



**CONFRONTING THE DEMANDS OF CORPORATE SOCIAL
RESPONSIBILITY: A UK BUSINESS RESPONSE TO NATIONAL AND EU
CHALLENGES.**

Jenny Fairbrass and Eshani Beddewela

Dr Jenny Fairbrass
Lecturer in Strategy
University of Bradford University
School of Management
Emm Lane
Bradford BD9 4JL
Tel: ++44 (0)1274 234435
E-mail: j.fairbrass@bradford.ac.uk

Eshani Beddewela
Doctoral Candidate
University of Bradford University
School of Management
Emm Lane
Bradford BD9 4JL
E-mail: e.s.Beddewela@bradford.ac.uk

**Work in progress. Comments welcome. Please do not cite without authors'
permission.**

Paper prepared for the Corporate Responsibility Research Conference held at
Devonshire Hall, University of Leeds, 15-17th July 2007.



ABSTRACT

This paper has two main aims. The first goal of the paper is to examine the character of public policy in relation to corporate social responsibility, primarily found at the national and European levels of governance, with a view to identifying and evaluating the ensuing demands placed on businesses operating across national boundaries. The second objective is to explore the business response to those public policy challenges. The paper is underpinned by both academic and practitioner literature concerned with Corporate Social Responsibility and Corporate Social Responsiveness. Using a case study approach, based on documentary analysis and semi-structured interviews, this paper reports fresh empirical evidence concerning one UK based financial services company that operates internationally. The evidence collected suggests that external drivers have been critical in shaping the management practices, organisational structures, and values and aspirations of the firm researched.

Key words: Corporate social responsibility; corporate social responsiveness; corporate social responsiveness; multi-national corporations; United Kingdom; European Union; Public policy.

INTRODUCTION

Since the latter half of the twentieth century sustainable development has emerged as one of the highest profile issues on public policy agendas across the world, debated at all levels of governance. Crucially, some participants in the deliberations about sustainability contend that businesses (especially large international or multi-national businesses) are especially well placed to halt or significantly diminish potentially negative economic, social and environmental impacts on the world's population and contribute substantially to the achievement of sustainable development objectives. Consequently, corporate 'social' responsibility (CSR) issues have increasingly come to the fore in the discourse of, *inter alia*, academics, business personnel, public policy-makers and non-governmental organisations (NGOs). This has placed businesses at the centre of a fiercely disputed debate about what might constitute 'appropriate' business behaviour and raised questions about what 'rights' businesses can expect to enjoy in relation to society and what 'duties' society can reasonably expect them to perform.

As part of an international debate (World Business Council for Sustainable Development (WBCSD) 2000 and 2002; World Conference on the Environment and Development (WCED) 1987; United Nations (UN) 2005a and 2005b) and an effort to promote the ideals of sustainable development and responsible business behaviour, a number of challenges have been issued to business organisations by public policy authorities (and others). Noteworthy among such declarations is that delivered in 1999 by the United Nations (UN) in which businesses were exhorted to embrace a Global Corporate Citizenship (GCC) agenda. This call was designed to encourage businesses to make a positive contribution to the social, economic and environmental well being of the world's population. In so doing, the UN's Secretary General Kofi Annan called on the business community to support a 'global compact' with society, a 'contract' based on human rights, labour standards and environmental principles (UN 2004). In parallel to the appeals announced at the global level were those delivered by national governments such as the UK Government (DTI 2004 and 2005) and other regional public policy making bodies such as the European Union's Commission (EC 2001a and 2001b, 2002, 2005, 2006a and 2006b). It is the national and EU level appeals for action that this paper primarily considers.



The circumstances briefly summarised above have stimulated a number of research objectives and questions, which form the core of this paper. The main research objective underpinning the work reported here is to investigate the responses of business to the national and international challenges issued in relation to CSR. This objective has led, in turn, to a number of key questions: namely, how, why and to what extent have businesses adapted their business practices in their effort to address the public policy demands referred to above? Using an in-depth case study approach and drawing on a number of concepts that have recently emerged in the scholarly literature on CSR, this paper presents fresh empirical data about the ways in which one corporation has reacted in practice to the calls made by national and international CSR policy-making bodies.

The firm selected for close examination is UK-based but operates internationally in the financial services sector, servicing markets in the UK, Republic of Ireland, Poland, the Czech Republic, Hungary, Slovakia, and Mexico. This particular firm, industry, country of registration and public policy area have been selected as the basis of the case study for a number of reasons. First, as a multi-national enterprise (MNE), the surveyed firm faces the challenges of implementing CSR practices across national boundaries. Second, as a financial services company it has a potentially important direct role to play in affecting the economic, social and environmental well being of its stakeholders in the countries where it operates. Quite clearly, for example, as a financial services provider specialising in personal credit and insurance, the firm can exercise a very powerful effect on issues such as the levels of poverty and personal indebtedness. Third, given that CSR policies and principles have been actively promoted in the UK by public policy makers (and others), it is would be intriguing to ascertain how a UK-based multi-national 'operationalises' such policies. Fourth, given that relatively little research has been conducted to date in this field, especially in-depth research investigating the actual processes related to CSR, a deeper understanding of corporate social responsiveness is very desirable.

The research strategy employed here is a case study method that exploits both secondary and primary data. The secondary data is derived from the surveyed firm's social responsibility and financial reports from the period 2001 to 2004¹. The reports provide background information about the company's activities, such as its operations framework, the management of its stakeholder relations, and its assurance practices. Primary data were obtained via semi-structured interviews conducted with key managers at the corporate tier of the company. The respondents who were interviewed were directly involved in the company's social responsibility activities, at the group level. They included the Group CSR Manager, the Group Community Affairs Manager, a Community Affairs Executive and a Human Resources Executive.

In addressing the research objectives and questions that provide the foundations for this paper, the remainder of this paper unfolds as follows. Section 1 focuses primarily on a key concept drawn from the academic literature, namely the notion of corporate social responsiveness. Section 2 establishes the character of the public policy context for CSR in the UK and the EU. Section 3 presents detailed case study findings. Section 4 offers some conclusions and points to future research.

