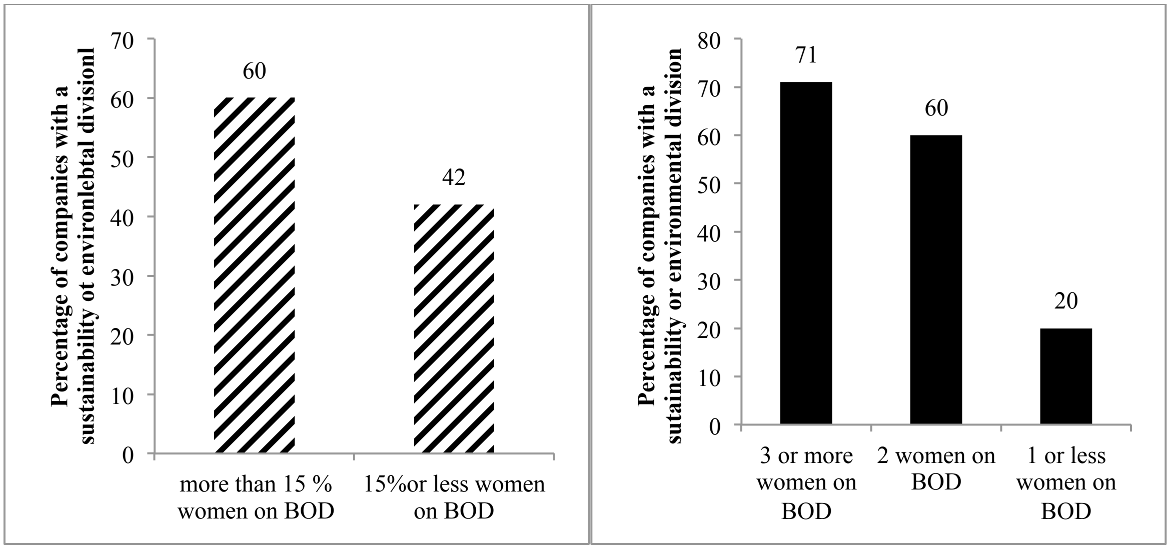


Figure 13: Percentage of Companies Reporting on Sustainability According to Gender Diversity on Boards of Directors
(a) Percentage of Women on BOD
(b) Average Number of Women on BOD

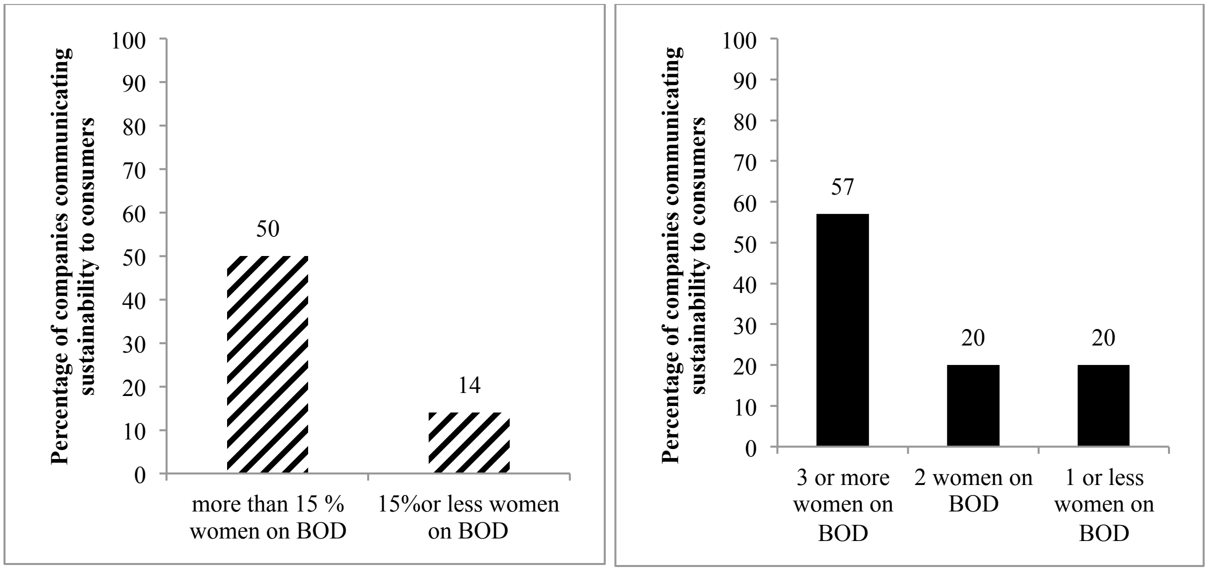
As for if the company attributes the management of the sustainability strategy to a separate sustainability or environmental division, our analysis shows that 60% of companies with more than 15% of women on their Board do, against 42 %of companies with less women directors. On the same matter, firms with more female representation are 71% to do it, against 60% for companies with 2 women directors and 20% for business firms with one or less women on their BOD (Figure 14).



(a) (b)

Figure 14: Sustainability or Environmental Division According to Number of Women on Board of Directors
(a) Percentage of Women on Board of Directors
(b) Average Number of Women on Board of Directors

The analysis of the communication of sustainability to the consumers indicated that 50% of companies with more than of 15% of women directors engage consumers in sustainability issues, compared to 14% of companies with less women directors. As for the average number of women on Boards, 57% of companies with more than 3 women on Board communicate sustainability issues to their consumers, while 20 % of companies with 2 women directors do, and the same percentage for companies with 1 or less women on their Board (Figure 15).



(a) (b)

Figure 15: Communicating Sustainability to Consumers According to Number of Women on Board of Directors
(a) Percentage of Women on Board of Directors
(b) Average Number of Women on Board of Directors

Nevertheless, as mentioned in the introduction part, tin order to be comprehensive the analysis of diversity should not only consider the composition of leadership and should also analyze how business manages and considers diversity. Therefore, the following section examines the relationship between corporate responsibility and diversity management

3.2.2 Findings on the diversity management programs and corporate culture

This section will expose our findings concerning the diversity management inside the selected cases, making comparisons between the approach for managing diversity and the consideration of CR. Table 9 summarizes our findings concerning the consideration of diversity in the company's internal strategy. As this tables evidence, companies such as ELC, LVMH, L'Oreal, Shiseido, PPR and Luxottica have strongly been promoting diversity. A strong promotion of diversity infers that the company's is being proactive to promote at least two dimensions of diversity. We can notice that some companies such as Hermes promote only one type of diversity. Companies such as Tiffany, Richemont, Burberry, Boss, Hermes and Swatch distinguish themselves by monitoring and communicating the composition of their workforce in terms of diversity. Finally, another group of companies such as Safilo, Armani, Prada, Coach and Ralph Lauren do not pro-actively engage in diversity and do not disclose diversity information, limiting their actions to statement of compliance regarding discrimination and harassment.

