CORPORATE SOCIAL RESPONSIBILITY
A CRITICAL CASE STUDY IN THE UK ELECTRICITY INDUSTRY

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CORPORATE SOCIAL RESPONSIBILITY
A CRITICAL CASE STUDY IN THE UK ELECTRICITY INDUSTRY

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A thesis submitted in partial fulfilment of the requirements of the Manchester Metropolitan University for the degree of Doctor of Philosophy

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ABSTRACT

The aim of this thesis is to gain an in depth understanding of the CSR discourses that take place between organizational and stakeholder actors in the UK electricity industry. Despite the controversial nature of the industry and the constantly increasing pressures that emerge from a dynamic group of stakeholders to integrate CSR actions across the organization, there is a paucity of empirical research that examines how actors attribute meaning to CSR. Acknowledging the variety of interpretations being attributed to the concept, this research seeks to investigate how the order of CSR discourse practice supports the creation of shared value between organizational and stakeholder actors.

This thesis puts emphasis on the dichotomy of CSR discourses between electricity Distribution Network Operator and their stakeholders. First, the study concentrates on how organizational actors produce CSR. Second, it explores how stakeholders make sense of and interpret CSR discourses. Third, it looks to shed light on the negotiations and the relations of power that dominate the distribution and consumption of CSR. In doing so, this research employed multiple tools to capture data and embraced Fairclough’s Critical Discourse Analysis approach to understand the socio-political, economic and cultural dimensions that shape CSR as a meaningful reality.

This research contributes to the academic literature and CSR practice by exploring an area which was previously under-investigated. It contributes to the literature by visiting, examining the applicability of and updating Porter & Kramer’s (2002) framework of the convergence of interests by reflecting on organizational and stakeholder perceptions. Accordingly, the updated framework aims to serve as a tool for CSR decision-makers in the UK electricity industry when planning their CSR stakeholder engagement activities and, presents the original contribution to practice this ideographic research project makes.
DEDICATION

To my parents. For their endless, unconditional love.
Ithaca

by C. P. Cavafy

“As you set out for Ithaca
hope your road is a long one,
full of adventure, full of discovery.

Laistrygonians, Cyclops,
angry Poseidon—don’t be afraid of them:
you’ll never find things like that on your way
as long as you keep your thoughts raised high,
as long as a rare excitement
stirs your spirit and your body.

Laistrygonians, Cyclops,
wild Poseidon—you won’t encounter them
unless you bring them along inside your soul,
unless your soul sets them up in front of you.

Hope your road is a long one.

May there be many summer mornings when,
with what pleasure, what joy,
you enter harbours you’re seeing for the first time;
may you stop at Phoenician trading stations
to buy fine things,
mother of pearl and coral, amber and ebony,
sensual perfume of every kind—
as many sensual perfumes as you can;
and may you visit many Egyptian cities
to learn and go on learning from their scholars.

Keep Ithaca always in your mind.
Arriving there is what you’re destined for.
But don’t hurry the journey at all.
Better if it lasts for years,
so you’re old by the time you reach the island,
wealthy with all you’ve gained on the way,
not expecting Ithaca to make you rich.

Ithaca gave you the marvellous journey.
Without her you wouldn’t have set out.
She has nothing left to give you now.

And if you find her poor, Ithaca won’t have fooled you.
Wise as you will have become, so full of experience,
you’ll have understood by then what these Ithacas mean”
ACKNOWLEDGEMENTS

Three years ago, when I decided to take off for the PhD journey I had no idea how much of a life-changing experience this would have been. Reflecting upon my life since then I can now tell how grateful I am about my choice to undertake this challenge. I am also grateful to all these people who walked down the journey with me and without whom everything would have been so much different.

This thesis would have never happened without the support, encouragement and valuable advice of my director of studies, Professor Anthony Hines. Thank you very much for always being there to carefully listen to me and for challenging my thinking.

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I would also like to express my sincere thanks to BED Co and all the stakeholder representatives for dedicating their time to take part in this research and for sharing their experience with me. I would like to thank Jonathan C. in particular for communicating my research to his colleagues and encouraging them to participate. Your help has been extremely important to the completion of the data collection.

Also, I would like to thank some very special people for supporting me throughout the entire process. A warm and very special thank you to Eleni and Thanos for cheering me up and for keeping me sane with your positive thinking. Thank you Avraam for your encouragement. Without your calm, good-spirited nature I wouldn't be where I am now. I am lucky to have you in my life.

Finally and especially, I whole-heartedly thank my family for supporting my choices. I feel blessed to always have you by my side. Thank you mum and dad for always believing in me, teaching me to love life and never give up on my dreams. I wish I now have more time to spend with you.
REMARK

The following related publications have previously been presented in academic conferences and can be found in conference proceedings.

**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>British Electricity Distribution Company</th>
<th>BED Co</th>
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<tr>
<td>Chief Executive Officer</td>
<td>CEO</td>
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<tr>
<td>Corporate Social Performance</td>
<td>CSP</td>
</tr>
<tr>
<td>Corporate Social Responsibility</td>
<td>CSR</td>
</tr>
<tr>
<td>Critical Discourse Analysis</td>
<td>CDA</td>
</tr>
<tr>
<td>Department of Energy &amp; Climate Change</td>
<td>DECC</td>
</tr>
<tr>
<td>Discourse Analysis</td>
<td>DA</td>
</tr>
<tr>
<td>Distribution Network Operator</td>
<td>DNO</td>
</tr>
<tr>
<td>Environmental and Social Governance</td>
<td>ESG</td>
</tr>
<tr>
<td>European Union</td>
<td>EU</td>
</tr>
<tr>
<td>External Stakeholder Forum</td>
<td>ESF</td>
</tr>
<tr>
<td>Global Reporting Initiative</td>
<td>GRI</td>
</tr>
<tr>
<td>Internal Stakeholder Forum</td>
<td>ISF</td>
</tr>
<tr>
<td>Office of Gas Supply</td>
<td>OFGAS</td>
</tr>
<tr>
<td>Office of Electricity Regulation</td>
<td>OFFER</td>
</tr>
<tr>
<td>Office of Gas and Electricity Market</td>
<td>OFGEM</td>
</tr>
<tr>
<td>Resource-Dependence Theory</td>
<td>RDT</td>
</tr>
<tr>
<td>Science Technology Engineering &amp; Maths</td>
<td>STEM</td>
</tr>
<tr>
<td>Systematic Functional Linguistics</td>
<td>SFL</td>
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<tr>
<td>Terrawatt-hours</td>
<td>TWh</td>
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CHAPTER 1: INTRODUCTION

The study reported in this thesis is a critical case study of CSR and stakeholder engagement in the UK electricity industry. This first chapter introduces the context of the study and provides information about the rationale behind this research. Finally, it presents the research questions and objectives and its overall structure.

1.1 Research rationale

This section presents the background information and rationale for this research. In recent years, research has primarily focused on the managerial implications of corporate social responsibility (CSR) with much emphasis being placed on the relationship between CSR and firm performance (Margolis & Walsh 2001; McWilliams & Siegel 2000; Orlitzky et al. 2003). However, the literature demonstrates that CSR is no longer a question of whether to act responsibly, but how. Further to this, there has been little consideration of the benefits of CSR at the organizational and stakeholder levels, its strategic aspects or even the legitimacy of CSR. Additionally, there has been little consideration of the conditions and the drivers under which CSR can contribute to sustainable competitive advantage (McWilliams & Siegel 2011). Therefore, managers and decision-makers are often faced with a dilemma of how to balance corporate interests and stakeholder welfare. In brief, this thesis aims to provide answers to why and how companies can create mutual benefits through CSR practice.

The challenge is amplified when examined from the electricity industry’s perspective. Historically, the UK electricity industry has witnessed changes and rearrangement at a structural and operational level. The privatization of the industry in the 1980s is one of the most controversial privatizations to date. The monopolistic regime under which companies operate does not leave enough space for customers to successfully negotiate their views. Considering that electricity is an essential good in everyday life, the acknowledgement of CSR as a key industrial duty is mandatory. However, the concept of CSR was only recently introduced in the industry and its conceptualization is still underdeveloped. It is for the above reasons that the UK electricity industry has been chosen as a research example for this thesis. In particular, this research focuses on Distribution Network Operators (DNOs), and examines the
subsector’s CSR stakeholder engagement. This is due to the ‘invisible’ but vital role they play in the maintenance of the network and the distribution of electricity to industrial and domestic customers.

A key dilemma that managers face when planning CSR agendas is how to pin down CSR. This is challenging due to its multidisciplinary nature (Hemingway 2002), its long and diverse history in the literature (Carroll 1999) and the multiple realities and interpretations of CSR. In this regard, Habisch et al. (2004) argued that “CSR comes with different national characteristics resulting from diverse cultural traditions as well as heterogeneous social and economic backgrounds” (p.viii). Nevertheless, the multidisciplinary literature of CSR does not provide enough guidance on how to practise CSR, especially in specific industrial contexts (Crane & Matten 2010). Secondly, managers have to confront a dynamic stakeholder environment whose needs and expectations are often complex, conflicting and continuously amended (Carroll & Butzholtz 2009; Deresky 2000; O’Riordan & Fairbrass 2008; Kotler & Lee 2005; O’Riordan & Fairbrass 2006). This thesis explores CSR practice in the UK DNO subsector and aims to shed light on the negotiated creation of mutual benefits for organizations and stakeholders.

The next section will further introduce the study and will provide an overview of the existing literature that informs the need for further research.

1.1.1 CSR literature overview

CSR has a long history and has been the subject of criticism and debate among researchers and practitioners (Carroll 1999). Discussions have revolved around the role of business in society and the relationship between CSR and corporate performance (Aguilera et al. 2007; Barnett 2007; Carroll & Shabana 2010; Jin et al. 2013; Margolis & Walsh 2001; McWilliams & Siegel 2000; Orlitzky et al. 2003). Past research is limited, though, in explaining how organizations can build or integrate CSR into their overall strategy (Galbreath 2009). In particular, the review of the literature reveals the scarcity of empirical research identifying how UK electricity organizations manage their CSR stakeholder engagement initiatives. Furthermore, there is no empirical evidence of stakeholder voice or perceptions regarding CSR practice. Literature on CSR conceptualization that explains the
organization–stakeholder relationship and its role in the creation of shared value is lacking (Blowfield & Murray 2011). Porter & Kramer's (2002) conceptualization of the shared value concept remains the key contribution in the existing literature. The framework aims to link CSR with the overall research strategies of organizations and the mutual benefits that may be derived through the organization–stakeholder relationship. In addition, their study has been the first to place emphasis on the role and responsibilities of the government in supporting CSR. However, their contribution has received much criticism in terms of its lack of originality, the lack of acknowledgement of tensions between social and economic goals, the challenges of business compliance and their shallow conception of the role of business in society (Crane et al. 2014). In addition, stakeholders’ perceptions and their role in the creation of shared value have been ignored.

Following Vogel's (2005) argument that:

there is no evidence that behaving more virtuously makes firms more profitable ... the market for virtue is not sufficiently important to make it in the interest of all firms to behave more responsibly (p.17)

this research concentrates on the dichotomy of the organizational and stakeholder CSR rhetoric accordingly. As a result, this research focuses on the electricity context to identify and examine CSR stakeholder engagement and the perceived motivations that drive the practice.

This research is necessary for two reasons. First, despite the controversial context of the industry and the diverse spectrum of stakeholder expectations, there is a paucity of empirical research that explains how organizations conceptualize and manage CSR. Second, while the electricity industry is a highly regulated sector that should frequently report to the regulator Ofgem regarding CSR stakeholder engagement, there is no empirical research that examines stakeholder insights and opinions about the practice. Overall, this thesis aims to empirically examine CSR through the electricity industry lens, conceptualizing CSR practice in this context.

Following the identification of the need for fresh empirical data, the next section presents the research questions and objectives.
1.2 Research question and objectives

The aim of this research is threefold: first, it aims to explore the discourses through which organizational actors attribute meaning to CSR. Second, it reflects on stakeholder understandings of CSR. Third, it looks for evidence of the negotiations that take place between the participants to co-construct CSR. Therefore, the main research question that guided this thesis is as follows:

**How does the electricity industry work with stakeholders to co-construct CSR as a meaningful reality?**

The research objectives are to:

1. explore how organizational actors conceptualize CSR (Chapter 2, Chapter 5)
2. understand the motivations behind CSR practice (Chapter 2, Chapter 5)
3. examine how stakeholders interpret CSR (Chapter 6)
4. determine how the discursive practices that take place between the actors involved shape the construction of the CSR reality (Chapter 7).

In summary, this research project is informed by the previously under-investigated area of CSR rhetoric, with a particular focus on the UK electricity industry.