CORPORATE SOCIAL RESPONSIVENESS

¹ The start date was selected on the basis that it was not until 2001 that the surveyed firm introduced an explicit CSR policy. The end date was determined by the reports available in 2005 when the research was conducted.



It will be widely recognised that a large number of terms and concepts connected with the issue of the role of business in society have emerged in the academic and practitioner literature in the past five or so decades. However, it is not the purpose of this section to engage in a lengthy definitional debate. It will suffice to state that most of the available terms, such as corporate social responsibility, are contested and that several alternatives exist². Among the terms to emerge recently in the literature as a result of a growing dissatisfaction with labels such as CSR (Crane and Matten 2004: 47-48), is the concept of corporate social responsiveness (Frederick, 1994). This can be distinguished from other terms in the area by its more pragmatic and action-oriented character compared to other more normatively oriented CSR theories (Frederick, 1987). In its most basic form, it could be argued that corporate social responsiveness represents the more strategic aspect of CSR, being concerned with the way in which businesses actually respond to social concerns and expectations. In other words, it could be considered the 'action phase' of CSR (Carroll, 1979; Wartick and Cochran, 1985; Wood, 1991). Corporate social responsiveness may be considered to be about how business organisations learn to implement and manage 'social' programmes by integrating them into the operational framework of an organisation (Ackerman and Bauer, 1976).

It can also be argued that the notion of corporate social responsiveness explains *how* diverse social issues can be managed within the context of a business organisation. According to the model developed by Ackerman (1973), the process of social responsiveness is developed in three broad stages. The first stage, or 'policy stage', entails the identification of particular problems and the formulation of policy with regard to the issue. Stage two, also referred to as the 'learning stage', points to the need for specialised training and administrative learning within the organisation. The final stage culminates in organisational commitment to action in relation to the identified issue and results in the implementation of a response and its integration into the operational standards of the organisation. This commitment is likely to be manifest in changes to the organisation such as the alteration of decision-making structures and mechanisms. The implication is that over the course of time, as an organisation moves from the policy stage, through the learning stage to the organisational commitment phase, there is a growing degree of responsiveness to a given problem issue. This model can be represented diagrammatically (see Figure 1).

-----insert figure 1 about here -----

In contrasting CSR and corporate social responsiveness, Wartick and Cochran argue that CSR provides an ethical foundation to business behaviour and a 'window out' approach to addressing social issues, whilst corporate social responsiveness offers a more pragmatic basis and promotes a 'window in' approach whereby a given company concentrates on the *actual* actions needed to meet societal needs. In essence they contend that corporate social responsiveness complements CSR but is not a replacement for it (Wartick and Cochran, 1985:766). Wartick and Cochran's (1985) formulation of corporate social *responsiveness* then points to the idea of corporate social *performance*. A number of writers have subsequently worked with and re-worked idea of corporate social performance. Drawing on Ackerman's (1973) early categorization of the characteristic behaviour of a responsive firm, Wood (1991,

² In academic and practitioner literature other labels such as 'corporate responsibility', 'corporate citizenship', 'sustainable business' and 'responsible business practice' are often used interchangeably even though they have different connotations.



for example, identifies three key aspects or components to corporate social performance. Ideally, she argues responsible performance should encompass 'environmental assessment', 'stakeholder management', and 'issues management'.

Adopting a more critical stance, Clarkson (1995: 96) argues, however, that corporate social responsiveness cannot be effectively evaluated as the term *social* "carries no clear meaning for managers, students or academic researcher and scholars". Clarkson's contends that in normal corporate practice managers do not manage their CSR activities in terms of concepts such as CSR, corporate social responsiveness, social issues management and performance, but rather that they essentially 'managed' or 'not managed' the various relationships they had with various groups or constituencies. Clarkson proceeds by distinguishing between *stakeholder issues* and *social issues* by advancing two positions. Firstly, he argues that what is a 'social issue' is determined over an extended time period by a particular society and culminates in the enactment of public policy in terms of relevant legislation and regulations. Secondly, Clarkson makes the point that although an issue may fail to reach the status of being a 'social issue' but it may nevertheless be a 'stakeholder issue' for a business. According to Clarkson, the test of whether an issue has become a 'social issue' or a 'stakeholder issue' is the presence or absence of public policy.

This distinction is crucial to this article. The research undertaken and reported here has sought to examine the way in which the surveyed company has responded to the perceived need to address a range of social issues and stakeholder issues. More specifically, the research carried out has examined the implementation of one 'social issue' responsibility (i.e. in relation to environmental policy) and one stakeholder issue (i.e. community). In other words, the research reported here concerns *how* public policy has affected the management of both social and stakeholder issues. This comparison is thought to be worthwhile on the basis that whilst companies are clearly required to address certain social issues, for example environment and health and safety, owing to the existence of public policy and legislation, and they may not be required by law to address certain stakeholder issues, such as community, but nevertheless do so. A key objective of this present inquiry is to explore how far public policy (national and regional) has actually affected the management of both social and stakeholder issues in the case study company. Before presenting our findings, the paper now turns to the 'real world' environment of public policy making in the sphere of CSR.

THE PUBLIC POLICY CONTEXT

The case study firm that forms the core of this paper is registered and operates nationally in the UK but also trades primarily internationally in other European countries. As a result, this section of the article characterises the public policy context that surrounds the firm by firstly tracing CSR policy developments in the UK policy domain and then those found at the EU level of governance. In so doing, the aim is to identify the major challenges facing the surveyed company.

National Context: The UK

Significantly for the firm that provides the case study for this paper, it finds itself operating nationally in a public policy domain where the key government decision makers have committed themselves to the pursuit of sustainable development objectives (to trace the development of UK sustainable development policy see Turner and Fairbrass (2001); Department of the Environment (DoE) 1989; Her Majesty's Government (HMG) 1990; Foreign and Commonwealth Office (FCO)/DoE



1994); DETR 1999a, b and c; DETR 2001; DEFRA 2005). Crucially, in so doing, the UK Government has specifically singled out business organisations and their CSR policies and practices as the vehicle through which, in large part, sustainable development objectives can be met.