Table 9: Research Findings Regarding Diversity Management

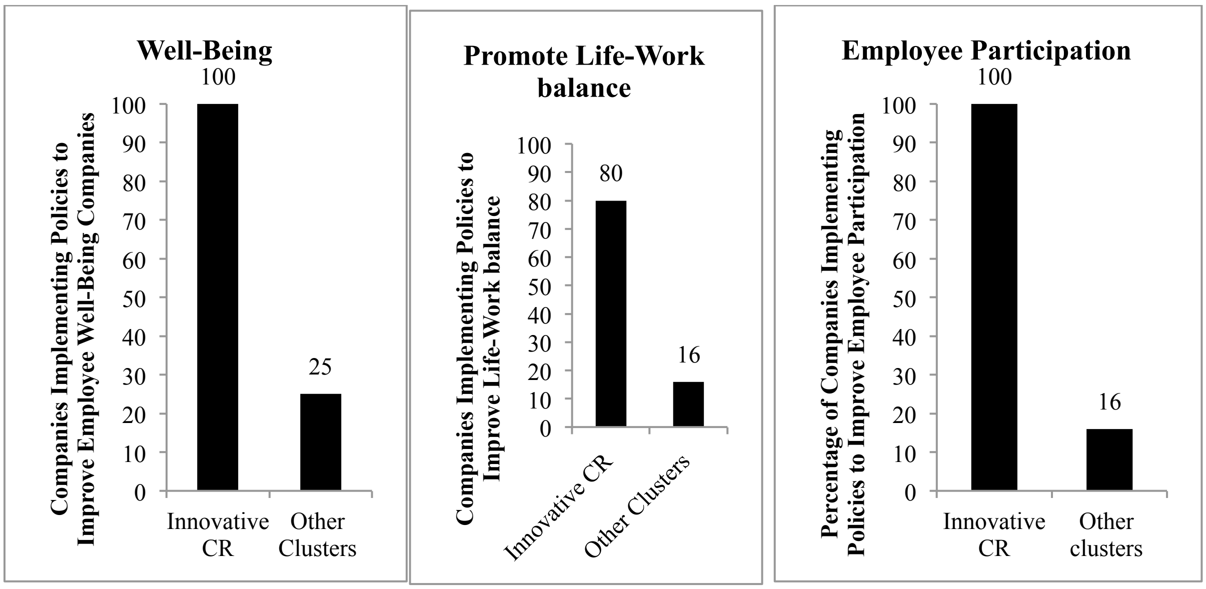
Company	**Promoting diversity**	**Monitoring diversity**	**Promoting work-life balance**	**Prohibiting harassment and discrimination**
ELC	2	1	0	1
L'Oreal	2	1	1	1
Shiseido	2	1	1	1
LVMH	2	1	1	1
PPR	2	1	1	1
Tiffany	0	1	0	1
Richemont	0	1	1	1
Burberry	0	1	0	1
Luxottica	2	1	0	1
Hermes	1	1	0	1
Boss	0	1	1	1
Swatch	0	1	0	0
Coach	0	0	0	1
Safilo	0	0	0	1
Ralph Lauren	0	0	0	1
Armani	0	0	0	0
Prada	0	0	0	1

Evaluation scale: 0: low; 1: medium; 2: strong

By overlapping these findings with the findings in the previous section on the segmentation of corporate responsibility strategies, we notice the following findings.

As shown in Appendix 2, which contains the full script of leader managers comments on diversity, companies in the innovative CR cluster perceive diversity as a business advantage to foster innovation, sustainability and a better understanding of the variety of consumers. Indeed, they refer to diversity as part of their culture, a competitive success factor because diversity is a source of creativity and innovation. Companies identify that diversity, through a better understanding of consumers' expectations and variety of stakeholders; contribute to emerging new values and to adapt the business strategy to a changing environment. Indeed, the Executive Chairman of Estee lauder infers that is:" imperative to "encourage diversity as a pillar of innovation within the Estee Lauder Companies(…)to build a great business, nurture talent protect the environment and contribute to the well-being of communities where we operate" (Estee lauder, 2012). This group of companies implements several actions to promote the heterogeneity of its work force. This includes the creation of dedicated management bodies, such as the Diversity Committees in L'Oreal that overview the implementation of the Diversity Charter. Other initiatives include specific trainings on diversity in order to raise awareness such as the ELC trainings on Global Inclusion and Diversity and Action Plan that raise awareness of the importance of Inclusion and Diversity. Career management, such as offered by LVMH to their female managers, as well as targeted recruitment programs such as L'Oreal National recruitment site for disabled, or specific recruitment plans to avoid discrimination such as anonymous recruitment for L'Oreal and LVMH and communication actions are some of the actions taken.

Furthermore, in order to enable diversity to play its expected role, this group of companies encourages an inclusive promoting direct employee participation, employee-wellbeing and life work balance measures (nurseries, reducing overtime, flexibility in the working time), as evidenced in Figure 16.



(a) (b) (c)

Figure 16: Corporate Culture Regarding Employee Inclusion on the Innovative Cluster

(a): Percentage of Companies Implementing Policies to Improve Employee Well-Being
(b): Percentage of Companies Implementing Policies to Improve Life-Work balance
(c): Percentage of Companies Implementing Policies to Improve Employee Participation

As evidenced by discourse in appendix 2, Companies in the Integrative CR cluster approach diversity from an ethic perspective, where behaving as a responsible employer is seen as a component of doing business from an ethical manner. Indeed for these companies, "diversity and equal opportunity means creating a work environment which allows all our employees to fulfill their potential. We seek to foster a culture in which our employee –related decisions are taken based solely on an individual ability and contribution (…) irrespective of age, gender…"(Richemont, 2012).

Here, the emphasis is on the respect for diversity, for the individual capacities of an individual, not on the promotion of diversity per se, or on the heterogeneity in the workforce. Discourse plays emphasis on creating a respectful and fair work-environment and on the equal opportunity and promotion of diversity without discrimination. Their diversity management strategy focuses mainly on monitoring this internal diversity, as well as promoting a fair recruitment process. The consideration of different types of diversity is narrower than for innovative CR firms, putting only emphasis on the promotion of gender diversity, while only monitoring other types of diversity. Therefore common actions regarding diversity include monitoring of diversity and disclosing the information's related to the diversity to the public, and assuring a fair treatment and recruitment process.

Nevertheless, one of the companies in the integrative CR cluster, Luxottica, presents a dissident example due to its vision of diversity as a competitive advantage and targets specifically the promotion of diversity with a Diversity and Inclusion Advisory Board, Culture Team, Student Mentoring program, Associate opinion Survey, Diversity training and Supplier Diversity programs.

In the Philanthropy CR cluster, the consideration of diversity is limited to strict minimum action and compliance, affirmations of non-discriminations and prohibition of harassment, but no specific action to promote diversity. Moreover, three out of the five companies have been involved in lawsuits for discrimination and violation of Labor Rights. For example, Prada Japan was sued for discrimination and harassment (Vogue UK, 2013). Moreover, a former Giorgio Armani Corp. employee is suing the couture fashion house for sexual harassment (Dailymail 2013). Armani received also negative reviews for racism and xenophobia when in 2005 a former

Armani manager was awarded compensation after a tribunal ruled he was forced out of his job for being HIV positive (Aidsmap).

Finally, in 2006 four former employees of the Company's Ralph Lauren stores filed a lawsuit alleging violations of wage and hour laws (Corpwatch 2006). The plaintiffs purported to represent a class of employees who allegedly had been injured by not properly being paid commission earnings, not being paid overtime, not receiving rest breaks, being forced to work off the clock while waiting to enter or leave stores and being falsely imprisoned while waiting to leave stores. Table 10 summarizes the main findings of this study.