1.3 Research design

To answer the research question and meet the research objectives presented above, this thesis adopts a social constructionist epistemological approach. Ontologically, this approach suggests that reality is subjective and socially negotiated (Fish 1990), structured through socio-economic, political and historical events (Berger & Luckmann 1966; Potter 1996; Schwandt 2003). To examine the different perspectives that shape CSR in the UK DNO subsector, this research understands organizations as social constructions that are “created, sustained and changed through talk” (Mangham 1986, p.193). In addition, following
Easterby-Smith et al.'s (2008, p.62) position that truth is dependent on its creator, knowledge in this thesis is created through the eyes of the researcher and the participants. The aim is to contribute to the existing empirical knowledge by identifying and interpreting CSR perceptions.

This research embraces a single-case study strategy. It focuses on a single Distribution Network Operator (DNO) to investigate qualitatively the co-construction of CSR meaning between the organization and their stakeholders. The emphasis is placed on a single organizational unit of analysis, which is one DNO in the electricity industry. Multiple methods are employed within this bounded case study to understand the existing multidimensional realities. The rich empirical data, obtained through a documentary analysis, semi-structured interviews and observations, supported the triangulation of the data and the reliability and validity of the data. Data collection was completed in three stages: carrying out documentary analysis, conducting semi-structured interviews with organizational actors, and observing meetings before conducting semi-structured interviews with stakeholders. As a result, the method was iterative, revisited and shaped accordingly as data was gathered (Easterby-Smith et al. 2008).

To analyse the data collected, Fairclough’s critical discourse approach (CDA) was adopted. Thus, the analysis was intended to unveil the discursive events and the relations of power and hegemony that shape CSR meaning (Fairclough 1989; Fairclough 1992; Fairclough 1993; van Dijk 1993; van Dijk 1996; van Dijk 1997; Fairclough & Wodak 1997). Finally, Fairclough's (1995) CDA approach was used to analyse written and verbal discourses on the textual, discursive practice, and social practice levels. Within this practice, several codes occurred and were classified under the repertoires ‘CSR conceptualization’, 'CSR drivers', 'CSR stakeholder engagement challenges' and 'CSR stakeholder engagement: Lessons to be learnt'. Overall, the research design enhanced the existing knowledge of CSR by concentrating on the perceptions and meanings that participants attribute to the examined concepts.

1.4 The contribution of the research

The contribution of this research is threefold: theoretical, practical and methodological. The theoretical contribution this research makes is an in-depth,
critical investigation of the – to date – under-researched development of CSR and stakeholder engagement. It takes a close look at organizational and social actors’ perspectives and contributes to a largely underdeveloped literature. In doing so, it revisits and updates Porter & Kramer’s framework of combined interests. Furthermore, this research explores how CSR is conceptualized and practised with relation to the under-investigated UK electricity industry.

The practical contribution this research makes is that it provides organizational decision-makers with a new paradigm that links CSR and stakeholder engagement. It provides guidance to the highly regulated environment of the electricity industry by acknowledging the catalytic role of stakeholder and organizational voices regarding the perceived drivers of CSR. Thus, this research facilitates the integration between CSR and stakeholder engagement and develops the opportunities and barriers that support the creation of shared value.

The methodological contribution of this research is the investigation of CSR through the critical discourse analysis lens. It explores the counter-intuitive role of social, political, cultural and economic factors that inform synthesis of the CSR genres in the corporate discourses.

1.5 Thesis structure

The thesis is divided into seven chapters. It continues after this introductory chapter with a systematic review of the CSR and stakeholder management literature in Chapter 2. This is followed by Chapter 3, a research methodology chapter that presents the research design that formed this research project. Chapter 4 provides background information about the research context, i.e. the UK electricity industry. Chapters 5 and 6 provide the empirical insights into CSR. Chapter 5 illustrates the organizational perspective on CSR while Chapter 6 presents stakeholder voices in CSR. Therefore, the findings of the empirical research are synthesized following the Socratic rationale of thesis, antithesis, synthesis. Finally, a concluding chapter emphasizes the research’s contributions to theory and practice and suggests the limitations that may inform future research.

The rest of this section presents the summaries of each of this thesis’s chapters.
Chapter 2. Literature review: The chapter historically traces the evolution of CSR and the theoretical frameworks that position the study. It then introduces the interrelations between CSR and the stakeholder management literature and provides evidence of how one shapes the practice of the other. The chapter concludes by presenting the theoretical framework this research builds on and provides justification for this choice.

Chapter 3. Research methodology: This chapter presents the research methodology. It addresses the methods of data collection and analysis and establishes the epistemological and ontological underpinnings of the research. It outlines the characteristics of the single-case study this research embraced and shows the linkages with the research design approach. This is then followed by a thorough discussion of the multiple data collection methods and provides justification of the analytical approach and process undertaken. Finally, the chapter concludes by discussing the limitations and issues of research ethics and reflexivity.

Chapter 4. Research context: The chapter presents the structure of the UK electricity industry and the argument for the selection of the Distribution Network Operators (DNOs) subsector as the unit of analysis. In doing so, it highlights key events and policies that explain the current structure of the industry and underscores CSR development. Finally, it provides background information about the British Electricity Distributor (BED Co) and gives insights into the company’s CSR approach. This chapter has been structured as an introduction to the empirical findings chapters that follow.

Chapter 5. Organizational voice on CSR: The first empirical chapter explores the organizational interpretations of CSR. It draws on Fairclough’s Critical Discourse Approach to study how CSR is produced, maintained and consumed within the organization. The chapter is structured in three sections: CSR conceptualization, CSR drivers and also CSR stakeholder engagement challenges. It therefore provides an illustration of the organizational discourses that shape the construction of the CSR concept. In doing so, it presents the thesis of the CSR rhetoric.
Chapter 6. Stakeholder voice on CSR: The second empirical chapter is an illustration of stakeholder discourses on CSR. It investigates the stakeholder understanding of CSR and presents them in three sections: CSR conceptualization, CSR drivers and also CSR stakeholder engagement: Lessons to be learnt. The findings demonstrate that stakeholders are sceptical about the actual motives that drive CSR and suggest the areas that, according to them, need further development. The chapter presents the antithesis of the CSR rhetoric.

Chapter 7. Conclusions and implications: The last chapter synthesizes the findings of Chapters 5 and 6 and aligns the findings with each of the four research questions of this research. It assesses the contribution to research and practitioners and emphasizes suggestions for future research. Finally, the chapter concludes with a reflexive section, which aims to outline the author’s role in the research process.

Figure 1.1: Thesis structure
Chapter 1: Introduction

Chapter 2: Literature Review

Chapter 3: Research Methodology

Chapter 4: Research Context

Chapter 5: Organizational Voice on CSR

Chapter 6: Stakeholder Voice on CSR

Chapter 7: Conclusions & Implications
CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the theoretical background of the corporate social responsibility (CSR) research by critically examining past research. It begins by tracing the origins and evolution of CSR. In doing so, it aims to emphasize the historical milestones of CSR research and systematically demonstrate the transition from traditional to contemporary CSR. It then examines the frameworks that set the foundations for this research area and identifies the theoretical underpinnings of CSR. In essence, the gaps identified illustrate the need for a new conceptualization. The chapter continues by presenting the theoretical foundations of stakeholder management and stakeholder engagement before focusing on the drivers and motivations that relate to CSR stakeholder engagement. Overall, the chapter aims to set the foundations for understanding the conceptualization and practice of CSR.

The remainder of this chapter concentrates on the CSR literature. The following section reports on the historical and conceptual evolution of CSR.

2.2 Origins and definitions of corporate social responsibility (CSR)

CSR emerged long before the term was commonly used to intentionally refer to socially responsible actions (Galbreath 2009; Katsoulakos et al. 2004). According to some scholars (Carroll & Butzholtz 2009; Frankental 2001; L’Etang J.L. 1996) its roots can be traced back in the Victorian era, while others recognise that corporations anticipated public goals and interests as well as economic aims (Berle & Means 1932) before World War II (Carroll & Shabana 2010). For example, Robert Owen (1751-1858), Joseph Rowntree (1836-1925) and George Cadbury (1839-1922) demonstrated a long time ago what was later to become CSR. However to many (Carroll 1979; Wartick & Cochran 1985), Bowen was the first to introduce the discourse of CSR when he claimed that social responsibility refers to the obligations of businessmen to:

\[
\text{pursue those policies, to take those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society. (Bowen 1953, p.14)}
\]
The concept has gone through various transformational and development stages since the 1950s. Bowen (1953), Frederick (1960) and others (Ackerman & Bauer 1976; Carroll 1979; Davis 1960; Donaldson & Preston 1995; Freeman 1984) have contributed to the CSR literature. Lee (2008) explained the rationale of the development stages by considering the level of analysis and ethical orientation of the research over the years. As the table below illustrates, researchers shifted from concentrating their analysis on the macro-social level to analysing organizational factors and profitability levels. Furthermore, studies became more performance-focused, rather than ethically focused. The literature reveals that CSR has received greater attention at the organizational level since the 1990s (Lee 2008).

**Table 2.1: Trends in CSR research**

<table>
<thead>
<tr>
<th></th>
<th>1950s and 1960s</th>
<th>1990s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of analysis</td>
<td>Macro-social</td>
<td>Organizational</td>
</tr>
<tr>
<td>Theoretical orientation</td>
<td>Ethical/Obligation</td>
<td>Managerial</td>
</tr>
<tr>
<td>Ethical orientation</td>
<td>Explicit</td>
<td>Implicit</td>
</tr>
<tr>
<td>Relationship between corporate social responsibility and corporate financial performance</td>
<td>Exclusive/No discussion</td>
<td>Tight coupling</td>
</tr>
</tbody>
</table>

**Source:** Lee (2008)

Examined from a theoretical point of view, CSR received more attention in the 1970s. Garriga & Melé (2004, p.52) cited Frederick's (1998) evolutionary classification of CSR from 1987 to 1998 as follows:

**CSR1:** Philosophical-ethical relationship between business and society

**CSR2:** Practical organizational response by business to the social environment and related pressures

**CSR3:** Business started to develop a normative approach around ethical and values

**CSR4:** The rejection of the firm-centric model of CSR in favour of a model that regarded the cosmos, or harmonious universe, as the normative reference point for managerial concerns about business impact on society.
The adoption of CSR in the UK electricity industry was introduced much later than the 1990s. In essence, it derived from regulatory pressures in the 2000s. The literature reveals that the distribution and supplier electricity companies published their first non-financial report in 2001 (Bichta 2003). Even though the lack of non-financial reporting before the 2000s does not necessarily imply an irresponsible corporate approach, insufficient evidence does disallow accurate interpretations of CSR actions.

Similarly, Garriga & Melé (2004) and Katsoulakos et al. (2004) distinguished between three historical phases of CSR development. Table 2.2 summarizes their categorization.

**Table 2.2: Characteristic CSR trends**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ CSR was used interchangeably with other terms.</td>
<td>▪ Sustainabiliy issues gained momentum after the 1992 ‘Earth Summit’</td>
<td>▪ The basic principles have been established</td>
<td></td>
</tr>
<tr>
<td>▪ Issues such as poverty, population pressure, social inequality and environmenta l concerns received attention</td>
<td>▪ Principles for responsible business were theoretically established after the ‘United Nations Global Compact’</td>
<td>▪ Efforts to link CSR with strategic and management frameworks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Universities recognised the importance of education and training for decision-makers and teachers</td>
<td>▪ Efforts to move from the ‘what’ to the ‘how’ of CSR</td>
<td></td>
</tr>
</tbody>
</table>
| Adoption & Reporting Practices | Organizations gradually implemented sustainability reporting  
|                               | The ‘Business in the Community’ was formed  
|                               | Reporting initiatives such as ‘The Global Reporting Initiative’, the ‘Corporate Impact Reporting’ and the ‘AA1000 Framework’ were established  
|                               | Acknowledgement of the multifaceted outcomes of CSR implementation from the academia  
|                               | CSR initiatives have become popular to practitioners  

| Socially Responsible Investing SRI | Socially responsible investing was introduced as a religious trend  
|                                  | Corporate sustainability gained momentum due to its ability to gain long-term shareholder value  

**Source:** Adapted from Katsoulakos et al. (2004)

As Table 2.3 illustrates, several terminologies have been adopted over the years to describe CSR. Nevertheless, the nature of the criteria and the negotiations that take place between the participants who aim to construct a shared understanding of CSR is not yet clear (Giddens 1979; Hoffman 2001; Sewell, Jr. 1992). At an industrial level, UK electricity companies started adopting terminologies such as those of sustainability and CSR in 2008. This was due to governmental pressures that asked companies to demonstrate their approach to socially responsible action and community involvement. There are also some traces of the introduction of CSR departments and managerial positions to support this
approach (OFGEM 2014). Nevertheless, attempts to define and strategically apply CSR became more popular no earlier than the 2010s. Following this premise, this study looks for evidence on how electricity Distribution Network Operators (DNOs) attribute meaning to CSR.

A systematic review of the literature reveals how CSR has moved from its traditional form to a stakeholder-oriented concept. Nevertheless, the literature reveals that CSR remains an emerging academic concept that challenges business decision-makers and stakeholders (Carroll 1999; Crane & Matten 2010; O’Riordan & Fairbrass 2008). Table 2.3 is an overview of the definitions that past research has employed to define CSR.