With regard to the development of UK CSR policy itself, it can be traced to the late eighteenth century when industrialization and urbanization wrought substantial social change (Moon 2004) and businesses engaged in the practice of corporate philanthropy. Subsequently, from the middle of the twentieth century, the substantial growth in state welfare provision could be seen to partially replace corporate philanthropy. However, by the late twentieth century perceived failures on the part of the state appear to have led to further changes in the expected role of business in society in the UK and the emergence of an explicit UK CSR policy (Matten and Moon 2004). This development could be said to compound the weight of responsibility on UK firms but at the same time the more explicit nature of UK CSR policy could be argued to provide greater clarity about what is required of business by society.

In the most recent phase of development of UK CSR public policy, a ministerial cabinet post was created in March 2000 that is designed to co-ordinate CSR across the government. Such a development might prove to be a double-edge sword for UK businesses in so far as creating such a post might raise the profile of CSR issues across the UK government and create conditions in which a variety of UK central government departments are compelled to engage with CSR whilst at the same time it potentially adds to the public prominence of the issue and again compounds the visibility of business activities. Additionally, in the following year, the Labour Government published the first of its series of annual reports on CSR (DTI 2001) and launched a website focused on CSR (www.societyandbusiness.gov.uk). The UK Government defines CSR as being essentially about:

“...how business takes account of its economic, social and environmental impacts in the way it operates [...] Specifically, we see CSR as the voluntary actions that business can take, over and above compliance with minimum legal requirements, to address both its own competitive interests and the interests of wider society. (UK Government 2005. Emphasis added)

Crucially, in summary, whilst the UK government is very supportive of embedding CSR policies and practices into business operations, they maintain that this should be achieved through a light regulatory approach: that is, the adoption of CSR should be voluntary, not highly regulated. Parallel developments are also evident at the EU level of governance, to which this paper now turns.

Regional Context: The European Union

The issue of CSR first appeared on the EU's public policy agenda around the turn of the century, when, in 2001, the European Commission published a Green Paper (EC 2001b) on CSR entitled “Promoting a European Framework for Corporate Social Responsibility”. The stated aims of the European Commission in publishing the document were to launch a debate about the concept of CSR and identify ways in which to build a “partnership” for the development of a European approach to CSR.



Following the publication of the Green Paper, period of consultation³ was undertaken with public, private and voluntary sector organisations and subsequently led to the publication in July 2002 of the European Commission's Communication (EC 2002) entitled "Corporate Social Responsibility: A business contribution to Sustainable Development". In this 2002 document, drawing on the earlier 2001 Green Paper, CSR is defined as:

"...a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis as they are increasingly aware that responsible behaviour leads to sustainable business success." (EC 2002: 3).

As part of the development of CSR policy at the EU level, subsequently in October 2002, the EU launched the European Multi-stakeholder Forum (EMSF). This was designed to provide a platform for discussions concerning CSR among the main stakeholder groups at European level (employers, trade unions, business organisations/networks and civil society organisations) with the Commission playing a facilitating role. In the period up to June 2004, when the EMSF produced its final report (EMSF, 2004), a number of plenary sessions were convened that discussed issues such as CSR business practices and tools and the fostering of CSR among SMEs. Deliberations in the EMSF reflect the highly politicised nature of the debate about CSR. Whilst business organisations expressed their view that CSR should remain a voluntary regime, social partners called for a regulated approach (for example see Oxfam 2002; TUC 2001; FoE 2001; WWF 2001).

In the most recent development of the CSR debate at the EU level, in March 2006 the Commission backed and launched a "European Alliance for Corporate Social Responsibility". This is designed to be a business-led initiative that should encourage a greater business commitment to CSR. The EU claims (EC 2006a) that the "Alliance" should mobilise business resources and capacities towards CSR. However, this initiative has received a cool reception from 'social partners' (ETUC 2006; FOE 2006) who perceive it to be a further example of the EU siding with businesses against the interests of other groups (Financial Times (FT) 2006). Additionally, in March 2006, the Commission published another policy paper entitled "Implementing the partnership for growth and jobs: Making Europe a pole of excellence on Corporate Social Responsibility" (EC 2006b). This continues to emphasise a voluntary approach to CSR at the EU level, much to the chagrin of social partners.

Challenges

Clearly, whilst CSR policy in the UK has become more explicit over the course of time and, given that some aspects of CSR are regulated (e.g. with regard to the environment) it might be argued that UK firms have greater certainty about what is required of them by society. However, both UK and EU CSR policy emphasises voluntary action on the part of businesses. This potentially raises questions for individual managers and companies about how far they should go in terms of meeting society's expectations. Minimal CSR implementation may not result in legal sanctions but lead to a poor public image.

³ Approximately 250 responses were received from a variety of public, private and voluntary sector organisations including national, regional and local government, employers' organisations, business associations, individual enterprises, trade unions, and civil society organisations.



Moreover, the debate about CSR is taking place in a highly politicised arena, particularly at the EU level. Challenges have been issued not only by governments and QUANGOs but also by individual citizens, interest groups, and the media. In effect, UK based firms are under pressure from a range of stakeholders. They are subject to (critical) public attention. This situation is potentially exacerbated for the businesses given that the media (television, radio and press) are eager to publicise examples of 'bad behaviour' on the part of businesses. As a result there is a further challenge for UK businesses, that of attempting to maintain the *status quo*. Keeping CSR voluntary at the national and EU levels in the face of vigorous campaigning on the part of other policy actors who favour a regulated approach to CSR is likely to prove to be a demanding task. Moreover, as ever, UK businesses face the continuing fundamental difficulty of satisfying a number of competing constituencies.

In the section above we have outlined the public policy debate concerning CSR at the national and European levels of governance. In summary, the public policy domain surrounding CSR in the UK and the EU provides an external environment for firms that comprises both supportive and challenges aspects. In the next section of the paper we explore how and why one UK based multi-national company has attempted to respond to the public policy demands.

CASE STUDY FINDINGS

Based on the primary and secondary data collected in the course of the research, we now present the findings concerning the surveyed firm's responses and actions. This section is sub-divided into three parts. The first provides an overview of the development of the firm's CR programmes in which we focus on elements such the definition of CSR utilised, key social and stakeholder issues identified by the firm, the CSR operational framework in place, guidelines and codes of practice adhered to, and verification practices adopted. The second part examines the firm's performance in relation to one social issue: namely, the environment. The last part explores one stakeholder issue: namely, community activities.