Table 10**:** Research Findings Regarding Corporate Responsibility and Diversity Management

Cluster	**CR strategy**	**Number of Companies**	**Vision of diversity**	**Organizational culture regarding diversity**
1	Innovative CR	5	Diversity perceived as a business advantage, fostering innovation and a better understanding of consumers	Inclusive culture: strong promotion of various types of diversity through diversity management programs, bodies and recruitment policies
2	Integrative CR	6	The respect of diversity is seen as a component of responsible business	Equal opportunity culture: Promotion of individual talent without discrimination through monitoring.
		1	Strategic importance of understanding and promoting diversity as it contributes to the business strategy	Inclusive culture: strong promotion of various types of diversity through diversity management programs, bodies and recruitment policies

3	Philanthropic CR	5	No consideration of diversity beyond compliance	Several cases of discrimination and harassment despite official policy of non-discrimination and harassment in codes of conduct

4. DISCUSSION

This section aims at discussing our two research questions, taking into consideration the results obtained in the previous section. The first research question was to get a comprehensive overview of the corporate responsibility strategies in the luxury sector and to identify how these strategies are related to the diversity management, regarding both diversity on the Board of Director, and corporate culture regarding diversity. The second research question examines the influences of two contextual factors in this relationship: the business environment and the firm's strategic orientation. For each research question, we will describe the major findings, as well as the relationships, trends, exceptions and the likely mechanisms underlying these results. Finally, this section examines the implications of the present result for unanswered questions both in the field of CR and the impact of diversity on corporate performance, putting an emphasis of their significance.

4.1 How is the relationship between different corporate responsibility strategies, leadership composition and diversity management?

Our results concerning the CR performance and strategy showed the emergence of three distinct groups, that we classified using the framework by Halme and Laurila (2009) into Innovative CR, Integrative CR and Philanthropic CR. Our main findings concerning the linkages between corporate responsibility and diversity composition and strategy ate twofold. Firstly, the more a company is committed to corporate responsibility, the more women it has on its Board of Directors in average and in percentage (Figure 12). Secondly, the commitment to corporate responsibility goes together with the commitment to retain and promote diversity among the teams (Table 9). Indeed, as evidenced by Table 9, companies in the luxury sector aiming at integrating corporate responsibility into their business strategy and investing in sustainability innovation perceive diversity as a strength and pro-actively support it with an inclusive organizational culture (Figure 16). Companies that aim at a reputation of responsible company are integrating environmental and social concerns into their business operations, and look at the respect of diversity as part of being an ethical employer; their diversity management can be characterized as an equal opportunity culture. In contrast, luxury firms that haven't considered corporate responsibility in their core business do not support diversity beyond legal compliance and their diversity management has been the object of criticism and even lawsuits.

In order to discuss this relationship between CR and diversity, two mechanisms can be considered in order to explain the relationship between CR and diversity, following a top-down approach or a bottom-up approach. The first mechanism, as illustrated by Figure 12, 13 and 14 would be that by bringing different human capital to the Board of Directors, diversity can influence the decision-making process and therefore the firm's strategy and the adoption of innovative CR strategy. As evidenced by Figure 12, companies pursuing an Innovative CR strategy have both a better representation of women in percentage and in number on their BOD, than Integrative and especially Philanthropic CR companies. Moreover, as evidenced by Figure 13, 14 and 15, companies with more women on their Board are more likely to report on sustainability to stakeholders, to have an Environmental or Sustainability Division and to communicate sustainability with consumers. According to these results, it could be that women could bring new ideas to the BOD and influencing the decision-making process.

According to previous literature (Konrad et al, 2006), having a critical mass of at least 3 women on Board can benefit the Board dynamics by increasing the amount of discussion, collaboration and out of the box thinking, including in controversial issues. The author also states that "women bring new issues and perspectives to the table broadening the content of boardroom discussion to include the perspectives of multiple stakeholders" Interestingly, adding member of other sex and ethnic, improved the impact of diversity even further. We believe that even if this theory is valuable to the discussion of our results, cross-country analysis need to be carefully examined as external factors, such as legislation can confuse the results. Indeed, as our selected cases were originated from different legislative and cultural contexts, the differences observed between them may not be due to the distinguishing diversity features. Our results indicate that French companies, such as L'Oreal, LVMH and PPR perform well in Corporate Responsibility (Table 8) and all these companies attain a critical mass of women on their Board (Figure 11), nevertheless, there might not be causality between the two factors. Indeed legislation voted in 2011 sets a timetable in order to reach 40 percent of women directors by 2017 in publicly listed companies, Moreover there are some divergent cases, such as Coach and Ralph Lauren, where companies attain a critical mass of women in their Board (Figure 11) but shown only a superficial commitment to CR (Table 8)

Our hypothesis prioritized a more bottom-up approach, where firms that are leaders in sustainability look at diversity as an important factor of success to carry out their strategy and, as a consequence, seek to actively promote diversity and implement an inclusive corporate culture. Indeed, if the firm decides to change its business model and to incorporate CR in its business model, there are some critical steps to be followed. According to Bendell and Kleanthous (2007), those steps will include a better customer and brand understanding, innovating and collaborating.

Indeed, according to the author, the company has to rethink its current and prospect customer's aspirations concerning environmental and social elements, understand their culture and values, have an in-depth understanding of how the brand's own attributes and qualities can match these needs. The next step includes innovating the business model and the existing products and services to match these new consumer's aspirations, that want to perceive themselves as environmentally or socially responsible. Finally, foster collaboration between staff in multi-skilled teams that include personnel from different departments and hierarchical levels in order to stimulate the creation of ideas (Bendell and Kleanthous, 2007). Therefore, we think that companies in the innovative CR cluster that actively search diversity use this use this potential in order to have a better perception of customer's aspirations and mind-sets from different geographical and cultural contexts, foster the development of products and services that correspond to these aspirations. They take the most of this potential by implementing mechanisms to foster employee's feed-back and participation. Indeed, all the companies in the Innovative CR cluster have mechanisms to foster employee participation in the decision-making process (Figure 22). These can happen through employee survey, such as the global survey conducted by LVMH to their employee that includes a section on corporate responsibility, or employee's initiatives such as the Tsubaki tree or ELC employee participation mechanism. Therefore, we think that these companies create a different organizational culture that better integrates the diverse perspectives of its employees in order to benefit from the creativity and innovation provided by diversity.

Nevertheless, the promotion of diversity is not only link to the CR strategy but also to the orientation to innovation and growth, and by the strategic needs of the firm. Indeed, we identified one dissident case that does not confirm our hypothesis (Table 10).

The case of Luxottica, that has a strong promotion of diversity but does not implement an innovative CR strategy, shows that there are several factors that can moderate the relationship between diversity and corporate performance

Indeed, the company's strategic orientation and its environment were identified as two main factors that can influence the relationship between diversity and corporate responsibility strategies.