**Table 2.3: CSR definitions**

<table>
<thead>
<tr>
<th>Scholars</th>
<th>CSR Definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowen (1953, pp.6)</td>
<td>[CSR] refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives, and values of our society. “Interest in politics, in the welfare of the community, in educations, in the “happiness” of its employers, and, in fact, in the whole social world about it. Therefore, business must act justly as a proper citizen should.</td>
</tr>
<tr>
<td>Davis (1960, pp.60)</td>
<td>[CSR] refer to the “businessmen’s decisions and actions taken or reasons at least partially beyond the firm’s direct economic or technical interest.</td>
</tr>
<tr>
<td>Frederick (1960)</td>
<td>Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms.</td>
</tr>
<tr>
<td>Friedman (1962)</td>
<td>Argues that there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.</td>
</tr>
<tr>
<td>Davis &amp; Blomstrom (1972)</td>
<td>Social responsibility … refers to a person’s obligation to consider the effects of his decisions and actions on the whole social system.</td>
</tr>
<tr>
<td>Andrews (1971, pp.120)</td>
<td>“By ‘social responsibility’ we mean the intelligent and objective concern for the welfare of society that restrains individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable,</td>
</tr>
</tbody>
</table>
and leads to the direction of positive contributions to human betterment, variously as the latter may be defined”.

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Citation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johnson</td>
<td>1971</td>
<td>(pp.50)</td>
<td>A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profits for its stockholder, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nation.</td>
</tr>
<tr>
<td>Davis</td>
<td>1973</td>
<td>(pp.312)</td>
<td>[CSR] refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm. It is the firm’s obligations to evaluate in its decision-making process the effects of its decisions on the external social system in a manner that will accomplish social benefits along with the traditional economic gains, which the firm seeks.</td>
</tr>
<tr>
<td>Sethi</td>
<td>1975</td>
<td>(pp.70)</td>
<td>Social responsibility implies bringing corporate behavior up to a level where it is congruent with the prevailing social norms, values, and expectations of performance.</td>
</tr>
<tr>
<td>Carroll</td>
<td>1979</td>
<td></td>
<td>The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time.</td>
</tr>
<tr>
<td>Jones</td>
<td>1980</td>
<td>(pp.59)</td>
<td>Corporate Social Responsibility is the notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract. Two facets of this definition are critical. First, the obligation must be voluntarily adopted; behavior influenced by the coercive forces of law or union contract is not voluntary. Second, the obligation is a broad one, extending beyond the traditional duty to shareholders to other societal groups such as customers, employees, suppliers, and neighboring communities.</td>
</tr>
<tr>
<td>Drucker</td>
<td>1984</td>
<td></td>
<td>“… the proper social responsibility of business is to tame the dragon that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, into wealth”.</td>
</tr>
<tr>
<td>Wood</td>
<td>1991</td>
<td></td>
<td>Argues that the basic idea of corporate social responsibility is that business and society are interwoven rather than distinct entities.</td>
</tr>
<tr>
<td>Fatehi</td>
<td>1996</td>
<td>(pp.580)</td>
<td>CSR is the “obligations of business organizations toward society”.</td>
</tr>
<tr>
<td>Maclagan</td>
<td>1998</td>
<td></td>
<td>“[CSR] may be viewed as a process in which managers take responsibility for identifying and accommodating the interests of those affected by the organization’s actions”</td>
</tr>
<tr>
<td>Banerjee</td>
<td>2000</td>
<td></td>
<td>CSR is examined as a concept to marginalized small stakeholders</td>
</tr>
<tr>
<td>McWilliams &amp; Siegel</td>
<td>2001</td>
<td></td>
<td>“[CSR] are situations where the firm goes beyond compliance and engages in actions that appear to further some social good, beyond the interests of the firm and that which is required by law”.</td>
</tr>
<tr>
<td>Baker</td>
<td>2003</td>
<td></td>
<td>“CSR is about how companies manage the business processes to produce an overall positive impact on society.”</td>
</tr>
<tr>
<td>Hopkins</td>
<td>2003</td>
<td></td>
<td>CSR is concerned with treating the stakeholders of the firm ethically or in a responsible manner.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Definition/Description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kotler &amp; Lee (2005, p.4)</td>
<td>Corporate Social Responsibility is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vaaland &amp; Heide (2005)</td>
<td>CSR is a concepts concerned with ethics, the environment, and social and human rights</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campbell (2007, pp.271)</td>
<td>“… corporations as acting in socially responsible ways if they do two things. First, they must not knowingly do anything that could harm their stakeholders—notably, their investors, employees, customers, suppliers, or the local community within which they operate. Second, if corporations do cause harm to their stakeholders, they must then rectify it whenever the harm is discovered and brought to their attention. … This is a definition that sets a minimum behavioral standard with respect to the corporation’s relationship to its stakeholders, below which corporate behavior becomes socially irresponsible.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dahlsrud (2008)</td>
<td>CSR includes environmental, social, economic, stakeholder, and voluntariness.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matten &amp; Moon (2008)</td>
<td>CSR reflects social imperatives and the social consequences of business success and consists of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maon et al. (2009, p.72)</td>
<td>CSR is a stakeholder oriented concept that extends beyond the organization’s boundaries and is driven by an ethical understanding of the organization’s responsibility for the impact of its business activities, thus seeking in return society’s acceptance of the legitimacy of the organization.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schultz &amp; Wehmeier (2010, p.20)</td>
<td>CSR is defined as the ability to recognise – and respond – to social responsibilities that emerge and/or are affected by the corporate-stakeholder relationship</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shen &amp; Zhu (2011, p.3021)</td>
<td>CSR is an approach enabling business to be successful and sustainable in the long-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melo &amp; Garrido-Morgano (2011, p.14)</td>
<td>CSR is viewed as a multidimensional construct that includes employee relations, diversity issues, product issues, community relations, and environmental issues CSR is viewed as a multidimensional construct that includes employee relations, diversity issues, product issues, community relations, and environmental issues CSR is viewed as a multidimensional construct that includes employee relations, diversity issues, product issues, community relations, and environmental issues.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O’Riordan &amp; Fairbrass (2014, p.141)</td>
<td>CSR is not interpreted as a moral matter but rather as a systematic set of steps which are designed to guide business decision-makers when addressing the hard practicalities of management (such as reputation, supply chain, human resources, marketing and other key business functions)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Compiled and updated by the author, based on Kakabadse et al. (2005)
CSR has been used interchangeably with terms such as business ethics (May et al. 2007), corporate sustainability (Acutt et al. 2004; Marrewijk 2003; Marrewijk & Were 2003), corporate citizenship (Altman & Vidaver-Cohen 2000; Maignan et al. 1999; Maignan & Ferrell 2001), corporate philanthropy, corporate community involvement, community development, corporate business practice, social responsibility and responsible practice (Bowmann-Larsen & Wiggen 2004; Habisch & Jonker 2005). The literature (Kotler & Lee 2005; Lee 2008; Orlitzky et al. 2003; Porter & Kramer 2006) also reveals that during the 1990s CSR was coupled with strategic literature. This tendency was linked with arguments about the financial rewards of strategic CSR engagement (Margolis & Walsh 2003). The historical evolution of CSR was also illustrated by Storbacka (2009). He underlined the shift from the passive, traditional idea of CSR, one which manipulated stakeholder understanding, to a model that supports the co-creation of value.

**Figure 2.1: Historical evolution of CSR**

![Historical evolution of CSR](image-url)
Recently, Werther & Chandler (2006) argued that the lack of a universally accepted definition or terminology is a result of the heterogeneous and dynamic nature of corporate social responsibilities. However, they suggested that it is much more important that organizations engage in CSR than that a sole meaning is attributed to it through a single definition. Perhaps the most commonly accepted definition (Crane & Matten 2004) is that introduced by Carroll (1979); it defines CSR as:

\[
\text{the economic, legal, ethical, and philanthropic expectations placed on organisations by society at a given point in time. (p.499)}
\]

Past CSR research lacks empirical support for its predispositions and remains disconnected from business and its needs. Although Carroll's (1979) model provided a clearly structured approach to CSR definition, some researchers (Springett 2003; de Derick & Prinsloo 2005; Crane & Matten 2010) have argued that it lacks descriptive accuracy. Furthermore, Carroll's inconsistent terminology of social, philanthropic or discretionary activities makes the framework elusive. Additionally, (Visser 2005) argued that Carroll's pyramid cannot be applied at an international level and challenged its applicability in the contemporary, pluralistic business environment.

Sethi (1975) claimed that:

\[
\text{social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance. (p.63)}
\]

Given the dynamics of social norms, values and expectations, it can be argued that CSR is a socially constructed concept whose interpretation develops parallel to cultural and social trends. In essence, the literature shows that the construction of CSR has moved from a broad social phenomenon (Bowen 1953; Davis 1973; Frederick 1960) towards a concept that accepts the centrality of stakeholder interaction (Carroll 1979; Freeman 1984; Whetten, D. A., G. Rands, Godfray 2001). Likewise, CSR could be defined as the

\[
\text{societal expectations of corporate behaviour: a behaviour that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of business. (Whetten, Rands & Godfray 2001, p.374)}
\]

- 31 -
As such, stakeholders are considered separate dimensions of a social environment that co-creates CSR practice. It is therefore critical to understand what CSR means to all actors participating in the CSR discourse. Likewise, stakeholder theory considers CSR as the social contract that provides organizations with a “license to operate” (Cornelissen 2004; Dowling & Pfeffer 1975; Guthrie & Parker 1990; Suchman 1995). This extends the traditional profit-making orientation to a strategic and holistic alignment of business practices with social expectations.

At an industrial level, social responsibility has been introduced as a response to the political failures of deregulation and privatization during Thatcher’s years in power (Albareda et al. 2008). For this reason, the research considers the definitions which were established in the mid-1980s and earlier as more relevant to this study’s case context. In particular, it embraces Schultz & Wehmeier’s (2010) definition, which understands CSR as:

\[
\text{the ability to recognize – and respond – to social responsibilities that emerge and/or are affected by the corporate–stakeholder relationship. (p.20)}
\]

The definition has been chosen for its merit in the two-way interaction between the organization and stakeholders. Specifically, it is in line with this thesis’s research question that is focused on gaining evidence of the co-construction of meaningful realities. The following section introduces early conceptualizations of CSR.

2.3 CSR conceptualization

CSR discourse emerged as a discourse examining the role of business in society. CSR conceptualization and implementation are rather broad (Davis 1960; Friedman 1962; Schocker & Sethi 1973; McGuire 1963; Manne & Wallich 1972; Steiner 1972; Davis & Blomstrom 1972) and, as Hemingway (2002) suggested, are of a multidisciplinary nature. Therefore, she proposed a context- and scope-specific approach that can be applied according to the dimensions and characteristics of the investigated case.

This following section critically examines the emergence and foundations of the CSR frameworks.
2.3.1 Ackerman & Bauer’s model (1976)

Ackerman & Bauer's (1976) model was a first attempt to explain what forces organizations to engage in socially responsible activities. It links social pressures with organizational strategies, and social objectives with business objectives. Reflecting on social legitimacy, the model aims to create an operational tool which identifies the managerial actions or strategies that respond to social pressures (Ackerman & Bauer 1976). It acknowledges organizations as social agents that do well in society but that are also creative and concerned about societal demands (Ackerman & Bauer 1976; Carroll 1979; Sethi 1975). Wartick & Cochran (1985) argued that the model does not give any guidance regarding the criteria an organization should set to prioritize and respond to societal demands. Their critique is based on the assumption that there must be a reason why organizations respond to social pressures (Porter & Kramer 2006). In response to this, Ackerman & Bauer (1976) implied that organizations meet societal demands as an ethical principle that drives business to do good and gain legitimacy.

2.3.2 Carroll’s model (1979)

One of the earliest and most frequently cited models is Carroll's (1979) pyramid. Carroll reconciles CSR types in a four-level pyramid to show that organizations should correspond to four types of responsibilities: economic, legal, ethical, and philanthropic/discretionary (Carroll 1979). The economic responsibilities, on which all the other responsibilities are built, are the foundations and, hence, the fundamental concern of managers (Branco & Rodrigues 2006). Legal responsibilities are the actions that must be taken to abide by the law (Carroll 1979) and are related to the sustainable development, profitability and legitimate profile of an organization. Additionally, ethical responsibilities are the unwritten codes, norms and values that derive from society (Carroll 1979; Carroll 1991; Carroll & Shabana 2010). Finally, discretionay responsibilities are the actions it is 'desired' that the organization will perform (Carroll & Shabana 2010). As illustrated in figure 2.1, all four responsibilities should be fulfilled simultaneously. Contrary to the belief that economic responsibilities are fulfilled to meet the firm’s
expectations, Carroll suggested that “economic viability is something business does for society as well” (1999, p.284). Carroll & Shabana (2010) claimed that economic and legal responsibilities are “required”, ethical responsibilities are “expected”, and discretionary responsibilities are “desired”.