An Overview

Initial attempts to introduce a CSR programme across the firm began in 2000/01. From 2002 onwards this CSR programme was extended across the firm's global operations. There is a clear change in the focus of CR activity within the company over the four year period (see table 1 for details).

-----insert table 1 about here -----

The later reports shift to an emphasis on 'stakeholders'. Between 2003 and 2004, P-Group expanded their CR activities from a more narrowly defined focus (on the community and the environment) to a wider based approach that encompasses issues such as marketplace and supply chain management.

At the core of the CR management framework, which guides the implementation of the CR activities of the P-Group, is a set of corporate policies that are approved by the executive committee of the board (Group CSR Manager, 2005). All policies comprise an implementation strategy with defined responsibilities at every level of the organisation (Group CSR Manager, 2005), where all divisions are required to review the policies and develop their own versions where appropriate and each is required to further certify annually its compliance with the main corporate policy. Finally, the Group's compliance with its stated CR policies is



assessed by external verifiers (P Group, 2002). Whilst corporate policies are said to act as the *guide* in directing the CR activities of the P-Group, the actual *management* is conducted through a specifically designed operational structure (See Figure 2).

-----insert figure 2 about here -----

We now look at the responsiveness of the company in addressing a key social issue: namely, the environment.

Environment

The CR Program at the P-Group demonstrates considerable responsiveness pertaining to the social issue of the environment (see table 2).

-----insert table 2 about here -----

Triggered by negative feedback from the BitC survey in 1998 (Group Community Affairs Manager, 2005), environment was the first key social issue on which P Group has concentrated upon extensively. In terms of the patterns described in the Ackerman model (1973), the documentary analysis (see table 2) reveals development over the course of time (from 2001 to 2004). Evolution is discernible commencing with the 'policy stage', where the (environmental) problem was identified and this was followed by the formulation of an environment policy (P Group, 2001). Further development occurred during the 'learning stage', leading to the 'organisational commitment stage' when management structures were put in place for the environment strategy of the company (P Group, 2001) and this resulted in the introduction of an Environmental Management System (EMS) (P Group, 2002). The final stage as was also characterised by the setting up of a globally based EMS, extending the system to the subsidiaries in the group (P Group, 2004).

The findings thus show that the specific emphasis placed by the UK and EU on social issues, such as environment, via their CSR policy, have had an impact on the operations of companies such as P Group. Such public policy challenges have compelled firms not only to become more responsive towards such issues, but also to provide assurance to their stakeholder and the public regulatory agents about their actual adherence.

Community

Development in the strategy and activities of the P-Group is also evident with regard to the stakeholder issue of community, changing over the course of time from an initially philanthropic approach to a more strategically focused long-term partnership oriented programme (see table 3).

----- insert Table 3 about here -----

In terms of the Ackerman (1973) model, although the more strategic orientation of the responsiveness towards the community issue displays organisational learning, it is questionable whether the P- Group's organisational commitment has been sustained. We can see that as new and potentially more urgent stakeholder issues become important to the company, they try to balance their provision (in terms of money and commitment) to CR by being more strategically focused on those stakeholder issues.



In evaluating the impact of public policy challenges in the management of the community issue within P Group, some interesting patterns emerge. Firstly, unlike the environment issue, the P Group's community programme was not verified by outside third parties. This may be due to the 'light regulatory' approach taken by the UK government and the EU pertaining to CSR especially in relation to issues such as community. However, the firm's approach does appear to be changing with regard to certain programmes in the UK (see table 3). Secondly, an interesting point to note was the change in the direction of P Group's charitable donations, from 2003. They started reporting their support for 'national money advice organisations and charities working to help people in UK manage their debts'. This change may be due to the increased attention being paid by the UK government to reformulate consumer credit legislation, which was duly noted by P Group in their 2003 CR report:

" The Government (UK) is conducting the biggest shake up of consumer credit legislation for a generation [...] The Consumer Credit Association (CCA) has played its part by participating in the DTI working groups and task forces charged with undertaking the review of consumer credit legislation [...] new regulations are expected to emerge during 2004" (P Group, 2003)

Here again the data suggests a relationship between the challenges thrown up by public policy and the firm's change of direction with regard to addressing not only social issues but also key stakeholder issues.

CONCLUSIONS

This paper has had two main aims. The first goal of the paper has been to examine the character of public policy in relation to corporate social responsibility, primarily found at the national and European levels of governance, with a view to identifying and evaluating the ensuing demands placed on businesses operating across national boundaries. On balance the challenges for businesses appear to have grown over the course of time. Whilst the evidence suggests that CSR policies in the UK and EU have become more explicit and the growing regulation of many business activities (such as the environment and workplace) may mean that UK/European firms have greater certainty about what is required of them by society, nevertheless, both UK and EU CSR policy emphasise voluntary action on the part of businesses. This potentially continues to raise major questions for individual managers and companies about how far they should go in terms of meeting society's expectations.

Moreover, the debate about CSR is taking place in highly politicised arenas. Challenges have been issued not only by governments and QUANGOs but also by individual citizens, interest groups, and the media. In effect, UK based firms are under pressure from a range of stakeholders. They are subject to (critical) public attention. This situation is potentially exacerbated for the businesses given that the media (television, radio and press) are eager to publicise examples of 'bad behaviour' on the part of businesses. As a result there is a further challenge for UK businesses, that of attempting to maintain the *status quo*. Keeping CSR voluntary at the national and EU levels in the face of vigorous campaigning on the part of other policy actors who favour a regulated approach to CSR is likely to prove to be a demanding task. Moreover, as ever, UK businesses face the continuing fundamental difficulty of satisfying a number of competing constituencies.

The second objective of this paper has been to explore the business response to the public policy challenges identified above. Accordingly, the paper has been



underpinned by both academic and practitioner literature concerned with Corporate Social Responsibility and Corporate Social Responsiveness. Using a case study approach, based on documentary analysis and semi-structured interviews, this paper has reported fresh empirical evidence concerning one UK based financial services company that operates internationally. The evidence collected suggests that external drivers have been critical in shaping the management practices, organisational structures, and values and aspirations of the firm researched.