4.2 How is this relationship affected by external business factor and firm's characteristics?

In this study, we could observe an increase in the commitment and consideration of CR issues for some luxury-brand owner companies compared to the previous assessment (cf Figure 6). As our study is the first to analyze the corporate performances of the luxury sector since the report Deeper Luxury conducted by WWF in 2007 (Bendell and Kleanthous, 2007), we owe to compare our results with those of previous studies. Even if the previous report's object was oriented towards the examination of corporate sustainability performances and included external auditing, the comparison will however underline the progresses in commitment and consideration of CR issues by luxury companies. In this regard, the main findings of Bendell and Kleanthous, of the environmental and social performance of the luxury goods sector was that despite strong commercial drivers for greater sustainability, luxury brands have been slow to recognize their responsibilities and opportunities. Indeed, their ranking based on the environmental, social and governance performance of the ten largest publicly-traded luxury companies, than the highest grade reached is C+, which is achieved by three of the four companies based in France: L'Oreal, Hermes and LVMH.

Companies based in Italy come in the lowest positions, as they have the lowest self-reporting. However, our study shows that, since 2007, some firms have significantly increased their efforts regarding sustainability (Figure 8). Indeed, if the previous report blamed luxury firms for not embracing social and environmental challenges in their core business and limiting their CR activities to superficial philanthropic activities, our results indicated that a group of companies distinguish themselves from others by adopting measures that indicate a strategic consideration of sustainability in their core strategy (Figure 8), such measures include sustainability management structures, integration of sustainability principles in the design of products and engaging in sustainability with consumers and stakeholder's dialogue: those were some of the principal challenges that Bendell and Kleanthous emphasize as critical for the integration of sustainability in luxury companies. By comparing the performances with those from this previous study, we identified some specific improvement. Bendell and Kleanthous, 2007 found that Hermès scores low regarding governance due to the lack of code of ethics, which was then adopted in 2009 (cf.Table 7). Tiffany scored low on environmental factors due to the lack of reported environmental monitoring. Tiffany monitors its energy consumption and indicates efforts in waste management (cf.Table 7). A third example is the case of Richemont that did not score well on human rights due to lack of reporting and lack of supply chain policies where the major Human rights concerns would be located for a company building on the mining industry. In 2011, Richemont monitored on-going compliance and adherence of suppliers to its standards related to slavery and human trafficking by caring 75 external third-party audits (cf.Table7). Nevertheless, if some companies progressed and moved to a greater integration of negative externalities in their core business strategy, some luxury companies remained in the same position, considering CR only under its corporate philanthropic angle.

In order to discuss the gap in progresses among firms, and namely why some companies did adopt integrative and innovative CR and other remained in the philanthropic approach, two contextual factors were identified. The first is related to the external business environment and the second is related to firm's characteristics such as strategic orientation.

4.2.1 Institutional environment in different countries

The firm's business environment, that involves factors such as national legislation or civil society pressures, can be a leverage of commitment, explaining the differences between companies of different nationalities and different industries. Indeed, as shown in Figure 7, French companies obtained significantly better performances in environmental, economic and social performances than US and especially Italian companies. This gap in performance can be explained through different legislative framework concerning environmental requirement for businesses from Italian and American to French companies. France, as a member of the European Union (EU), has to transpose and implement secondary legislation issued by the European Union in its national law. The transposition of the European community environmental law into the National Environmental code composes 85% of the French environmental law. The European community law is above the national law and must be implemented: if not, the country will face sanctions and penalties. These environmental regulations are constraints but they have a great impact on the adoption of technological innovations. For example, in the case of cosmetics safety, French companies are more advanced than American or Japanese due to the transposition of the European Regulation on chemical substances REACH. In general, the European regulation is more constraining, due to the recourse to the precautionary principle, that enables preventive decision-taking in case of risk or absence of certitude of safety, namely in consumer goods

(Europa, 2011). The approach is not applicable in US law, or on Japanese law. As a consequence, French companies such as L'Oreal and LVMH included the Precautionary Principle in their Innovation strategy. Therefore the legislation can push towards Innovative CR, in that that it promotes the use to natural components instead of toxic ones. Therefore the gap between American and French companies it can easily be explained as American Environmental law does not follow the same model that European law, as their jurisdictional model is based on jurisprudence and not on regulation. In this sense, there is no equivalent of the National Environmental Code and the respect of environmental norms is mostly conditioned on NGO or citizens' capacity to suit companies in order to create a precedent. Moreover, environmental law at the federal level is considered to be only soft law, containing aspirational goals but no means of actions imposed to attain such objective. One could then expect that the gap between French and American would be of a greater importance than the differences between two states supposed to transpose the same European directives on Environmental law. Indeed, if terms of environmental law, many directives are taken by the EU and are superior to national law. The problem is that the transposition from European to national law is not harmonized and is the prerogative of national states. Therefore, the transposition from European to French and Italian law is not the same, and the French environmental regulation might be more constraining than Italian law. Concerning for example the obligation for companies to communicate their social and environmental data to the public, through the publication of a report for example, it is already compulsory for publicly traded companies in France since 2010 (law Grenelle 1 and 2) and the companies that do not respect this principle can encounter sanctions. However, there is no such regulation in Italy and it could explain why Italian companies in our study have the lowest performances and the lowest reporting level. The European Commission published a document in 2011 analysing the Policy references made by large EU companies to internationally recognised Corporate Social responsibility (CSR) guidelines and principles as a monitoring exercise in order to evaluate the gap between countries and propose a new regulation on the matter. The study analysed the references made by companies to internationally recognized principles such as United Nations Global compact, the Universal Declaration on Human Rights the ILO instruments, and if in general companies made reference to CSR. If both Italian and French companies are considered to have average performance, compared to Danish companies that ranked high, there are still some differences as shown in Figure 17and 18. Indeed, while French companies are above the EU sample average on 6 different aspects (Figure 17), Italian firms are below the EU average on 7 aspects (Figure 18). Therefore, even if legislation cannot be a sufficient leverage of action that can explain the entire CR strategy, it provides an external constraint that can determine specific elements of this strategy and is therefore one of the most important variables of the business environment that can influence the firm's commitment to CR.