**Figure 2.2:** CSR Pyramid

![CSR Pyramid](image)

**Source:** Carroll (1979)

However, Clarkson (1995) argued that ethical and discretionary actions cannot be easily evaluated and compared. This is because they are not easily accessed and therefore tested. As a consequence, it is often difficult to distinguish between ethical and discretionary responsibilities. By definition, ethical responsibilities presuppose that the organization goes above and beyond legal responsibilities. Clarkson (1995) suggested that it is the government’s responsibility to evaluate whether consumer, environmental or societal interests are affected by organizational activity. Therefore, Carroll’s model has been criticized for its lack of guidance on how an organization could meet social demands. In a similar vein, Schwartz & Carroll (2003) argued that the hierarchical representation used by Carroll implies that organizations should initially consider economic responsibilities before moving on to the legal, ethical and philanthropic. In relation to this, they used a Venn diagram to illustrate the model that would replace the
2.3.3 Wartick & Cochran’s model (1985)

Drawing on Carroll’s model, Wartick & Cochran (1985) presented a framework that considers CSR more as a philosophical than a strategic approach. Their model consists of three stages: principle, process and policy. Following their premise, organizations should acknowledge stakeholder demands, translate them into action and use any feedback to revise their approach. Following Carroll’s framework they considered organizations as agents that have an obligation to act responsibly.

Contrary to Carroll’s model, Wartick & Cochran’s approach does not propose a balance between economic and non-economic responsibilities. Hence, it does not give directions regarding the distribution of resources to social and economic issues. Consequently, the model does not provide sufficient information on how organizations could compete with others and gain competitive advantage. They believed that economic performance is the most significant among all elements of social responsibility. Given this, economic responsibilities should be examined in accordance with other CSR categories (Wartick & Cochran 1985).

Table 2.4: The corporate social performance model

<table>
<thead>
<tr>
<th>Principles</th>
<th>Processes</th>
<th>Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Social Responsibilities</td>
<td>Corporate Social Responsiveness</td>
<td>Social Management</td>
</tr>
<tr>
<td>1. Economic</td>
<td>1. Reactive</td>
<td>1. Issues identification</td>
</tr>
<tr>
<td>2. Legal</td>
<td>2. Defensive</td>
<td>2. Issues analysis</td>
</tr>
<tr>
<td>4. Discretionary</td>
<td>4. Proactive</td>
<td></td>
</tr>
<tr>
<td>Directed at:</td>
<td>Directed at:</td>
<td>Directed at:</td>
</tr>
<tr>
<td>1. The social contract of business</td>
<td>The capacity to respond to changing societal conditions</td>
<td>1. Minimizing “surprises”</td>
</tr>
<tr>
<td>2. Business as a moral agent</td>
<td></td>
<td>2. Determining effective</td>
</tr>
</tbody>
</table>
2. Managerial approaches to developing responses

<table>
<thead>
<tr>
<th>Philosophical orientation</th>
<th>Institutional orientation</th>
<th>Organizational orientation</th>
</tr>
</thead>
</table>

**Source:** Wartick & Cochran (1985)

2.3.4 Wood’s model (1991)

Wood's model differs from its antecedents as it represents corporate social performance in a single level of analysis. It examines social management as a process of social responsiveness, environmental assessment and stakeholder management. She considered CSR to be a principle that consists of three distinct levels: institutional, organizational and individual (Wood 1991). From an institutional point of view, CSR helps organizations to gain legitimacy through social involvement. At the organizational level, CSR means organizations are actors that are responsible for tackling the issues that relate to their operations. At the individual level, CSR reflects on Carroll's discretionary responsibilities (Carroll 1979).

**Table 2.5: Wood’s CSP model**

<table>
<thead>
<tr>
<th>Principles of corporate social responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional principle: legitimacy</td>
</tr>
<tr>
<td>Organizational principle: public responsibility</td>
</tr>
<tr>
<td>Individual principle: managerial discretion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Processes of corporate social responsiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental assessment</td>
</tr>
<tr>
<td>Stakeholder management</td>
</tr>
<tr>
<td>Issues management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome of corporate behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social impacts</td>
</tr>
<tr>
<td>Social programs</td>
</tr>
<tr>
<td>Social policies</td>
</tr>
</tbody>
</table>

**Source:** Wood (1991)

Wood saw responsiveness as the attempt to understand the external environment, which is a combination of three aspects: environmental assessment, stakeholder management and issue management. Taking a closer look at the external environment, CSR can help decision-makers to adopt, maintain or adjust their CSR approach. Stakeholder management entails the
investigation of various stakeholder management devices such as corporate social reporting. Issues management examines the organization’s capability to respond to social issues. Furthermore, she distinguished between the outcomes of corporate social performance in terms of social impacts, social programmes and social policies.

Wood’s model assumed that organizations gain legitimacy through CSR implementation. It implied that CSR entails principles of legitimacy, social contract and moral agency. For Wood, individual perceptions of societal issues impact on organizations’ socially responsible behaviour. However, this is not sufficient to justify an organization’s commitment to CSR.

2.3.5 Quazi & O’Brien’s model (2000)

Quazi & O’Brien’s model can be seen as an extension of Wood’s model. The two-dimensional model examines CSR under sociocultural and market circumstances. Quazi & O’Brien argued that practitioners’ decision-making processes reflect on their personal assessment of organizations’ responsibilities. Meanwhile, they suggested that managers base their decision on net benefits and costs related to socially responsible actions (Quazi & O’ Brien 2000). Therefore, it is argued that the ability to meet social responsibilities is dependent on to the subjective identification of expectations and priorities.

**Figure 2.3: Quazi & O’Brien’s model**
However, as contemporary business environments change rapidly, organizations aim to build stronger stakeholder relationships (Kiel 1998). Trying to differentiate their profile in a competitive, dynamic environment (Morris 1997; Russo & Fouts 1997), they approach various stakeholders such as customers, suppliers, employees and communities (Polonsky et al. 2003). Quazi & O’Brien (2000) suggested that since the model has only been tested in two divergent environments it is necessary to apply it on the scale of stakeholder groups and business environments. This would provide empirical data on how a range of industrial backgrounds shape managers’ perception of CSR. In addition, it may result in a better understanding of how organizations design CSR activities and how these have an impact on various stakeholder groups.

The following section takes a close look at the theoretical underpinning of CSR.

2.4 CSR theoretical underpinnings

The discussion so far has shown that CSR plays a vital role in urging organizations to think beyond economic responsibilities and look for the social and environmental dimensions of their actions. This section explores some of the
most frequently cited theories that underpin the practice of CSR. These are institutional theory; social contract theory; legitimacy theory; stakeholder theory; resource dependence theory; strategic CSR; and political CSR.

2.4.1 Institutional theory

Institutional theory suggests that the adoption of organizational practices is dependent on a range of coercive, mimetic and normative forces (Meyer & Rowan 1977; DiMaggio & Powell 1983; Scott 1987) that may result in stability, legitimacy and access to resources (Ball & Craig 2010). DiMaggio & Powell (1983) argued that the “mechanisms of isomorphic institutional change” can encourage organizations to adopt similar strategic actions and, thus, explain homogeneity; coercive, normative and mimetic.

Coercive isomorphism refers to the pressures resulting from governmental pressures and institutionalized rules. An example could be the pressures on organizations to adopt a given CSR approach as a response to a new regulation (Baddache & Nicolai 2013). Normative forces are associated with professionalism and refer to pressures related to adopt normalization standard such as the GRI framework. Mimetic isomorphism contradicts normative isomorphism, and usually results from uncertainty. It refers to those cases in which organizations copy actions that are perceived as successful and that enhance legitimacy, such as fair trade (DiMaggio & Powell 1983).

Therefore, it can be argued that isomorphic behaviours favour organizational interactions and facilitate legitimacy. However, this thesis argues that in highly regulated industries that have just been introduced to new patterns, such as the electricity industry, isomorphic CSR processes limit innovation and discourage creative thinking by putting organizations in an “iron cage” (DiMaggio & Powell 1983). Given this, isomorphism may result in homogeneity and favour the construction of power relations and control. Examined from a discursive point of view, dominant actors and legitimization can be the product of manipulated discourses (Lukes 1974). Therefore, the question arises of what and who can define what makes a behaviour ‘worth copying’.
2.4.2 Social contract theory

Social contract theory is associated with the relationship between an organization and society (Schocker & Sethi 1973). This has its roots in Hobbes, Locke and Rousseau. It examines how people relate to society by assuming that individuals act according to their personal interest. With respect to this, social contract theory examines organizations’ indirect societal obligations and relates them to the social contract between citizens and the government (Steidlmeier 1992). Some researchers (McGuire et al. 1988; Maignan et al. 1999) have argued that social contract theory is the foundation for CSR. Schocker & Sethi (1973) reported that:

Any social institution – and business is no exception – operates in society via a social contract, expressed or implied, whereby its survival and growth are based on: (1) the delivery of some socially desirable ends to society in general; and (2) the distribution of economic, social, or political benefits to groups from which it derives its power. (p.67)

The relationship between business and society relies on mutual direct and indirect obligations (Boatright 1993). Organizations should rely on two types of responsibilities: affirmative and negative duties. Affirmative duties suggest that organizations should contribute towards social well-being by engaging in activities such as volunteering. By definition, an affirmative duty requires that the actors put some effort in to satisfy their mission (Oxford English Dictionary 1989). Therefore, it is an organization’s responsibility to voluntarily improve societal welfare by actively engaging in socially responsible activities. In addition, negative duties refer to a firm’s obligation to consider and respond to any harm or negative effect that its operations have on society (Boatright 1993).

Friedman (1996) stated that the minimum and only level of responsibility an organization should take on is to abide by the law. Nevertheless, legislation is often limited in scope and thus inadequate to cover every possible case, and it is likely that society expects more from organizations than minimal moral conduct. This provides an argument for organizations to engage in socially responsible action rather than merely looking to abide by the law.
Deegan (2002) claimed that the notion of social contract is rather ambiguous. Considering that individual experiences shape the way people attribute meaning, managers could therefore interpret social contracts in various and possibly conflicting ways. In addition, social norms and values vary among societies and might be time-related. Thus, alterations might be required over time. Gray et al. (1996) suggested that, while legal requirements tend to be explicit, social expectations embrace implicit terms of contract. Since the latter may be the subject of transformations, organizations should be prepared to confront them so that they meet societal interests (Sethi 1979; Boatright 1993).

2.4.3 Legitimacy theory

Legitimacy theory understands CSR as a response to social, political or economic pressures resulting from either the internal or external environment of the organization (Davies 1997; Deegan 2002; Milne & Patten 2002). It is frequently related to social reporting studies (Deegan 2002; Campbell et al. 2003) that explore how organizations disseminate corporate information to gain a licence to operate, survive in a competitive environment and grow.

A key challenge for contemporary organizations is that of conflicting and dynamic stakeholder expectations (Davies 1997; Deegan 2002; Milne & Patten 2002). Examined from an instrumental perspective, CSR provides organizations with a resource to gain support and acceptance of their environment (Deegan 2002). To Suchman (1995, p.572), this relates to an “organization’s ability to instrumentally manipulate and deploy evocative symbols” and therefore gain pragmatic legitimacy. However, since stakeholders today are rather sophisticated and sceptical, pragmatic legitimacy is not enough for the survival and success of an organization. On the contrary, they should adapt to societal values and rules, i.e. gain cognitive legitimacy (Scherer & Palazzo 2007). Further to this, Scherer & Palazzo (2011) suggested that organizations should consciously assess the outputs, procedures, structures and leaders they relate to through a moral lens. In doing so, they should examine the stakeholder environment and engage in moral reasoning (Castello & Lozano 2011; Scherer & Palazzo 2007).
In seeking to understand the role of stakeholders in contemporary organizations, the following section examines stakeholder theory.

2.4.4 Stakeholder theory

Stakeholder theory is based on the notion that beyond shareholders there are several agents with an interest in the actions and decisions of companies (Branco & Rodrigues 2006). The term of ‘stakeholder theory’ was initially introduced in Igor Ansoff’s book “Corporate Strategy” (1965) and highlighted the place of business strategy in the discipline of management.

As Henry Mintzberg (1994) notes: “The publication of the book, Corporate Strategy, by H. Igor Ansoff, was a major event in the 1965 world of management. As early as it came in this literature, the book represented a kind of crescendo in the development of strategic planning theory, offering a degree of elaboration seldom attempted since (at least in published form)” (p. 43).

Post-1965, some scholars (Donaldson & Preston 1995; Freeman 1984) challenged the conventional view of a firm by arguing that when organizations concentrate on profit maximization they ignore the complexity of their own existence. On the contrary, the stakeholder approach suggests that the organization’s role is to broaden its consideration of internal and external stakeholder interests.