More specifically, in evaluating the impact of public policy challenges in the management of the environment issue within the surveyed company, several key findings emerged. The first is that the environment strategy of the company (see table 2) suggests that the company was aware of the challenges laid by public policy and aimed to comply with the relevant legislation through their Environment Management System (EMS). Moreover, the company began expanding their EMS to their international operations, especially in the EU countries. However, strict head office control was evident in its implementation. This development suggests that the company was aware of the public policy challenges arising from EU directives, especially pertaining to the key social issue of the environment and has thus adapted its CR programme accordingly. Finally, the research data indicates that considerable emphasis was placed by the company on the measurement and verification of their EMS. Assessment of the P-Group's environment programme was carried out by external verifiers from 2002 onwards.

With regard to assessing the impact of public policy challenges in the management of the community issue within P Group, some interesting points emerge. The first was that, in contrast to the environment issue, the P Group's community programme was not initially verified by outside third parties. However, this appears to have changed, at least with respect to certain programmes in the UK (see table 3). This may have been due to the 'light regulatory' approach taken by the UK government and the EU pertaining to CSR especially in relation to issues such as the community. Secondly, an interesting point to note was the change in the direction from 2003 of the P Group's charitable donations. They started reporting their support for 'national money advice organisations and charities working to help people in UK manage their debts'. This change may be due to the increased attention being paid by the UK government to reformulate consumer credit legislation, which was duly noted by P Group in their 2003 CR report.

In summary, therefore the public policy environment encountered by the surveyed firm within the national arena in the UK and that faced at the EU level of governance have both provided crucial challenges. The data suggests that the firm studied became aware of the demands placed on it, undertook learning and re-organisation, designed to respond to the challenges it faced. In addressing both social and stakeholder issues, in this case the environment and the community, the firm's action appear to have been very largely triggered and driven by the demands of public policy.

Having conducted primary empirical research on one UK based multi-national company operating primarily in Europe, the next step is to extend the planned research programme to investigate MNEs registered in the USA, Asia and other parts of Europe, operating in countries within and beyond the EU. The intention is to establish the character of the relationships between holding companies and their subsidiaries, with respect to CR policies and practices, and to determine whether there differences and similarities in the way in which European, Asian and USA based holding companies manage CR policy in relation to a variety of



subsidiaries operating in Europe and Asia. The ultimate goal is to explain the differences and similarities uncovered.

REFERENCES

- Ackerman, R. W. (1973) How companies respond to social demands. *Harvard Business Review*, 51, 88.
- Ackerman, R.W. and Bauer, R.A., (1976). *Corporate Social Responsiveness: The Modern Dilemma*. Reston, VA Reston Publishing Company
- Aupperle, K.E., (1987). 'An Empirical Measure of Corporate Social Orientation'. In: Preston, L.E. (Ed). *Research in Corporate Social Performance and Policy*. London: JAI Press.
- Aupperle, K.E., Carroll, A.B. and Hatfield, J.D., (1985). 'An Empirical Examination of the Relationship between Corporate Social Responsibility and Profitability'. *The Academy of Management Journal*, 28 (2):446-463.
- Carroll, A.B., (1979). 'A Three-Dimensional Conceptual Model of Corporate Performance'. *The Academy of Management Review*, 4 (4):497-505.
- Carroll, A.B., (1999). 'Corporate Social Responsibility: Evolution of a Definitional Construct'. *Business and Society*, 38 (8):268 - 295.
- Clarkson, M.B.E., (1995). 'A Stakeholder Framework for Analyzing and Evaluating Corporate Social Performance'. *The Academy of Management Review*, 20 (1):92-117.
- Crane, A. and Matten, D. (2004) *Business Ethics*, Oxford: Oxford University Press.
- DEFRA (2005) *Securing the Future: Delivering UK Sustainable Development Strategy*, http://www.sustainable-development.gov.uk/documents/publications/strategy/SecFut_complete.pdf, accessed March 2005
- DETR (1999a) *A Better Quality of Life: A Strategy for Sustainable Development for the United Kingdom*, London: HMSO
- DETR (1999b) *Analysis of the Responses to the UK Government's Consultation Paper on Sustainable Development: Opportunities for Change*. <http://www.maff.gov.uk/environment/sustainable/quality/analysis>, accessed July 2001.
- DETR (1999c) *Monitoring Progress: Indicators for the Strategy for Sustainable Development in the United Kingdom*. <http://www.maff.gov.uk/environment/sustainable/quality/monitor/index.htm>, accessed July 2001.
- DETR. (2001) *Achieving a better quality of life. Review of progress towards sustainable development*. http://www.sustainable-development.gov.uk/ann_rep, accessed July 2001.
- DoE (1989) *Sustaining our Future*, London: HMSO
- DTI (2001) *Business and Society*, London: HMSO
- DTI (2004) *Corporate Social Responsibility. A Government Update*, HMSO: London
- DTI (2005) *Corporate Social Responsibility: International Strategic Framework*, London: HMSO
- EC (2001a) 'A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development' COM (2001) 264 final, Brussels, 15th May.
- EC (2001b) *Green Paper. Promoting a European Framework for Corporate Social Responsibility*, COM (2001) 366 final, Brussels, 18th July,
- EC (2002) 'Communication from the Commission Concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development' COM (2002) 347 final, Brussels, 2nd July