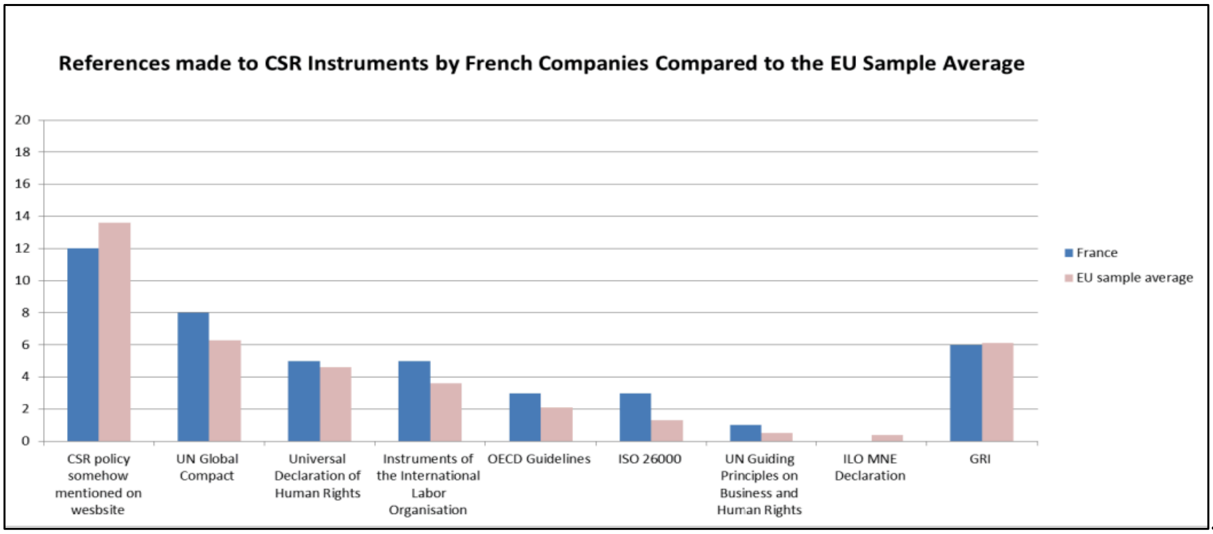


Figure 17: References made to CSR Instruments by French Companies Compared to the European Union Sample Average
Source: An Analysis of Policy References made by large EU Companies to Internationally Recognised CSR Guidelines and Principles, 2013

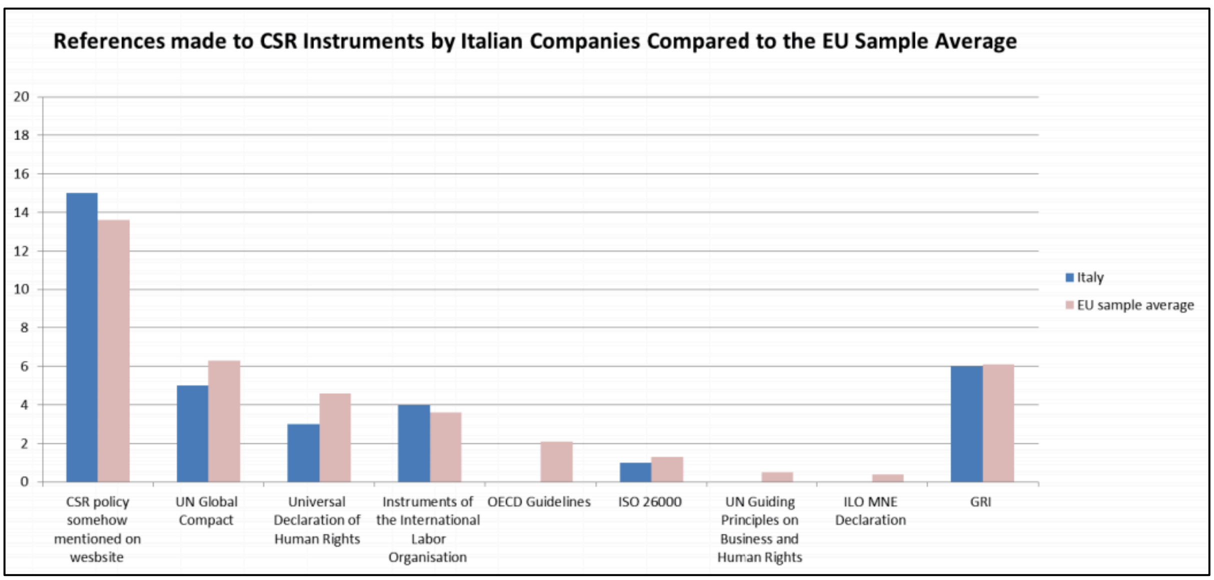


Figure 18: References made to CSR Instruments by Italian Companies Compared to the European Union Sample Average
Source: An Analysis of Policy References made by large EU Companies to Internationally Recognised CSR Guidelines and Principles, 2013

Another variable from the business environment that can explain differences in commitment is civil society pressure on firms to adopt a better environmental and social behaviour. As previously mentioned, the NGO capacity has increased in the last decades and its pressures, under the form of boycott campaigns and information diffusion, has conducted any companies to reform their practices. But one has to consider that civil society's attention is not homogenous and differ greatly according to the company's size and sector of activity. Indeed, attention tends to be given in priority to larger firms, with more public impact. Concerning the luxury sector, even if civil society's has targeted various sectors of activities such as chemical substances in luxury fragrances or the use of crocodile skin, these campaigns had only a moderate success (or even fail as in the case of PETA against Hermes) compared to the impressive movement against diamonds extracted in conflict areas, also known as blood diamonds and to the movement initiated by Greenpeace against toxic substances in the fragrance industry. The reasons why some civil society's movement came to have more impact on the industry practices than others are twofold. According to Lochard and Murat (2011) the credibility and consistency of the organization initiating the movement, and the level of importance of the issue by consumers are two critical points. The first successful case concerned war diamonds that are extracted in conflict areas and used by rebel groups to finance their military activities, undermining legitimate government and terrorising civilians. This campaign was led by Global Witness, and taken over by celebrities, therefore increasing the impact of the original campaign and attracting global attention, even from non-fortunate consumers. This initiated a dialogue between diamond-producing countries, diamond industries and NGO, under the United Nations guidance and resulted in the adoption of international certification schemes known as the Kimberley process. As those schemes were established in 2003, and as the previous assessment was done in 2007 using data from previous years, this could explain the improvements of companies such as Tiffany and Richemont (Table 6). The second successful campaign was initiated by Greenpeace in 2005, accusing the cosmetic Industry of using toxic substances in their signature perfumes. The reputation of the NGO, the large spectrum of consumers using such products (produced by luxury brands but targeting medium value segment, made this campaign a success and a new regulation on toxic substance on cosmetic products was passed at the European Level. As for the unsuccessful case, the actions of PETA against crocodile skin used in Hermes Kelly bag, it was a failure due to a narrow range of consumers benefiting from this expensive product, and due to previous inconsistent actions by the organization that undermined its reputation (Lochard and Lurat, 2011). Therefore this campaign did not initiate either an industry process, or a national legislation, having no impact on the industry practices. Moreover, civil society's influence could also explain the gap of commitment between larger groups and smaller companies. Indeed, large companies will be more on the spotlight of activists, and NGO's tend to concentrate on large or very large firms that have a wide public recognizance. Therefore, we believe that external factors can explain the gap in commitment regarding CR strategies between companies. This is especially accurate concerning the adoption of Integrative CR: establishing environmental management or improving the supply chain management. Nevertheless, other factors need to be considered in other to discuss why some companies went further and decided to innovate their CR strategy.