As Donaldson & Preston (1995) claimed, an organization is:

\textit{a constellation of cooperative and competitive interests possessing intrinsic value … with no prima facie priority of one set of interests and benefits over another.} (p.66)

Often, discussions revolve around the definition of stakeholder groups. In particular, identifying legitimate and non-legitimate stakeholders has been a subject of discussion for years (Donaldson & Preston 1995; Freeman 1984; Clarkson 1995; Mitchell et al. 1997; Post 2002). According to Freeman (1998), stakeholders are:
groups and individuals who benefit from or are harmed by, and whose rights are violated or respected by, corporate actions. (p.174)

However, Freeman’s broad understanding failed to address how an organization could balance conflicting stakeholder interests. Furthermore, Porter and Kramer (2002) argued that Friedman’s argument has two implicit assumptions: social and economic objectives are separate and distinct; and by addressing social objectives companies do not provide greater benefit than is provided by individual donors. However, the dichotomy between economic and social objectives is a false one because companies do not function in isolation from the society in which they operate. For these authors, “in the long run, then, social and economic goals are not inherently conflicting but integrally connected.” Therefore, contrary to Friedman’s ideas, managers who undertake social responsibility activities do not necessarily misuse financial resources that legitimately belong to shareholders.

Narrower definitions, such as Clarkson’s (1995), have focused more on the nature of stakeholders. Clarkson distinguished stakeholders as primary and secondary. Primary stakeholders are those who are of vital importance for the existence of an organization (shareholders, investors, employees, customers, suppliers, governments). Secondary stakeholders, on the other hand, are those: who influence or affect or are influenced or affected by the corporation, but they are not engaged in transactions with the corporation and are not essential for its survival. (Clarkson 1995, p.365)

In addition, he distinguished stakeholders as voluntary and involuntary risk-bearers (Clarkson 1995). He assumed that voluntary stakeholders are those who are at risk due to the organization’s activities. Involuntary stakeholders, on the other hand, are those who have an investment risk relating to the organization. Consequently, according to his segmentation, legitimate stakeholders are those who bear some risk related to their connection with the firm. In the same vein, Post (2002) identified stakeholders according to their direct or indirect connection with the organization’s wealth creation.
In the meantime, classification of stakeholders from either a narrow or broader point of view is based on different assumptions (Banerjee 2007). Theorists who favour the broad view of stakeholders base their claims on the establishment and maintenance of moral relationships between the organization and its stakeholders. Their claim is based on the assumption that there is a fair distribution of the costs and benefits of the organization’s activities (Mitchell et al. 1997). On the contrary, proponents of the narrow stakeholder view focus on the pragmatic statement that, if everyone is an existing or potential stakeholder, it is challenging for managers to dedicate the necessary time and resources to address and fulfil all their interests. Thus, legitimate stakeholders are those who have a direct interest in the firm (Banerjee 2007).

Interestingly, Mitchell et al. (1997) argued that legitimacy is a socially constructed idea which is produced by a system of norms, values and beliefs. Stakeholder legitimacy is a result of power relationships between different actors. For instance, in the 1960s consumer groups which were against certain corporate actions were not acknowledged to be legitimate. Once their power had grown, organizations had no option but to consider the groups’ impact on their performance. In other words, Mitchell et al. (1997) suggested that managers tend to focus more on stakeholder groups that have the power to directly affect organizations. Thus, prioritizing stakeholders is essential but at the same time a challenging and dynamic process.

Donaldson & Preston (1995) distinguished three areas in the formation of stakeholder theory of an organization: descriptive, instrumental and normative. To begin with, stakeholder theory is descriptive in the sense that organizations interact with a number of stakeholders with conflicting interests. However, the question is whether this stakeholder model is more accurate than other organizational theory models (Banerjee 2007). Based on a conventional view of organizations, the sole mission of a firm should be profit maximization (Braithwaite & Drahos 2000; Friedman 1962; Vogel 2006; Warhurst 2005). However, contemporary corporations usually build on their relationships with the community through socially responsible actions. Yet, the reasons behind this
engagement may vary and be strategic. Secondly, the instrumental view of stakeholder theory considers stakeholder impact on corporate objectives, i.e. profit maximization, return of investment, corporate image and reputation. It provides a plan which can be used to explore the links between CSR activities and other corporate performance elements. According to Margolis & Walsh (2003), acknowledging the role of stakeholders impacts on the overall organizational performance. However, others (McWilliams & Siegel 2001; Orlitzky et al. 2003) claimed that sampling problems, measurement issues, omission of control, and lack of explanatory theory linking CSR with financial performance are some of the shortcomings which make this assumption implausible. Finally, since stakeholder theory is normative, all stakeholder groups should be considered legitimate. Donaldson & Preston (1995) supported the argument that each stakeholder group, whatever its power in and its value for the organization, merits consideration.

Pfeffer & Salancik (1978) argued that:

*To understand the behaviour of an organization you must understand the context of that behaviour – that is, the ecology of the organization.* (1978, p.1)

Following on from this, the next section examines the role of external uncertainties by taking a close look at resource dependence theory.

2.4.5 Resource dependence theory (RDT)

A resource-based approach recognizes organizations as open systems characterized by external factors, uncertainties and power over vital resources (Ulrich & Barney 1984). Following Pfeffer & Salancik’s position, although constrained by their contexts, managers can use power (Ulrich & Barney 1984) to control and alleviate any environmental contingencies (Pfeffer & Salancik 1978). Therefore, following this fundamental proposition, the RDT acknowledges that:
- the fundamental units for understanding intercorporate relations and society are organizations
- these organizations are not autonomous, but rather are constrained by a network of interdependencies with other organizations
- interdependence, when coupled with uncertainty about what the actions will be of those with which the organizations are interdependent, leads to a situation in which survival and continued success are uncertain; therefore
- organizations take actions to manage external interdependencies, although such actions are inevitably never completely successful and produce new patterns of dependence and interdependence; and
- these patterns of dependence produce interorganizational as well as intraorganizational power, where such power has some effect on organizational behaviour. (Pfeffer 1987, pp.26–27)

Therefore, organizations adopt an instrumental CSR approach that can be applied to distinguish “socially, as opposed to privately, responsible actions” (Baron 2001, p.17). The distinction relates to the motive that lies behind the actions. Therefore, while a socially responsible action looks to serve society, a private responsible action targets triple bottom line benefits.

Whatever the goals of an organizational action, companies have to use tangible or intangible resources that can contribute to the accomplishment of goals and objectives. Resources are “basic constitutive elements out of which firms transform inputs into outputs, or generate services” (Matthews 2002, p.32). However, resources are not productive on their own, but should be processed by an organization accordingly, to pursue their goals. Thus, certain capabilities should be adopted to “assemble, integrate, and manage these bundles of resources” (Russo & Fouts 1997, p.537). In this respect, capabilities belong to the organization and are dependent on the company’s ability to develop and integrate learning (Matthews 2002). Therefore, it is the organizations’ responsibility to recognize its capabilities and use them appropriately to achieve competitive advantage.
Examining CSR in the strategic management field and in the resource-based literature offers insights into the benefits that arise from internal and external organizational environments (Barney et al. 2001). Empirical CSR research that adopts an RDT perspective has grown in recent years, with studies focusing on environmental aspects (Hart 1995; Russo & Fouts 1997; Sharma & Vredenburg 1998), financial implications (Bansal 2005; Orlitzky et al. 2003), corporate social disclosure (Hasseldine et al. 2005; Toms 2002) and more general CSR issues (Bansal 2005; Hillman & Keim 2001).

In looking for insights into how BED Co uses tangible (capital, investments, etc.) and intangible (corporate culture, reputation, etc.) resources to create mutual benefits and gain a competitive advantage, this study adopts stakeholder theory and RDT. In doing so, it aims to shed light on the resource-based opportunities and motives that drive socially responsible practice and promote innovative steps in technology, CSR stakeholder engagement and organizational performance.

2.4.6 Strategic CSR

According to Mintzberg (1978), strategy is “a pattern in a stream of actions”. It serves as the foundation of a firm’s creation, market positioning, competitiveness and sustainable development, and requires the planning/programming and redefining/renewing of the patterns undertaken over time.

Several researchers (Barnett 2007; Cochran & Wood 1984; Goll & Rasheed 2004; Husted & De Jesus Salazar 2006; Johnson 2003; Lockett et al. 2006; Mishra & Suar 2010; Mackey et al. 2007; Orlitzky et al. 2003; Porter & Kramer 2002; Porter & Linde 1995; Smith 2003; Stanwick & Stanwick 1998; Waddock & Graves 1997) have argued the indirect impact of CSR on financial performance and the market value of a company. Others have suggested it can lead to better resource competitiveness (Cochran & Wood 1984; Porter & Kramer 2002; Waddock & Graves 1997), lower transaction costs (Ruf et al. 2001), increased performance and motivation (Turban & Greening 1997; Maignan et al. 1999), better quality of employees (Tsui et al. 1997; Luce et al. 2001) and greater customer loyalty and goodwill (McGuire et al. 1988; Maignan et al. 1999). Recently, CSR research has moved from questioning whether an organization
should engage in CSR to how such a commitment should be approached (Basu & Palazzo 2008; Porter & Kramer 2002; Smith 2003). In line with this, Werther & Chandler (2006) suggested that:

[CSR] is a way of proposing policy ideas on how those [societal] obligations can be met, as well as a tool by which the mutual benefits for meeting those obligations can be identified. Simply put, CSR addresses a company’s relationships with its stakeholders. (p.7)

Past studies (Drucker 1984; Jamali 2007; McElhaney 2009; McWilliams et al. 2005) introduced strategic CSR to address the discretionary alignment of social and economic interests (Husted 2003; McWilliams & Siegel 2001; Porter & Kramer 2006; Porter & Kramer 2011) that may result in organizational competitive advantage (Branco & Rodriques 2007; Gugler & Shi 2009; Hu & Wang 2009; Juščius & Snieška 2008; Porter & Kramer 2006; Porter & Kramer 2011). In line with them, Brooks (2005) argued that:

to take a strategic view of CSR is to take a holistic view of CSR and should not be confused with the deployment of the word “strategic” as a handy replacement for “instrumental” ... it should be considered as an integrated practice across the organization and should not be thought of as the domain of any particular function. (p.143)

In this respect, Porter & Kramer (2006) introduced a framework that illustrates the convergence of social and economic interests that may result from business actions. The framework does not imply that “every corporate expenditure will bring a social benefit or that every social benefit will improve competitiveness” (p.58). On the contrary, it aims to conceptualize the “relatively open” (Matten & Moon 2004, p.16), broad (Blowfield & Murray 2011; Lockett et al. 2006) and diverse (Truscott et al. 2009) spectrum of business outcomes and relate them to the potential social and economic benefits that might derive from corporate actions. The highlighted area on the diagram demonstrates the stage through which strategic corporate philanthropy supports the creation of shared value. Shared value refers to:

policies and operating practices that enhance competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates. (p.66)
They also suggested that corporate competitiveness is a blend of elements that shape potential productivity. As figure 2.7 illustrates, the four equally important, interrelated elements are factor conditions, demand conditions, context for strategy and rivalry, and also related and supported industries. The ‘factor conditions’ element is concerned with sufficiently up-to-date and trained human resources, the availability of natural resources, high-quality scientific and technological institutions, adequate physical infrastructure, and transparent and efficient administrative processes. Porter & Kramer (2006, 2011) argued that philanthropic activities can support all these and also improve local quality of life. ‘Demand conditions’ relate to the size of local markets, the appropriateness of product standards and the sophistication of local customers. In addition, the ‘context for strategy and rivalry’ encompasses the rules, incentives and norms that shape national or regional competition. Finally, the ‘related and supporting industries’ factor concerns the role of localized industries in enhancing productivity.

Porter & Kramer stated that

_Policies that encourage investment, protect intellectual property, open local markets to trade, break up or prevent the formation of cartels and monopolies, and reduce corruption make a location a more attractive place to do business._ (p.62)
Following this premise, Porter & Kramer argue that philanthropy can support the development of clusters and strengthen supporting companies. Porter & Kramer also suggested that failing to meet any of these elements can affect the competitiveness of an organization.

**Figure 2.5:** The four elements of competitive context

![Diagram of competitive context](image)

**Source:** Porter & Kramer (2002, p.61)

The idea of shared value creation has received much criticism, especially regarding the suggested aims “to re-legitimize business, to redefine “the purpose of the corporation,” to “reshape capitalism,” and to “supersede corporate social responsibility in guiding the investments of corporations in their communities” social role and responsibilities of corporations” (Crane et al. 2014, p.130). While Crane et al. (2014) acknowledged Porter & Kramer's (2006) contribution to the management literature and to practitioners, they argued that it is subject to several weaknesses.
In a nutshell, Crane et al. argued that the shared value concept is not a novel model, but rehashes past stakeholder management (Freeman 1984; Freeman et al. 2004) and social innovation (Mair & Marti 2006; Kanter 1999) literature. Beyond that, it fails to provide insights into the relations between social and economic goals and oversimplifies social and environmental issues. Vogel (2005) also argued that:

there is no evidence that behaving more virtuously makes firms more profitable ... the market virtue is not sufficiently important to make it in the interest of all firms to behave more responsibly. (p.19)

In addition, they criticized the model’s tendency to assume organizations’ innate desire to comply with norms, governmental regulations and laws. Finally, Crane et al. (2014) argued that, while the shared value creation model aims to “reshape capitalism” and “transform business thinking”, it does not seem to consider the required transformations of strategic models.