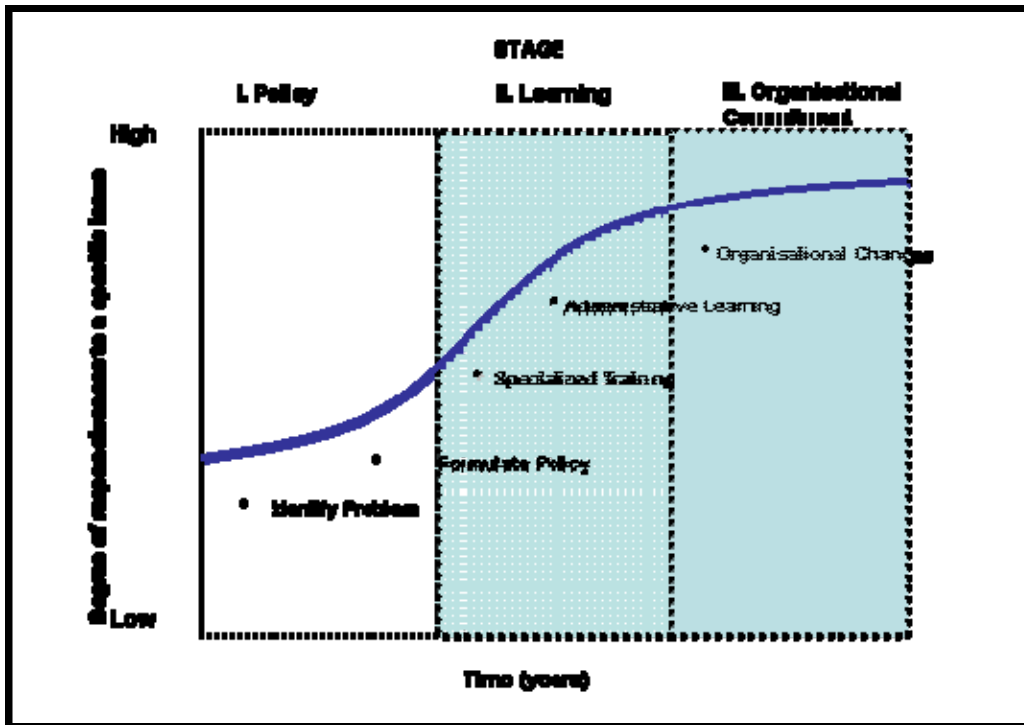


- EC (2005) 'The 2005 Review of the EU Sustainable Development Strategy: Initial Stocktaking and Future Orientations' COM (2005) 37 Final, Brussels, 9th February
- EC (2006a) Launch of "European Alliance for Corporate Social Responsibility", <http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/358&format=HTML&aged=0&language=EN&guiLanguage=en>, IP/06/358, accessed May 2006.
- EC (2006b) 'Implementing the partnership for growth and jobs: Making Europe a pole of excellence on Corporate Social Responsibility', COM (2006)136 final, Brussels, 22nd March.
- EMSF (2004) Final Results and recommendations, <http://ec.europa.eu/enterprise/csr/documents.htm>, accessed June 2006.
- ETUC (2006) Corporate Social Responsibility and European Trade Unions: danger of a rift, press release, 15th March, <http://www.etuc.org/a/2190>, accessed May 2006.
- FCO/DoE (1994) Sustainable Development: The UK Strategy, London: HMSO
- FT (2006) 'Brussels to side with business on CSR', 13th March.
- FoE (2001) Submission from Friends of the Earth (England, Wales & Northern Ireland) on the The Commission of the European Communities' Green Paper: Promoting a European Framework for Corporate Social Responsibility, http://ec.europa.eu/employment_social/soc-dial/csr/pdf/093-NGONAT_Friends-of-the-Earth_UK_011219_en.htm, accessed May 2006
- FoE (2006) Commission Verheugen hijacks EU process on CSR. Corporate Social Responsibility plan totally lacks substance, 13th March, http://www.foeeurope.org/press/2006/joint_13_March_Verheugen.htm, accessed May 2006
- Frederick, W.C., (1987). 'Theories of Corporate Social Performance '. In: Falbe, C.M. and Sethi, P.S. (eds). *Business and society: dimensions of conflict and cooperation* Massachusetts: Lexington Books.
- Frederick, W.C., (1994). 'From CSR1 to CSR2'. *Business and Society*, 33 (2):150.
- Friedman, M. (1970) 'The Social Responsibility of Business is to Increase its Profits', *New York Times Magazine*, Sept. 13, p 32
- Group Community Affairs Manager (2005) Interview with author, 30 August, Bradford.
- Group CSR Manager (2005) Interview with author, 25 August, Bradford.
- GRI (2005) GRI at a glance. Global Reporting Initiative.
- HMG (1990) *This Common Inheritance*. Cmnd 1200. London: HMSO
- Lawrence, A. T., Weber, J. and Post, J. E. (2005) *Business and Society - Stakeholder, Ethics and Public Policy*, New York: McGraw
- Idowu, S.O. and Towler, B.A., (2004). 'A comparative study of the contents of corporate social responsibility reports of UK companies'. *Management of Environmental Quality*, 15 (4):420 -437
- Isabelle, M. and David, A.R., (2002). 'Corporate social responsibility in Europe and the U.S.: Insights from businesses' self-presentations'. *Journal of International Business Studies*, 33 (3):497.
- Jones, T.M., (1980). 'Corporate Social Responsibility Revisited, Redefined'. *California Management Review* (pre-1986), 22 (000003):59.
- Matten, D., Crane, A. and Chapple, W., (2003). 'Behind the mask: Revealing the true face of corporate citizenship'. *Journal of Business Ethics*, 45 (1-2):109-120.
- McIntosh, M., Thomas, R., Leipziger, D. and Coleman, G. (2003) *Living Corporate Citizenship*, London: Pearson Education Limited