4.2.2 Size and sectoral characteristics of companies

In order to discuss the reasons behind the capacity of the firm to innovate its CR strategy, one has to look at the firm's characteristics, namely its size, the sector of activity and its strategic orientation. The first trend we can observe is that there is a greater representation of large companies that have activities outside the luxury sector among the Innovative CR cluster, as indicated in Figure 3. Brands such as L'Oreal, Shiseido and PPR have activities outside of the luxury segment, aiming at low-end or middle value. These additional activities might be more engaged in sustainability and might cover-up for some the lower performing luxury segment, or, extend their positive influence to it. It is difficult to say because larger conglomerates, even if they have general guidelines, often divide their operations into different business units, each unit being responsible for the activities in its own consumer brand. Therefore, as our score is a global score, it can hide important gaps of performance within the corporations. Indeed, the size of the firm and the sector are both determinant for the company's capacity to invest and innovate (Pavelin and porter, 2008). Indeed, all the companies that we characterized as pursuing a strategy of innovative CR are large groups of luxury-brand owning companies or large companies, as they are among the 10 companies with the largest benefits in the sector with an annual revenue superior to 3000M euros (Table 4). Moreover, firms maintaining a traditional philanthropic approach are rather smaller firms, with the exception of Ralph Lauren, with annual revenue inferior to 3000M euros. Investing in sustainability in the long term requires a total shift in the business model, as the product, the communication and the brand essence have to be redefined (Bendell and Kleanthous, 2007) and this requires significant financial investments. It is then no surprise that more profitable companies have more capacity to pursue innovative Cr strategies, rather than smaller companies with less financial capacity. This analysis is confirmed by the EU report on internationally recognized guidelines and principles: as figure 23 shows, companies with more than 10 000 employees are 3 times more likely to refer to agreed standards and instruments, such as the UN global compact, the OECD guidelines or the Universal Declaration of Human rights.

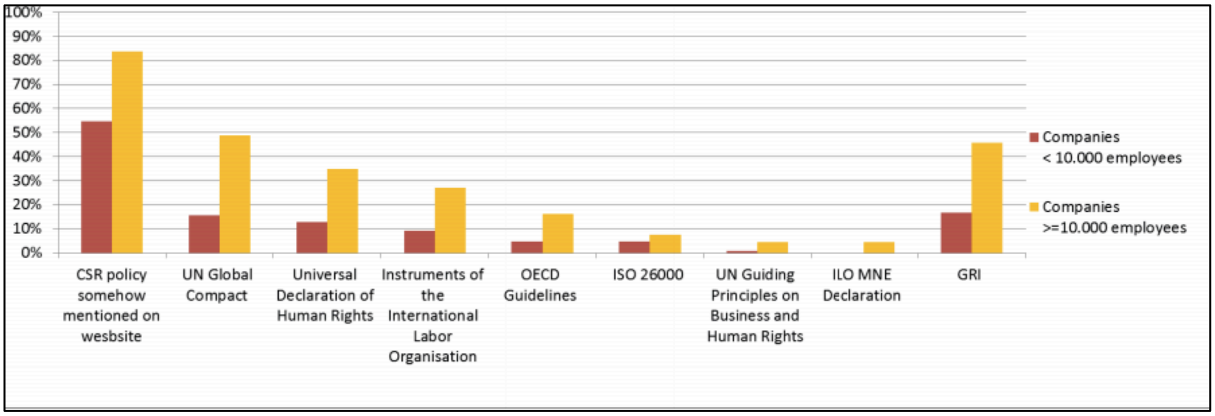


Figure 19: Reference to CSR According to Company Size
Source: An Analysis of Policy References made by large EU Companies to Internationally Recognised CSR Guidelines and Principles, 2013

Another determinant of the firm's capacity to pursue innovative strategies is the sector of activity. Some sectors of activity are more easily connected with integrative CR than innovative CR. It was noticed than all cosmetic luxury companies are in the innovative CR cluster (Table 6), and that cosmetic companies perform better than other sectors (Figure 6). On the opposite, no jewelry company made it in the Innovative CR cluster (Table 8). It would seem than the impacts of some sectors of activities are close to issues connected to innovative CR practices than others, namely in terms of eco-innovation. Indeed, we found no example of eco-innovation in the jewelry or eyeglasses manufacturer. If the negative impacts on the environment or the social chain can be reduced for those industries, the conception of eco-products and the use of eco-design is more challenging than in the cosmetic or fashion industry. It seems that the trend experienced by the fashion and cosmetic industry, that have being substituting chemical substances by natural products, have not yet come to main actors in the jewelry and eyeglass sector. Nevertheless, development of eco-products in the jewelry sector should be considered, taking into account the high rate of recyclability of materials such as gold and silver (Lochard, Murat 2011). Finally, the last determinant factor is the strategic orientation of the firm refers to the pursuit of new markets and brand orientation. Indeed, the potential market for responsible luxury brands has globally increased, as wealthy consumers have increased their expectations for the responsibility of luxury brands. About two-thirds of Chinese luxury clients are willing to pay more for socially and environmentally responsible products (Lau, 2010). Indeed, as the future of the luxury sector moves to other emerging markets, such as the Asian market and the Latin American market, firms have to rethink their corporate responsibility strategy because sustainability issues are much more pressing than in Europe or in North America and negative actions could detriment their image. Moreover, the trend of eco-design and eco-products is penetrating the luxury market and a number of new luxury eco-brands are emerging, conciliating luxury products and services with sustainable development objectives and responding to the aspiration of the wealthy responsible consumer (Lochard and Murat, 2011). For the time being, these brands remain marginal but constitute an important phenomenon, and historical luxury brands should consider that seriously in order to preserve their central position. In order to conquer these new markets, which are strategically important for the future of luxury brands, some firms reconsidered corporate responsibility as a business advantage. But conquering these new markets and new consumers require investments in innovation, and namely in innovative CR. Therefore, if the company is growth oriented it is more likely than it will invest in innovative CR than integrative or philanthropic. In order to conclude, in this section we identified some of the factors than can explain why some companies are engaged in innovative

CR rather than others. Business environment relative factors, such as the national legislative framework and civil society's pressures, as well as firm's characteristics such as size, sector of activity and strategic orientation are determinant factors.

In conclusion, a company strategically oriented to innovation and to growth in other markets will have the most need and benefit of diversity, both in its leadership and in its teams, as it needs to increase its understanding of different consumers and different environments, therefore it will pro-actively engage in the promotion of diversity as a business strength. This research therefore evidences that the firm's composition regarding diversity matches the corporate strategy regarding innovation and corporate responsibility, rather than the Board's composition.

5. CONCLUSION AND RECOMMENDATIONS

This research found that, on one hand, companies aiming at innovation in corporate responsibility regard diversity as an important factor for business success, and pro-actively promote it inside their business. The main reason behind this value of diversity is that it allows for a better understanding of a changing environment, and of a broader range of consumers. On the other hand, companies that aim at preserving brand image and reputation are careful to display the image of a committed employer to the respect of diversity, through disclosure of diversity information. Furthermore, companies that do not perceive corporate responsibility as a business advantage do not consider diversity and do not search for inclusion of diversity.

Our recommendations for companies in this sector regarding diversity are twofold. Firstly, concerning the gender-diversity in the Board of Directors, it our opinion that instating quotas for a minimum female representation can have positive impacts both for internal diversity, as it would lead to an increase in the number of female managers, and will lead to more acceptance of diversity on Boards. Diversity on boards is a long term process that should be encouraged and it seems that until now, only regulation through quotas shown significant improvement. However, a heterogeneous composition on the management team is not enough as diversity needs to be managed appropriately in order to get its benefits. A diversity management that encompasses trainings programs, recruitment programs and support of work-life balance, coupled with an organizational culture that promotes employee's initiative and consideration of employee's opinion, is critical to receive the benefits of diverse teams. In this sense, companies should invest in organizational innovation if they aspire to promote innovation in products and processes regarding corporate responsibility. These changes are essential for this luxury sector, as companies reach new geographical markets and a variety of consumer profiles.