In this sense, Galbreath (2009) suggested that, to strategically address social responsibilities, organizations should be concerned about six strategy dimensions: firm’s mission, strategy issues, markets, customer needs, resources and competitive advantage. Thereby, CSR is far more than an ad hoc approach that contributes to good management practices, economic benefits and societal

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**Table 2.6: Crane et al.’s critique of the shared value concept**

<table>
<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
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<tr>
<td>Successfully appeals to practitioners and scholars</td>
<td>Unoriginal</td>
</tr>
<tr>
<td>Elevates social goals to strategic levels</td>
<td>Ignores the tensions between social and economic goals</td>
</tr>
<tr>
<td>Articulates clear role for governments in responsible behaviour</td>
<td>Naive about the challenge of business compliance</td>
</tr>
<tr>
<td>Adds rigor to ideas of “conscious capitalism” and provides an umbrella construct for loosely connected concepts</td>
<td>Based on shallow conception of the corporation’s role in society</td>
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In this sense, Galbreath (2009) suggested that, to strategically address social responsibilities, organizations should be concerned about six strategy dimensions: firm’s mission, strategy issues, markets, customer needs, resources and competitive advantage. Thereby, CSR is far more than an ad hoc approach that contributes to good management practices, economic benefits and societal
welfare. Additionally, Sharp & Zaidman (2010) suggested that CSR is a substantially strategic practice that goes far beyond the sole creation of a corporate image (Porter & Kramer 2006). Similarly, Maxfield (2008) acknowledged strategic CSR as a source of competitive advantage. However, efforts to address social responsibilities leave a gap with respect to future social needs. If strategy serves as a vehicle for creation of firms and organizational survival, and CSR is a vital dimension of competitive success, it is evident that incorporating CSR into the business strategy contributes to the sustainable development of the organization and its environment (Burke & Logsdon 1996; Rodriguez et al. 2002; Raimond 1996). However, steering stakeholder expectations (Carroll 1999; Clarkson 1995; Surroca et al. 2010) in ways that consider the multidimensional organizational environment presupposes an understanding of stakeholder expectations (Burchell & Cook 2012; Greenwood 2007; Crane & Matten 2010). It is argued that CSR strategy-making tries to understand, define and evaluate stakeholder expectations (Carroll 1991; Carroll 1999).

This study understands CSR as a mechanism of shared value creation for organizations and their stakeholders. In examining the existing literature on what goes on in the internal and external organizational environments, this research aims to understand the processes by which CSR is internalized within the business environment. In doing so, this thesis adopts (Porter & Kramer 2002; Porter & Kramer 2011) shared value creation concept and aims to explore how the examined case context integrates intra-organizational activities with broader phenomena outside the organizational environment to achieve competitive advantage. The following section examines the role of government in promoting CSR.

2.4.7 Political CSR

While the role of politics in the broader business environment (Baysinger 1984; Oster 1982; Taylor 1974; Lawton et al. 2013) and strategic planning (Greening 1992; Greening & Gray 1994; Taylor 1974) has long been studied, literature on business involvement in governance has only arisen over the past decade (Aaronson & Reeves 2002; Detomasi 2007; Fox et al. 2002; Makinen & Kourula 2012; Rodriguez et al. 2006; Scherer & Palazzo 2011). Research has mainly
emphasized the political role of organizations as educational and health providers (Blowfield & Frynas 2005; Boddewyn & Doh 2011; Newell & Frynas 2007) and also the voluntary, self-regulatory behaviour of organizations (Aguilera & Cuervo-Cazurra 2004; Bartley 2007; Slager et al. 2012). As Gond et al. (2011) argued:

*the government–CSR relationship is counter-intuitive to many, and therefore remains largely overlooked, particularly in theoretical and conceptual terms.* (p.640)

This section examines the changing role of government and the roles that it may adopt to foster CSR.

The rising interest in political issues and CSR has been the result of the expansion of CSR boundaries to include political concerns, and also governmental tools that promote CSR (Steurer 2010), such as CSR portfolios and subsidies, partnerships and non-financial reporting. Henderson (2001) described CSR as a doctrine that requires businesses to:

*play a leading part in achieving the shared objectives of public policy and making the world a better place.* (p.28)

In this respect, Frynas & Stephens (2014) defined political CSR as the:

*activities where CSR has an intended or unintended political impact, or where intended or unintended political impacts on CSR exist (i.e. impacts related to the functioning of the state as a sphere of activity that is distinctive from business activity).* (p.3)

In addition, Scherer & Palazzo (2011) argued that:

*political CSR suggests an extended model of governance with business firms contributing to global regulation and providing public goods.* (p.901)

Both definitions emphasize CSR as a collaborative accomplishment of public, civil and private bodies. Scherer & Palazzo (2011) also emphasized the non-hierarchical and deliberative involvement of participating actors in a democratic process. Similarly, Moon et al. (2005) suggested that organizations help govern and support the interests of stakeholders by contributing to regulations and providing public goods. In addition, Rotter et al. (2014) argued that inviting
democratic communication that can balance issues of power and responsibility is a priority in the new role governments have of incorporating multi-stakeholder strategies. Therefore, governments have been involved in a new type of relationship (Aaronson & Reeves 2002; Moon & Sochaki 1996; Zappal 2003) with corporate and civil actors, encouraging them to engage in responsible and sustainable behaviour (Aaronson & Reeves 2002; Albareda et al. 2006; Fox et al. 2002; Moon 2004).

On this note, it is important to differentiate political CSR from similar concepts such as stakeholder theory and instrumental theory. First, political CSR differs from stakeholder theory as it suggests that organizations should engage in activities that go beyond strategic objectives and stakeholder value creation (Noland & Phillips 2010). It also differs from instrumental CSR and corporate political activity by acknowledging the significance of embedding both shareholder and stakeholder interests in the decision-making process (Crane & Matten 2005; Scherer & Palazzo 2007). Following this premise, this thesis examines the role of political CSR as a separate concept that supports responsible business practice.

Recent studies suggest that the voluntary nature of CSR changes the role of governments (Midttun 2005; Moon et al. 2005; Moon 2004; Roome 2005). Fox et al. (2002) suggested four new government roles that have emerged due to CSR momentum: mandatory (legislative), facilitating (guidelines on content), partnering (engagement with multi-stakeholder processes) and endorsing tools (publicity). Others (Gribben et al. 2001; Guarini 2003; Nelson & Zadek 2000) have discussed the new role of CSR in the political–organizational relationship as a means to tackle social uncertainties, facilitate collaborative actions between organizations, social organizations and local governments, and also enable governance through public and private partnerships. As a consequence, there are various interpretations concerning the motives that manage CSR government support.
CSR policies are regarded as *soft policies* that support collaborative actions between the public and private sector (Joseph 2003). The motivation lies behind policy objectives (Steurer 2010) that are relevant to sustainable development and environmental protection, human development and development assistance (Haufler 2001). As a result, the government benefits from reduced costs that may have resulted from groups’ resistance to adopting to new requirements (Moon 2007). As such, Haufler (2001) described CSR as a “*third way between socialism and capitalism*” (p.4) that enhances national economic competitiveness and supports social welfare. Furthermore, considering that the voluntary character of CSR suggests that responsible action starts where legal requirements end (McWilliams & Siegel 2001), governments look for a more active role in promoting socially responsible behaviour. Additionally, the evidence reveals a transition stage of governance, from hierarchical regulation to a collaborative cluster-centre governance framework (Frederick 2006; Kooiman 2003; Rhodes 2000; Steurer 2010). Consequently, societal welfare is a mutual civil–private responsibility following stakeholder expectations. In this respect, CSR is no longer a solid management tool but a shift of “*involvements of the public and private*” sectors (Hirschman 1983, p.256).

Previous research (Albareda et al. 2007) asks researchers to look closely at various elements when examining political CSR, such as:

- *political and institutional structure; political style and processes; social structure; emphasis on a voluntary approach or acceptance of state guidelines and control; local and national views of the role of companies; the role and posture of NGOs and civil associations in society; the kind of educational system and the values it transmits; what is expected of their leaders; and historical traditions.* (p.393)

Taking this into consideration, this thesis looks at all the intended and unintended political CSR-related activities undertaken by the examined case context. Given this view, this research relates Scherer & Palazzo’s (2007, 2010) call for corporations to identify new processes of deliberative politics and dialogic communication.
The following section discusses further the role of stakeholder management and engagement, with a particular focus on CSR.

2.5 Stakeholder management

As discussed previously in this thesis, organizations are expected to effectively address, manage and commit to responding to pressures coming from social and political forces (Davies 2003; Freeman et al. 2001; Logsdon & Wood 2001; Maignan & Ferrell 2004; Trapp 2014). CSR strategy-making aims to facilitate this process following Freeman's (1984) interpretation of stakeholder theory. In particular, adopting a micro-perspective of organizations, Friedman raised the significance of time and resource investment in managing stakeholder interests. In line with this, Werther & Chandler (2006) reported that:

> [CSR is] a vehicle for discussing the obligations a business has to its immediate society, a way of proposing policy ideas on how those obligations can be met, as well as a tool by which the mutual benefits for meeting those obligations can be identified. Simply put, CSR addresses a company’s relationships with its stakeholders. (p.7)

Essentially, according to Mitchell et al. (1997), managing the relationship between an organization and its stakeholders frequently entails a broad range of challenges. For instance, conflicting stakeholder interests (Murray & Vogel 1997; Bowmann-Larsen & Wiggen 2004; Castka et al. 2004; Greenfield 2004) that might be given different interpretations (Crane et al. 2008; Deresky 2000; Freeman 1984; Bowmann-Larsen & Wiggen 2004; Maignan & Ferrell 2004; Castka et al. 2004; Woodward et al. 2001) sometimes make stakeholder identification a complex process. That, in turn, raises a question about ‘best’ possible practice(s) regarding CSR stakeholder strategy (Weiss 1998).

Additionally, managing and prioritizing conflicting stakeholder interests has been a major challenge for managers (Mitchell et al. 1997; Greenwood 2007; Jonker & Nijhof 2006). As a result, concerns regarding ‘to whom’ organizations are responsible and ‘how far’ their obligations extend have increasingly enforced managers to move beyond simply being aware of stakeholder expectations and wishes. Instead, what they currently seek is active engagement with legitimate stakeholders and their involvement in company decision-making (Becker-Olsen et al. 2006; Calabrese & Lancioni 2008; Freeman 1994; Greenwood 2007; Sen
& Bhattacharya 2001; Trapp 2014). As a result, the difficulties of managing this relationship between an organization and its multiple stakeholders compel the former to democratically consider the rights and interests of the latter.

Within this scope, contemporary organizations embrace a rather social and political role in society (Freeman 1984). Aiming to create a transparent environment which offers equal opportunities to legitimate stakeholders, they introduce concepts of corporate governance and accountability (Crane & Matten 2010). For instance, organizations nowadays run stakeholder boards of directors, aiming to give stakeholders the opportunity to express their opinion and influence the decision-making process (Crane & Matten 2010). Therefore, they promote a democratic environment through which they can balance corporate and stakeholder interests (Carroll & Butzholtz 2009), relate to ethical performance (Fraedrich et al. 2011), ethical activities (Treviño et al. 1999) targeting diverse stakeholder groups and effective leadership (Badaracco 1997; Gini 1997). Despite engaging with stakeholders, the dynamic and diverse nature of stakeholder interests creates challenges for organizations. To facilitate the process, Mitchell et al. (1997) suggested that organizations should focus on three main areas when setting priorities: the power of stakeholders to impact on corporate operations, their legitimacy within the organization, and the urgency of their claims. Similarly, Greenwood (2007) suggested classifying stakeholders according to strategic or moral definitions. The dilemma of which interests organizations should aim to respond to complicates the CSR stakeholder decision-making process (Crane et al. 2008; Hill & Jones 2007). Within this context, it is also crucial to identify the practices and strategies that can be used to engage stakeholders.

The following section reviews the practices undertaken by organizations to engage with stakeholders.

2.5.1 Stakeholder engagement

In going beyond profit maximization and seeing themselves as social and political actors, organizations have started examining how to effectively respond to stakeholder expectations. The increased challenges involved in managing
diverse stakeholder interests has forced organizations to invite stakeholders to participate in strategic decision-making (Mitchell et al. 1997; Greenwood 2007; Jonker & Nijhof 2006). For Greenwood (2007), this interaction is defined as stakeholder engagement and refers to the:

practices which the organization takes to involve stakeholders in a positive manner in organizational activities. (p.317)

Therefore, stakeholder engagement has been the vehicle of transition from stakeholder management to building stakeholder relations (Fineman & Clarke 1996; Collins & Kearins 2007). Stakeholder engagement could be achieved in a number of tasks within an organization – for example, customer service, supply chain management and human resources management (Greenwood 2007). Consistent with this, researchers (Du et al. 2007; Fombrun et al. 2000; Lichtenstein et al. 2004; Sen & Bhattacharya 2001; Turban & Greening 1997) have presumed a range of benefits related to CSR engagement. For example, Sen et al. (2006) argued that returns from being a good citizen do not only apply to consumer habits. Benefits could be multifaceted and associated with investment trends, the seeking of employment and the strengthening of stakeholder relationships (Du et al. 2010). In this regard, Greenwood (2007) argued that stakeholder engagement should be neutral in nature. In other words, in the designing and implementing of CSR actions, decisions should be based on the co-creation of shared value regardless of stakeholders’ power. However, as some (Banerjee 2007; Elkington & Fennell 2000; Crane & Matten 2010) have implied, stakeholder engagement does not necessarily relate to responsible business behaviour but is contingent on the actor’s ethical perceptions and motivations (Greenwood 2007).