- Matten, D. and Moon, J. (2004) 'Implicit' and 'Explicit' CSR. A conceptual framework for understanding CSR in Europe', No. 29-2004 ICCSR Research Paper Series
- Moon, J. (2004) Government as driver of Corporate Social Responsibility, International Centre for Corporate Social Responsibility Research Paper Series, University of Nottingham, No.20-2004
- Oxfam (2002) http://ec.europa.eu/employment_social/social/csr/csr_responses.htm, accessed May 2006.
- P-Group (2001) Corporate Social Responsibility Report [online], details withheld for the sake of confidentiality, accessed August 2005.
- P-Group (2002) Corporate Social Responsibility Report [online], details withheld for the sake of confidentiality, accessed August 2005.
- P-Group (2003) Corporate Social Responsibility Report [online], details withheld for the sake of confidentiality, accessed August 2005.
- P-Group (2004a) Corporate Social Responsibility Report [online] details withheld for the sake of confidentiality, accessed August 2005.
- P-Group (2004b) Annual Report and Accounts [online] details withheld for the sake of confidentiality, accessed August 2005
- Turner, R.K. and Fairbrass, J., (2001) 'Sustainable development policy in the United Kingdom', *Milieu*, 16(3): 107-123
- TUC (2001) Trades Union Congress (UK) Response to the European Commission Green Paper, http://ec.europa.eu/employment_social/social/csr/pdf/082-SPTUNAT_TUC_UK_011217_en.htm, accessed May 2006.
- UK Government (2005) 'What is CSR' <http://www.societyandbusiness.gov.uk/whatiscsr.shtml>, accessed April 2005.
- UN (2004) The Global Compact - Human Rights, Labour, Environment, Anti-Corruption, New York: United Nations
- UN (2005a) What are the Millennium Development Goals?, <http://www.un.org/millenniumgoals/>, accessed September 2006.
- UN (2005b), Johannesburg Plan of Implementation, http://www.un.org/esa/sustdev/documents/WSSD_POI_PD/English/POI_Toc.htm, accessed September 2006.
- Wartick, S.L. and Cochran, P.L., (1985). 'The Evolution of the Corporate Social Performance Model'. *The Academy of Management Review*, 10 (4):758-769.
- Wartick, S.L. and Wood, D.J., (1998). *International Business and Society*. Oxford: Blackwell Publishers Ltd.
- WBCSD (2000) Meeting Changing Expectations: Corporate Social Responsibility. Geneva: WBCSD
- WBCSD (2002) The Business Case for Sustainable Development: Making a Difference Towards the Johannesburg Summit 2002 and Beyond, Geneva: World Business Council for Sustainable Development
- WCED (1987) Our Common Future (The Brundtland Report). Oxford: Oxford University Press
- Wood, D.J., (1991). 'Corporate Social Performance Revisited'. *The Academy of Management Review*, 16 (4):691-718.
- WWF (2001). Comments on the European Commission Green Paper (COM 2001) 416 final, http://ec.europa.eu/employment_social/social/csr/pdf/091-NGOINT_WWF_int_011219_en.htm, accessed May 2006.

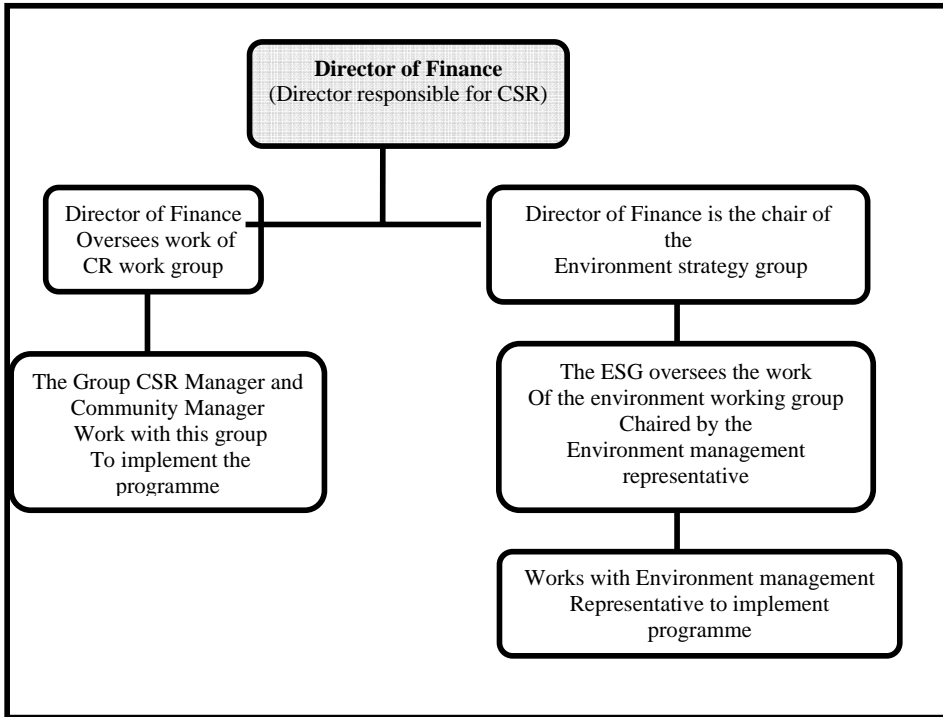
Figure 1: Development of Organisational Corporate Social Responsiveness



Source: Ackerman and Baur (as cited in Lawrence *et al.*, 2005)



Figure 2: Management Framework for CR in P Group



Source: Adapted from P Group CSR Report (2003)



Table 1: Overview of CR activity in P group (2001- 2004)

Years	2001	2002	2003	2004
Definition of CSR/CR	'CSR is about translating our values and aspirations into practical action'	'Today's world demands the highest standards from companies, both in their business activities and in their wider contribution to society'	'CR means listening carefully to what people expect from P Group and finding ways to manage these relationships and the different demands on the company'	The purpose behind CR is to understand the concerns of the stakeholders in our business and make sure that we act appropriately in everything our business does in order to ensure that we respond to the needs of all these groups'
Key Social Issues/ Stakeholders Mentioned (In terms of priority of reporting)	1. Community 2. Environment	1. Health and Safety 2. Diversity 3. Community 4. Environment	1. Community Investment 2. Occupational health and safety 3. Environment 4. Suppliers 5. Diversity 6. Employees 7. Customers	1. Marketplace 2. Workplace 3. Community 4. Environment
CSR Operational/ Management Framework	The establishment of a management framework for the environment strategy is mentioned - however details are not provided as this was in the initial stage.	The institutionalization of a CR Group is mentioned. However, only details pertaining to the Health and Safety Steering Group and its management structure is provided	CR Management Structure (consisting of two groups - the CR working Group and the Environment Strategy Group) presented with a comprehensive explanation of same.	Same CR management structure is reported as in 2003
Guidelines/ Frameworks/ Standards adopted in CSR reporting	None mentioned	ABI guidelines for reporting on CR issues and their integration into the management of the business is mentioned.	BitC (Business in the Community) UK GRI (Global Reporting Initiative)	BitC (Business in the Community) UK GRI (Global Reporting Initiative)