Secondly, if this study emphasizes the importance of approaching CR from an innovative and creative perspective, we do not assume that only this approach can bring benefits from a financial and societal point of view. Indeed, the integrative approach by promoting the implementation of environmental management systems can also bring a competitive advantage to the firm by cutting energy and water costs, while diminishing the negative environmental impacts. Even if the real impact of philanthropic CR is little, it remains strategic for the prestige of the firm, especially in the luxury business. When choosing a CR strategy, attention has to be given to the connection between CR activities and the core-business, and that would mean different things according to sector of activity, size and consumer preferences. Nevertheless, it seems essential to underline that, by considering the strategic opportunities existing in socio-environmental problems, innovative CR can foster efforts in the private sector, and increase its positive impacts.

Nevertheless, this study both on its data, object and the methods adopted has certain limitations that will be described. Firstly, on the nature of the data used, that is to say publicly available data did not allowed for control over the quality of data. Moreover, this type of data does not allow for an actual understanding of the decision-making process of Boards of Directors or human resources process: the company remains pretty much a black box. However, publicly available data, especially when it is information diffused by companies, allows the researcher to have a general idea of the level of consideration on different topics by comparison. Secondly, there are some limitations concerning the object of study. As this research adopted a case study approach, caution needs to be taken concerning the generalization of results. The selected companies are large companies, almost all are capitalized, and therefore the results might not be applicable to medium or small size companies. On the same aspect, the selected cases covered a limited number of industries and, again, results might vary in other research settings. Thirdly, there are some limitations concerning the methodological approach adopted. The corporate responsibility and diversity analysis rely mostly on qualitative information and as such, it is subjected to interpretation and to judgmental categorization. Indeed, companies have mixed strategies involving different elements from various natures, and therefore all categorization is from a certain level, submitted to the researcher interpretation. Lastly, if this research discussed some possible mechanisms for linking diversity to corporate strategy, future studies should go into more detail in the analysis of these mechanisms.

To conclude we would like to suggest some directions for future studies. As shown is this study, the relationship between diversity and corporate performance is complex, and it seems that previous research studying the impact of diversity on corporate performance studied only separate elements, having only a limited understanding of their results in a real business setting. In order to improve our understanding of the relationship between diversity and corporate responsibility, future research should continue elaborating on case studies, as we think deeper inside is still welcome on this issue, especially in order to carry out longitudinal research to check if companies that are innovative became more diverse or if diverse firms became more innovative. On the corporate responsibility aspect, we believe that as the corporate responsibility practices in the luxury sector become more established, more communication will be done about it in the future, especially among brands who are under-communicating on the subject in order to avoid being accused of green washing, Therefore, a similar study in the future would provide useful insight on how best practices evolved in this sector. Moreover, as this study only investigate differences in strategy from a qualitative point of view future studies could focus on the financial and societal impact of different CR strategies, from a quantitative point of view.

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Appendix 1: Qualitative analysis on corporate responsibility strategy

Cluster	Main themes	Company	Quote
Innovative CR	Sustainability as part of their business model	ELC	"Corporate sustainability […]is critically important and its significance will only increase as our consumers become more diverse"
Innovative CR	Sustainability as part of their business model	LVMH	" Sustainable and responsible production coupled with environmental protection Is at the heart of our business model"
Innovative CR	Sustainability as part of their business model	L'Oreal	"…We have made social responsibility a priority by integrating the principles of sustainable development into our business model, in order to build growth that is sustainable, responsible and inclusive"
Innovative CR	Sustainability as part of their business model	Shiseido	"We aim to realize a sustainable society through dialogue and cooperation with stakeholders while also promoting management that contributes to the creation of people's beauty and health by developing activities that address social issues and meet expectations."
Innovative CR	Sustainability as part of their business model	PPR now Keiring	" Sustainable business is smart business. It gives us an opportunity to create value while helping to make a better world."
Innovative CR	Innovation and creativity are essential to engage in sustainability	L'Oreal	"sustainable innovation for L Orea[l…]the first pillar in its corporate sustainability strategy,"
Innovative CR	Innovation and creativity are essential to engage in sustainability	LVMH	"Designing luxury products that draw on the Maison considerable heritage requires not just innovation, creativity and first-class execution but also consideration of environmental performance" "Entrepreneurial spirit, innovation, excellence and creativity are therefore part and parcel of the long-term strategy of our Companies and are present in everything we do, including our environmental policy."
Innovative CR	Innovation and creativity are essential to engage in sustainability	ELC	"Our R&D philosophy is based on the three pillars of creativity, innovation and the latest science."

Innovative CR	Innovation and creativity are essential to engage in sustainability	Shiseido	”Our researchers are pioneering new eco-conscience initiatives to help realize a sustainable society where humanity and the Earth’s environment can coexist beautifully”
Innovative CR	Innovation and creativity are essential to engage in sustainability	PPR now Keiring	“Keiring (…) is supporting the brands to achieve the highest standards of sustainable business practices(…)we are leveraging the inherent creativity that is synonymous with our Group.” Marie Claire Daveu. “PPR is confident that the type of innovative, sustainability-driven approach it now has in place will ultimately generate new business revenues from sustainable products and services and create new business models. In fact, one of PPR’s primary goals is to have a significant part of revenue generated from sustainable products and a business model closely linked to the core 2016 targets. Already, PPR ‘s efforts to become more sustainable as a Group are at the core of its business strategy and achieving the sustainability targets is directly linked to the brand’s Senior Management bonus plan.”
Integrative CR	Strong emphasis on conducting business in an ethical manner	Tiffany	“We believe we have a moral imperative to help sustain the natural beauty that inspires our designers, customers and employees” “ We strive to protect the interests of stockholders through responsible business decisions that reflect the integrity of the brand in both the short and long term”
Integrative CR	Strong emphasis on conducting business in an ethical manner	Richemont	“Richemont has a long standing commitment to doing business responsibly…manage the social, ethical and environmental impact. Building trust in our Maisons’ and in the Group operating companies lies at the heart of the way we work”
Integrative CR	Strong emphasis on conducting business in an ethical manner	Hermes	“Hermes has continued to grow while remaining a family firm with a uniquely creative spirit that blends precision manufacturing with traditional craftsmanship. Meanwhile, Hermès pursued its “socially responsible carré” project in 2011 with the Graff Hermès silk twill carré created by graffiti artist Kongo, who worked on silk rather than concrete with talent and energy”. Define itself as a “responsible committed employer”
Integrative CR	Strong emphasis on conducting business in an ethical manner	Boss	“As an international company, Hugo Boss is aware of its particular responsibility towards society, employees and the environment…aspects of a responsible business management”. “As a responsible company”