Aiming to manage stakeholder interests effectively, organizations look for solutions that build on engagement techniques and strategies (Burchell & Cook 2007). Apart from periodically publishing organizational reports that aim to communicate strategic plans (Mitchell et al. 1997), companies concentrate on the efforts that can build on stronger legitimization profile (Bendell 2000; Crane & Livesey 2003). This has triggered efforts to understand how various forms of
communication and dialogue could facilitate stakeholder engagement (Burchell & Cook 2006).

The fundamental idea embedded in successful CSR communication is that of the dissemination of the right message through an effective channel that makes it possible to reach legitimate stakeholder(s) (Brown & Deegan 1998; Deegan & Gordon 1996; Hooghiemstra 2000). According to Carroll (1999), there are a number of factors affecting the results of CSR communication. He claimed that, to achieve mutually favourable outcomes, CSR communication should rely on constructing and disseminating messages in a transparent and accountable way. Sharing information and demonstrating CSR awareness and commitment play a crucial role in CSR strategy. Cappriotti (2011) reported that:

strategic CSR communication is a tool to facilitate and promote the collaborative building of CSR: establishing dialogic communication channels among the organization and its stakeholders to ask about the stakeholders’ needs and what the corporate responsible behavior should be, and at the same time stimulating participation and collaborative decision-making about CSR issues. (p.373)

In the same vein, Lawrence (2002) emphasized the benefits behind the construction and implementation of successful dialogues, which:

encourage both companies and stakeholder organisations to engage more often in the difficult, but productive, task of listening to and learning from one another. (p.199)

Therefore, dialogue provides both organizations and stakeholders with the opportunity to develop a form of engagement and understanding (Andriof et al. 2003; Arts 2002; Kaptein & Tulder 2003; Millar et al. 2004; Weick 1995) in a constructive learning environment (Payne & Calton 2002, p.133). Nevertheless, increased CSR visibility has led to:

a dramatic increase in companies seeking to engage in processes of stakeholder dialogue and engagement to increase trust and accountability and provide better processes of communication regarding their activities. (Burchell & Cook 2006, p.154)
In line with this, stakeholder dialogue is identified as one type of open-to-diverse-viewpoints forum that looks for cooperative solutions (Daft 1999; Isaacs 1994; Rockwell 2003; Chapman et al. 2005). This interaction should aim to create shared value for the parties involved in the dialogue (Burchell & Cook 2007). In evaluating the nature of stakeholder relationships:

*a better understanding of stakeholder engagement derived from empirical analyses of what stakeholders expect from, and how they interact with, firms under certain conditions is certainly an important issue for researchers.* (Steurer 2006, p.59)

Research to date has almost exclusively focused on analysing stakeholder expectations from an organizational perspective (Friedman & Miles 2002). Similarly, Frooman (1999) suggested that merely examining stakeholder engagement from an organizational point of view narrows the research outcomes and restricts understanding of the relationship. Instead, emphasis should be placed on the dialogue from the stakeholders’ point of view (Burchell & Cook 2006) and the interchangeable roles in shaping the interactions. However, Banerjee (2007) argued that stakeholder dialogues could take the form of organizational constructs that aim to serve and match with organizational processes. As Austin (1962, p.12) commented, “to say something ... is always and simply to state something” and suggested that “to say something is to do something”. Recent research (Zyglidopoulos & Fleming 2011) has shown that stakeholders are sceptical because of mismatches which occur between talk and actions. Burchell & Cook (2006) reported that:

*a one-way dissemination of information from company to stakeholders is regarded as a relatively weak form of engagement.* (p.158)

On the contrary, encouraging interactive communication with stakeholders has a positive impact on organizational welfare (Crane & Livesey 2003). Therefore, keeping rhetoric consistent with real actions (Frankental 2001; Peterson & Norton 2007; Ramus 2005) plays a crucial role in keeping a stable relationship between companies and the pluralistic organizational environment (Caruana & Crane 2008; Castello et al. 2013).
Christensen et al. (2013) challenged the assumption that CSR organizational talk, as opposed to actions, is essentially superficial. Following Weick’s (1995) suggestion that, to innovate, organizations should move away from tenaciously keeping words consistent with actions, Christensen et al. (2013) claimed that, even if talk is not always reflected in action, it may set the scene for future social development. In the socially constructed CSR area, which is dominated by diverse interpretations (Carroll 1979; Carroll 1999; Christensen & Cheney 2000) across time (Gilbert et al. 2011; Scherer & Palazzo 2007; Scherer & Palazzo 2011), aspirational talk is essential in articulating future plans (Livesey et al. 2009).

Much of the research conducted to date has aimed to understand how pressures to engage impact on strategic stakeholder dialogue and how these can be effectively managed (Bendell 2000; Murphy & Bendell 1997; Schiller 2005). Payne & Calton's (2002) findings suggested that a key concern behind the examination of engagement should be the identification of the organizational repositioning which may have been a result of the dialogue and engagement. The review of the literature also suggests that theoretical models examining the relationship between CSR and stakeholder dialogue are still underdeveloped (Cropanzano et al. 2004; Murray & Vogel 1997; Truss et al. 2013; O'Riordan & Fairbrass 2008; Saravanamuthu 2004). Drawing on that, this research aims to uncover this repositioning from both the organizational and stakeholder perspectives. In doing so, it aims to explore the motives behind participants' engagement and dialogic interactions and challenge the idea that:

*preconceived relationships between self and others change as new learning occurs.* (Payne & Calton 2002, p.133)

Following on from this discussion regarding the theoretical underpinnings of CSR, the next section aims to explore the drivers that support CSR engagement.

### 2.6 CSR drivers

Past research has suggested that a range of individual and situational drivers (Crane & Matten 2010; Ferrell et al. 2010; Ford & Richardson 1994) influence the decision-making process. Empirical work has supported the assertion that
individual factors such as demographic characteristics (Loe et al. 2000; O’Fallon & Butterfields 2005) and personal values (Agle & Caldwell 1999), as well as external factors such as societal characteristics and values, context-related aspects, national aspects and organizational values (Hofstede 1997; Trompenaars & Hampden-Turner 2004), may affect the ethical decision-making process. There is evidence that these actors are interrelated and, as such, conditional changes in one may affect other(s) (Christie et al. 2003; Crane & Matten 2010; Jackson 2001; Vitell et al. 1993).

Furthermore, the critical stakeholder theory literature suggests that developing initiatives that aim to mutually benefit the organization and stakeholders may result in future wealth generation (Choi & Wang 2009; Greenwood 2007; Post et al. 2002). On the contrary, managers’ failure to recognize stakeholder value in organizational activities may result in future corporate failure (Freeman 1984; Post et al. 2002; Smith et al. 2010). Mitchell et al. (1997) developed a framework that divides the managerial rationale for considering stakeholder interests in the decision-making process into three categories. They suggested that the “power of stakeholders” to influence the organization, the “legitimacy” of the organization–stakeholder relationship, and also the “urgency of stakeholder expectations” of the firm can justify the organizational tendency to respond to stakeholders. Therefore, Greenwood (2007) suggested that CSR decision-making may be subject to a combination of moral and strategic approaches.

Additionally, past studies have identified connections between stakeholder theory and resource dependence theory (Barney 1991; Pfeffer & Salancik 1978). They argued that relations of power and control can explain organizational attention to a stakeholder group and the impact it has at an organizational level (Pfeffer & Salancik 1978). Further to this, others (Russo & Fouts 1997; Ruf et al. 2001; Ferrell et al. 2010) have argued that responding to stakeholder expectations may result in enhanced corporate ability to develop skills and relations with their stakeholders and gain a competitive advantage. While the literature examines CSR drivers from an organizational point of view, stakeholder perspectives on the intended CSR motives have been under-investigated.
This research aims to understand the perceived CSR motivations that drive CSR conceptualization and practice. In doing so, it emphasizes the dichotomy of arguments between organizational actors and stakeholder representatives.
2.7 Conclusions

The review of the literature presented in this chapter establishes the secondary data that justifies the need for fresh empirical research in the area of CSR. It demonstrates that while CSR has long been constructed as a social phenomenon (Berle & Means 1932; Bowen 1953; Davis 1973; Frederick 1960) it was not before the late 1970s that scholarships acknowledged the centrality of stakeholder interaction (Carroll 1979; Freeman 1984; Whetten, Rands, Godfray 2001) in setting CSR agendas. In that respect, the shift from the traditional idea of CSR, one which manipulated stakeholder understanding, to a model that supports the co-creation of value makes it imperative to understand how organizational and stakeholder actors act as separate dimensions and contribute to the CSR discourse. Therefore, the goal of this thesis is to investigate the CSR conceptualisation and practice in the UK electricity industry by bringing together organizational and stakeholder perspectives. One research question was developed to organize this empirical research:

**How does the electricity industry work with stakeholders to co-construct CSR as a meaningful reality?**

On a macro level, past research (Barnett 2007; Cochran & Wood 1984; Porter & Kramer 2002; Porter & Kramer 2011; Porter & Linde 1995; Turban & Greening 1997; Smith 2003) has shown that organizations engage in a dialogue with internal and external stakeholders to meet institutional and/or stakeholder interests and gain competitive advantage (Porter & Kramer 2002; Porter & Kramer 2006; Porter & Kramer 2011). However, the processes through which organizations identify and correspond to such pressures are still under-investigated. Therefore, this research aims to understand the processes and drivers that lie underneath organizations’ decision to engage in CSR.

On a micro level, there is still little knowledge about the role of individual organizational and stakeholder actors’ perceptions on CSR (Basu & Palazzo 2008; Jackson & Apostolakou 2010; Fooks et al. 2011). Acknowledging the existence of power relationship between corporate and stakeholder
representatives, this research aims to examine the understanding of CSR and the negotiations that co-shape CSR as a meaningful reality.

To organise the research enquiry findings, this thesis adopts Porter & Kramer's (2002, 2006, 2011) framework of shared value creation. The framework has been chosen for its merit to the alignment between a company's core strategy and social benefits that may consequently support the creation of shared value. In addition, it provides clear insights into the role of the political driver in encouraging responsible behaviour. Finally, the framework's solution-oriented approach in aligning social and economic benefits is in line with this thesis' aim to understand the dichotomy between organizational and stakeholder voices. It is for the above mentioned reasons that this thesis aims to revisit and examine the applicability of Porter & Kramer's framework in the specific case context.

Following the theoretical foundations set in this chapter, the next chapter is an account of research methods, including epistemology, research strategy, data collection and data analysis.
CHAPTER 3: RESEARCH METHODOLOGY

3.1 Purpose and aims

The previous chapter reveals that, while CSR continues to gain momentum, CSR conceptualization remains relatively unclear. Thus, there is a need to investigate the research objectives set out in section 1.3, through fresh empirical and theoretical research. This chapter illustrates the philosophical approach undertaken to address the research questions and objectives by discussing the epistemological and ontological underpinnings of this thesis. It provides evidence for the rationale of applying the social constructionist approach. In addition, the chapter discusses the research methods and strategy adopted. It then presents the data collection, analysis and presentation methods and techniques adopted, as well as accounts of reflexivity and research ethics that have been taken into consideration in undertaking this research. Therefore, this chapter has the following aims:

1. to discuss and provide justification of the ontological and epistemological underpinnings of the research
2. to describe and discuss the multi-method approach (documentary analysis, semi-structured interviews, participant observations)
3. to discuss the importance and utility of the single-case study
4. to provide information on the data analysis techniques
5. to discuss issues of reliability, validity and research ethics.

3.2 Research method

One way of understanding research methods used in business research is to classify them as quantitative and qualitative (Maxwell 2005). Even though some (Ritzer & Leidner 1994) claim that such a classification is useless, this research follows Maxwell's (2005) argument that qualitative and quantitative methods have different forms of logic and are best used to address different kinds of research questions and objectives.