External Verification Measures implemented for CSR activity	None mentioned	A brief Verification report by a) the Corporate Citizenship Company and b) SEQM Limited is provided	<ol style="list-style-type: none"> 1. EMS verified externally by SEQM 2. Overall CSR reporting - verified by Corporate Citizen 3. Verification of Business in the Environment (BiE) submission by Casella Stanger 	As for 2003 plus the Community Programme for 2004 verified by Peter Wilkinson Associates
Achievements/Awards for CSR received	Included in the FTSE 4 Good Index in July 2001	Yorkshire Insider Award for the 2001 CR report	Appointed to the 'Top 100 Companies that Count' in the BitC for the first time	Included in the FTSE4 Good Index and the Dow Jones Sustainability Index in 2004. Placed in 'Top 100 Companies by BitC in 2004

Source: P-Group CR Reports 2001-2004



Table 2: Environment

Year	2001	2002	2003	2004
Strategy	No clear strategy mentioned.	'We have been steadily developing and implementing our Environment Management System and working on our objectives and targets to improve our environmental performance'	To achieve high compliance with legislation through the implementation of an Environment Management System throughout the group including international operations	Our long term aim is to reduce our environmental impact and bring our operations increasingly into line with the principles of sustainable development
Key Programmes/ Involvement measures (Local)	<ul style="list-style-type: none"> a) The establishment of a management framework for the management of the environment strategy of the company b) Conducting of a 'gap analysis' as part of establishing available Environmental Management System (EMS) 	<ul style="list-style-type: none"> a) Extension of the Environment Programme to two international subsidiaries. b) Introduction of stakeholders into the process of developing future objectives c) Achievement of certain targets under the EMS (e.g. completion of the 1st internal audit of the environment programme to ISO 14991 standard. d) programmes to raise awareness of environment issues among employees - introduction of Environment Champions 	<ul style="list-style-type: none"> a) Maintaining of a register of all environmental legislation in each country b) Sourcing environmentally friendly products c) Setting environmental targets d) Selection of suppliers who are environmentally active 	<ul style="list-style-type: none"> a) Energy - increased use of renewable sources for energy, 'switch off' campaigns; b) Transport - Introduction of a green travel working group ; c) Waste Management - using the UK government waste hierarchy to reduce waste; d) Suppliers - Commencement of the Environment Supply Chain Management System (ESCM) among the corporate suppliers
Key Programmes/ Involvement measures (Global)	Not Mentioned	The rolling out of the Environment Programme through the implementation of the EMS administered by the head office in Czech Republic and Poland	<ul style="list-style-type: none"> a) Implementation of the P Group's EMS in Poland b) Extension of sourcing environmentally friendly products in Czech Republic 	<ul style="list-style-type: none"> a) Increased Communication of environmentally friendly behaviour in Poland b) Company sponsorships of environment programme in Czech Republic c) Energy management programme and sponsorships of environment awareness



				campaigns in Hungary d) Training on management of daily environment practices in Slovakia e) targets have been set for all of these entries for the implementation of more environmentally firmly practices
Verification	Not Mentioned	EMS verified externally by SEQM	EMS verified externally by SEQM	EMS verified externally by SEQM
Targets - Achievement Analysis conducted	Use of KPI's as a way of assessing the achievement of targets is mentioned specifics are not provided	A detailed Objective- targets-achievement level - analysis has been conducted by P group for the diverse programs relating to environment	Key performance Indicators (KPI's) used to evaluate the Environment Targets and Verification of Business in the Environment (BiE) submission by Casella Stanger	Key performance Indicators(KPI's) used to evaluate the Environment Targets and Verification of Business in the Environment (BiE) submission by Casella Stanger

Source: P-Group CR Reports 2001-2004



Table 3: Community

Year	2001	2002	2003	2004
Strategy	Emphasis on 'the P Group's voluntary contribution to community' and 'that community work is integral to our 'day -to - day business'	Statement that ' We want all our community work to have some link with the communities in which we operate and be delivered in conjunction with partners who really can make a difference'	To help the people who live and work in the areas in which P Group operates. In cooperation with local partners we seek to offer new opportunities and to play our part in the development of neighbourhoods and communities'	To behave responsibly and to play an active part in benefiting the communities in which our customers, employees and agents live and work. In doing so we seek to create an environment in which our business can flourish'
Key Programmes/ Involvement measures (Local)	<ol style="list-style-type: none"> 1. Contributions and donations to National Charities 2. Donations and support for community arts programmes 3. Other community projects carried out by subdivisions 	<ol style="list-style-type: none"> 1. The establishment of strategic partnerships with NGO's to support long term community programmes - e.g. Educational Programmes targeting children from disadvantaged communities. 2. Supporting of Arts in UK 3. Donations to other UK charities 	<ol style="list-style-type: none"> 1. Donations 2. Long term community programmes organised and managed by P Group - e.g. Educational Programmes targeting children from disadvantaged communities. 3. Long term community programmes collaborated and managed with other community groups and NGO's. 4. Donations to national money advice organisations and charities working to help people in UK manage their debts. 	<ol style="list-style-type: none"> 1. Donations/ Sponsorships 2. Long term community programmes organised and managed by P Group 3. Long term community programmes collaborated and managed with other community groups 4. Programmes involving employee volunteering
Key Programmes/ Involvement measures (Global)	Mainly charitable donations and one - off community projects - e.g. Poland, Czech Republic, Hungary and Slovakia	<ol style="list-style-type: none"> 1. Community programmes with partnerships with other NGO's - Poland 2. Support of charities and donations and other small scale and one - off 	<ol style="list-style-type: none"> 1. Long Term Community Programmes - e.g. Poland 2. Donations and sponsorships of orphanages (Slovakia), services to elderly residents (Hungary), 	<ol style="list-style-type: none"> 1. Long Term Community Programmes - e.g. Poland 2. Donations and sponsorships of arts, sports, environment programmes e.g. Czech



		community programs - Czech Republic, Hungary and Slovakia	schools and children's centres (Hungary) etc.	Republic, Hungary, Slovakia
Key measures/ Analysis by independent Verifiers	None mentioned	The use of the London Benchmarking Group model by P Group to measure the success of one community programme carried out in the UK.	No Assurance or Verification mentioned in the report	Analysis of Long - term community programmes in UK by London Benchmarking Group and Assurance of the Community Programme for 2004
Achievement of targets assessed?	No	No	Yes	Yes

Source: P-Group CR Reports 2001-2004