Integrative CR	Strong emphasis on conducting business in an ethical manner	Swatch	"Additionally, the company encourages the creation of a positive working atmosphere favorable to the personal fulfillment of its employees. As an international and multicultural company, with some 70 different nationalities working in its companies in Switzerland, the Swatch Group is a place of great diversity that cares for the individual identity of each of its companies and leaves each the freedom to act according to its own particular working customs."
Integrative CR	Strong emphasis on conducting business in an ethical manner	Burberry	"Since its foundation in 1856, Burberry has sought to achieve the very highest quality standards. This focus is an integral part of the brand and informs ongoing efforts to ensure that Burberry is recognized as much for operational excellence as it is for its luxury products. Burberry strongly believes that to be a great brand it must also be a great company Healthy business partnerships: based on shared values and high ethical standards"
Integrative CR	Strong emphasis on conducting business in an ethical manner	Luxottica	"At Luxottica, we know that our success depends on the well-being of our people, our communities, and the natural world. That's why our responsible business approach is based on innovation and respect- for people and for the environment."
Philanthropic CR	No mention of corporate responsibility, beyond philanthropic activities	Ralph Lauren	"The Polo Ralph Lauren Foundation supports initiatives in cancer care, education and service in underserved communities. Ralph Lauren engages in a number of philanthropic initiatives, some of which are highlighted below."
Philanthropic CR	No mention of corporate responsibility, beyond philanthropic activities	Prada	Work of Prada Art Foundation
Philanthropic CR	No mention of corporate responsibility, beyond philanthropic activities	Armani	Work of Giorgio Armani and water for Ghana

Philanthropic CR	No mention of corporate responsibility, beyond philanthropic activities	Coach	Coach Foundation: “The Coach Foundation's principal mission is to champion organizations that empower, educate and support women and children around the world.”
Philanthropic CR	No mention of corporate responsibility, beyond philanthropic activities	Safilo	“Safilo Group is always the first in line to support important charitable and cultural initiatives. With the belief that a company operates in different social contents, Safilo promotes and actively takes part in numerous solidarity and social responsibility projects both in Italy and abroad”.

Appendix 2: Diversity Perception

Main theme	Company	Quotation
Diversity as a business advantage, fostering innovation, sustainability and a better understanding od the variety of consumers	LVMH	"Gender diversity is an integral part of LVMH's culture." "Diversity creates mutual enrichment and brings us a wealth of individual profiles, making it an essential competitive success factor," notes Chantal Gaemperle, Group Executive Vice President, HR and Synergies. "Encouraging diversity as a source of creativity (is) an integral part of the Group. The LVMH Group has a presence on every continent and its staff echoes the diversity of its sites."
Diversity as a business advantage, fostering innovation, sustainability and a better understanding od the variety of consumers	ELC	Executive Chairman of Estee lauder:" imperative to "encourage diversity as a pillar of innovation within the Estee Lauder Companies(…)to build a great business, nurture talent protect the environment and contribute to the well-being of communities where we operate"
Diversity as a business advantage, fostering innovation, sustainability and a better understanding od the variety of consumers	L'Oreal	"Diversity of our teams is one of the keys to success at L Oreal. Teams that are diversified at all levels and in all areas allow for greater creativity and a better understanding of consumers…"- L'Oreal Chairman For L Oreal talent force needs to "reflects the local market", President of Lancôme: " we also take great care about diversity: " diversity of origins, of ages and silhouettes (…). In the end we are defending a vision of beauty that is rather inclusive that competitive" For our business to flourish, it is vital that we understand the different needs of our consumers (…) this is one reason we value and promote an inclusive and diverse workplace that supports creativity and innovation.
Diversity as a business advantage, fostering innovation, sustainability and a better understanding od the variety of consumers	Shiseido	"By embracing diversity, and working and learning together with colleagues who have different values and various abilities, we are establishing diversity-savy organizations that will provide an effective environment for innovation and the creation of new values. In opening the path toward a future not based on past experience, our diversity is a source of strength for the Shiseido Group to be flexible in responding to consumers and to changes in the business environment."
Diversity as a business advantage, fostering innovation, sustainability and a better understanding od the variety of consumers	Keiring	"The Group knows that company that embraces the full breadth and wealth of diversity that it can tap in the society around it (in terms of gender, age, origin and disability, etc.) has a clear business advantage and competitive edge – plus the fact that diversity leverages cohesion and dialogue in the company."

View diversity as an ethical aspects of behaving as an ethical employer	Tiffany	" aims to create an environment that recognizes and rewords creativity (…) and respects diversity, dignity and shared values of community and family for all employees…honors the dignity of all people…We recognize each employee knowledge and skills as an important source of organizational capacity and competitive advantage…We welcome diversity…in a respectful and fair work environment. Provide equal employment opportunities in compliance with applicable law"
View diversity as an ethical aspects of behaving as an ethical employer	Richemont	"Diversity and equal opportunity means creating a work environment which allows all our employees to fulfill their potential. We seek to foster a culture in which our employee –related decisions are taken based solely on an individual ability and contribution (…) irrespective of age, gender…"
View diversity as an ethical aspects of behaving as an ethical employer	Hermes	"creating links between employees", "encourage efficient and harmonious exchanges and cooperation. "The group is very attached to the principles of recognition and respect, irrespective of one's origin, sex….This respect for the differences is presented to the employees in the ethics charter that served as the guarantor of the objectivity, equal opportunity and promotion of diversity without discrimination"
View diversity as an ethical aspects of behaving as an ethical employer	Boss	"For the company diversity means unconditional recognition of social diversity and equal opportunities for all employees in the Group."
View diversity as an ethical aspects of behaving as an ethical employer	Swatch	"Additionally, the company encourages the creation of a positive working atmosphere favorable to the personal fulfillment of its employees. As an international and multicultural company, with some 70 different nationalities working in its companies in Switzerland, the Swatch Group is a place of great diversity that cares for the individual identity of each of its companies and leaves each the freedom to act according to its own particular working customs."
View diversity as an ethical aspects of behaving as an ethical employer	Burberry	"A commitment to diversity and respect for all is a key foundation underlying the Burberry culture and its success as a global luxury brand. Burberry's global nature is reflected not only through its geographic footprint, but also through its workforce. Burberry maintained its commitment to diversity and equal opportunities in recruitment.. The diversity within the Burberry community underpins its energy, vibrancy and connectedness."

The respect of diversity is limited to strict minimum action and compliance	Ralph Lauren	"Our company believes in and supports policies and practices that prohibit discrimination against any person because of race, color, religion, gender, gender identity, age, national origin, marital status, disability, sexual orientation or any other characteristic protected by applicable law"
The respect of diversity is limited to minimum action and compliance	Prada	"PRADA spa promotes the value of the human person through the respect for physical, cultural and moral integrity, protecting its own employees and collaborators from discriminations on ground of nationality, race, ethnic group, religious belief, political and trade union affiliation, language, age, gender and sexuality. In this sense, the Addressees must actively collaborate to maintain a climate of reciprocal respect for the dignity and competencies of each individual."
The respect of diversity is limited to minimum action and compliance	Armani	No mention of discrimination in code of conduct
The respect of diversity is limited to minimum action and compliance	Coach	"Employees have the right to work in an environment that is safe and free from harassment and unlawful discrimination. Coach is firmly committed to the fair and equitable treatment of all employees and qualified applicants for employment. The diversity of our employees is a tremendous asset."
The respect of diversity is limited to minimum action and compliance	Safilo	"Safilo avoids any discrimination on religion, sex, race, political or union opinion, evaluating each employee just on his own professional qualifications and personal capabilities."