Qualitative research seeks to examine and understand meanings hidden in words (Bryman & Bell 2007; N. Denzin & Lincoln 2008). Therefore, it is a “situated
activity that locates the observer in the world” (Denzin & Lincoln 2008, p.4) and
is connected to cultural, organizational and interpretive studies. In that sense, qualitative methods explore individual interpretations of the social world (Ghauri & Grønhaug 2010) and consider “a record of what people have said” (Myers 2009, p.8). This is in line with Flick’s (1998) suggestion that:

objects are not reduced to single variables but are studied in their complexity and entirety in their everyday context (p.5)

and, thus, the world is:

constituted in one way or another as people talk it, write it and argue it. (Potter 1996, p.98)

It is, then, this openness and flexibility that is emphasized in qualitative methods that facilitate design modification and focus during research (Miles & Huberman 1994). Thus, qualitative methods are particularly useful when conducting exploratory research and help researchers deal with uncertainty. This is because such methods leave space for them to adopt a number of methods and access a variety of forms of information that can be used to answer how and why questions (Miller et al. 2004).

At the same time, qualitative researchers are responsible for reading through the data and constructing meaning (Mason 2002). Hence, there are no predefined variables (Myers 2009) and by adopting an inductive process the qualitative researcher is committed to viewing the world:

through the eyes of the people that they study. (Bryman & Bell 2007, p.416)

As Walsh (1972) commented:

we cannot take for granted, as the natural scientist does, the availability of a preconstituted world of phenomena for investigation ... we should examine the processes by which the social world is constructed (p.19).

However, this touches on a number of considerations regarding the subjectivity or bias of the conclusions (Saunders et al. 2009) of qualitative research. To
respond to issues of reliability and validity, section 3.9 provides evidence of the methods undertaken in this research to reduce bias.

To date, CSR research has been dominated by quantitative methods and functionalist epistemology (Gond & Matten 2007). Considering the lack of existing literature to come up with meaningful conclusions about CSR, this study embraces an inductive qualitative exploratory approach. As a result, this study began with an unstructured approach with no single theory or hypothesis to be tested (Crane & Matten 2010; Eisenhardt 1989). This inductive approach allowed the research objective to be explored without a preconceived notion of what the data would look like or the relationships that might be found within it (Mintzberg 1979; Pettigrew 2000; Strauss & Corbin 1998). Thus, this study aims to understand CSR in its context and generate rich data taking into account that:

social realities are embedded in a changing corporate world where people construct and frame their relationships with corporations. (Gong & Matten 2007, p.15)

Figure 3.1 illustrates the research process followed in the study including the steps undertaken and the time frame.
3.3 Research philosophy

As Batesson (1972) stated, qualitative researchers could be related to philosophers in terms of the:

universal sense in which all human beings ... are being guided by highly abstract principles. (p.320)

In light of this view of human principles, the debate about ontology (What is it that one knows? What is the nature of reality?), epistemology (How does one know what one knows? What is the relationship between the inquirer and the known?)
and methodology (How does one gain knowledge of the world?) (Bryman & Bell 2007; Crotty 1998; N. Denzin & Lincoln 2008) is discussed in this section.

While ontology is the study of being and epistemology embodies an understanding of what is real (Crotty 1998), they tend to merge together and inform the theoretical perspective of a research. Given this state of affairs and the impact of personal values as a means of preconception (see section 3.10), this set of premises determines how a researcher experiences the world and therefore encounters it during each stage of the research.

**Figure 3.2**: Influences on business research

Following Crotty's view that:

> all knowledge, and therefore all meaningful reality as such, is contingent upon human practices, being constructed in and out of interaction between human beings and their world, and developed and transmitted within an essentially social context (1998, p.42)

this research embraces a social constructionist approach. As such, there is an organic relationship between the subject and the world being “pregnant with meaning” (Merleau-Ponty 1964).

While social constructionism accepts the construction of meaning, it does not assert the creation of it (Crotty 1998; Schwandt 2003). Hence, “all objects are made and not found” (Fish 1990) but they are “always already there” (Merleau-Ponty 1964), waiting for humans to intentionally direct meaning towards them. In this respect, the world cannot be described simply as ‘objective’ or ‘subjective’. Social constructionism acknowledges the existence of the world (objectivity) that humans become conscious of (subjectivity) and argues about the importance of
bringing these concepts together to generate meaning (Berger & Luckmann 1966). This being the case, social constructionism is at once realist and relativist. The reality of everyday life that social constructionism embraces originates from the subjective experience that individuals or groups of individuals might have (Fish 1990). Therefore, since reality is a socially negotiated concept multiple realities or different spheres of reality might exist (Berger & Luckmann 1966; Potter 1996; Schwandt 2003). This subjective reality is based on the historical, cultural, political and economic context in which the actor exists, and is set: 

\textit{against a backdrop of shared understandings, practices, language and so forth.} (Schwandt 2003, p.193)

The social constructionist approach taken in this research seeks to examine the development of understandings of the CSR context. Similarly, organizations are examined as “\textit{created, sustained and changed through talk}” (Mangham 1986, p.82). Acknowledging the variety of interpretations currently being attributed to CSR, this thesis focuses on how the selected case context consciously ascribes and negotiates meaning before this is transformed into action.

The following section examines the selection of a single-case study as an appropriate research strategy for this research project.

### 3.4 Research strategy: Single-case study

According to Yin (2003):

\textit{a case study is a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.} (p.5)

Thought and attention in this definition are given to the following points:

- A case study is a contextual (Meyer 2001) research strategy and not a method (Hartley 2004; Titscher et al. 2000), hence it is a stance or approach which is concerned with
- a research project/phenomenon
• and the *empirical investigation* of the aforementioned, in the sense that data and evidence collected are being used to shed light on and understand
• a *particular* phenomenon that is under investigation, i.e. the choice of the case study should be guided by the research question(s) (Yin 2009), by adopting
• multiple methods of evidence or data collection (Robson 2004).

The central characteristic of a case study is its focus on exploring new processes or behaviours or those that are not well understood (Hartley 2004). Hence, a case study is not a methodological choice but an in-depth elucidation of what is to be studied (Denzin & Lincoln 2008). As such, a case study is particularly useful for responding to *how* and *why* questions about a contemporary set of events (Leonard-Barton 1990; Yin 2009; Stake 1995). Additionally, a key difference between the case study and other qualitative designs such as grounded theory and ethnography (Gioia & Chittipeddi 1991; Glaser & Strauss 1967; Strauss & Corbin 1998) is that the case study is flexible as to the use of theory or conceptual categories that shape the research and analysis of data. In contrast, grounded theory or ethnography presupposes that theoretical perspectives are grounded in and emerge from first-hand data.

Reflecting on various philosophical positions, case studies can be associated with epistemologies such as positivism or constructionism. They are employed to examine a research phenomenon in context (Myers 2009) and are appropriate for exploratory research (Yin 2009). A case study is therefore an appropriate strategy for this research, which looks to provide a thorough understanding of the organizational processes (Eisenhardt 1989) undertaken while designing CSR agendas.

According to Stake (1995), there are three types of case studies: intrinsic, instrumental and multiple//collective. To begin with, an *intrinsic case study* recognizes the particularity and ordinariness of a phenomenon. Its purpose is not
to generalize to other cases or to understand some abstract construct or generic phenomenon, nor to build theories. Instead, the researcher is interested in a particular unit. By contrast, an instrumental case study examines insights into an issue and aims to generalize. Cases of this type are facilitative and support the researcher to understand something else. Hence, the choice of the case is strategically made to enhance the understanding of that other interest. Finally, while an instrumental case study concentrates on a single unit of analysis, a multiple case study or a collective case study extends the phenomenon or population to a number of cases. The selected cases might be similar and are chosen because the researcher aims to better understand, generalize and often create a theory about a larger collection of cases.

The interest of this current research is intrinsic. The focus is on a single case that aims to holistically understand the motivating or inhibiting mechanisms that lie behind CSR conceptualization.

Case studies are often criticized for failing to generalize their findings (Eisenhardt 1989; Yin 2013). For instance Giddens (1986) argued that:

Research which is geared primarily to hermeneutic problems may be of generalized importance in so far as it serves to elucidate the nature of agents’ knowledgeability, and thereby their reasons for action, across a wide range of action-contexts. Pieces of ethnographic research like...say, the traditional small-scale community research of fieldwork anthropology – are not in themselves generalizing studies. But they can easily become so if carried out in some numbers, so that judgements of their typicality can justifiably be made. (p.328)

Case study researchers usually acknowledge that it is difficult to identify cases that could represent an entire group or identical situation (Bryman & Bell 2007). However, some researchers (Campbell 1975; Flyvbjerg 2001; Vaughan 1992) argue that even intrinsic case studies can claim a small degree of theoretical generalizability and become representative of an issue that other organizations face (Yin 2013). Therefore, case studies can be used as “motivation, inspiration and illustration” (Siggelkow 2007, p.21). In this regard, theoretical generalizability
turns into a problem when the researcher becomes preoccupied with it, drawing attention away from what is important for understanding the case (Stake 1995).

The case to be studied focuses on “more than one unit of analysis” (Yin 2013, p.50). It explores the multidimensional stakeholder relationships in their contexts. In particular, in focusing on an electricity Distribution Network Operator, this study acknowledges the vital role of multiple stakeholder relationships in setting the organizational CSR agenda. The identification and in-depth examination of stakeholder CSR discourses allows a more complex analysis of the negotiations that shape CSR. A detailed introduction to the case context is presented in Chapter 4.

**Table 3.1: Overview of the research design approach**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Corporate Social Responsibility: A critical case study in the UK electricity industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Methodology</td>
<td>Single case study approach. Qualitative, multiple data collection methods employed, in an alternating phased tactic to constantly challenge, revisit and redesign initial assumptions.</td>
</tr>
</tbody>
</table>
| Data collection techniques | Pilot testing + Documentary analysis ↓  
Initial assumptions + Exploratory framework ↓  
Documentary analysis ↓  
Internal Semi-structured interviews ↓  
Observations ↓  
External Stakeholder Semi-structured interviews ↓  
Findings |
| Data collection approach | Pilot test used to check the accuracy, efficiency and suitability of the approach in a similar environment |
| Data analysis approach | Triangulated findings to test the research assumptions |
| Intended outcome | To provide insights in a previously under-investigated area. This contributes to empirical evidence in the field of CSR stakeholder management by refining an existing managerial framework. The results provide concluding remarks to managers in the electricity sector by 1) illustrating the factors that influence and interpret those |
contextual approaches (why) 2) uncovering the transferability and interpretations of the outcomes to the intended audience(s) (how)

Source: Author’s conceptualization

Following this presentation of the chosen research strategy, the next section addresses technical details. In doing so, it addresses the data collection, research assumptions, sampling and piloting in greater detail.

3.5 Data collection

The empirical findings of this research rely on a set of multiple data sources. As table 3.1 shows, I collected and analysed both primary and secondary data, which were all used to provide answers to the research question presented in section 1.3. In total, I 1) conducted 31 semi-structured interviews with organizational employees and stakeholder representatives, 2) attended 3 CSR committee meetings, and finally 3) collected and analysed 15 organizational reports, copy from an official corporate website and the minutes of 6 CSR committee meetings.

Table 3.2: Data collection and analysis

<table>
<thead>
<tr>
<th>Type of data</th>
<th>Description</th>
<th>Number (see appendix 4 &amp; appendix 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate actors’ interviews</td>
<td>Semi-structured interviews with employees taking part in the CSR decision making process</td>
<td>18 interviews</td>
</tr>
<tr>
<td>Observations</td>
<td>Observation of 3 CSR committee meetings</td>
<td>3 observations</td>
</tr>
<tr>
<td>Internal documentation</td>
<td>Meeting minutes</td>
<td>6 meetings</td>
</tr>
<tr>
<td>External documentation from the company</td>
<td>CSR reports, Sustainability reports, Business plans, Innovation reports, Strategic direction reports, Customer engagement plans, Business carbon footprint reports, 1 Reports on the electricity stakeholder engagement scheme from 2008 to 2014 and current website</td>
<td>15 reports and a website</td>
</tr>
</tbody>
</table>
The following sections present an in-depth examination of the role of primary and secondary sources in this thesis.

3.5.1 Primary data

The primary data for this research are based on semi-structured interviews and observations. The next section justifies the selection of this method as the most appropriate for data collection.

3.5.1.1 Semi-structured interviews

According to Denzin & Lincoln (2008), semi-structured interviews are the most widely adopted method in qualitative research, especially when the interviewer aims to understand how the ‘world’ constructs meaning (Easterby-Smith et al. 1994). As discussed in section 3.2, this research embraces a qualitative approach and, therefore, interviewing follows a less structured and more flexible process than quantitative research. Given this, I focused on more precise research areas (Ghauri & Grønhaug 2010), concentrating on the interviewees’ interpretations as a source of rich, detailed data that reflect their views (Easterby-Smith et al. 1994; Ghauri & Grønhaug 2010; Patton 2002). Thus, by talking to the actors involved in the development and implementation of CSR, one could understand the meanings, processes and negotiations that took place at an organizational level.

Although there are cases of qualitative research adopting structured interviews to answer their research questions (Silverman 2000), the emphasis in qualitative research is often placed on unstructured and semi-structured interviews. This is due to the researcher’s interest in rich empirical data that reflect the interviewees’ own perspectives and concerns. In an unstructured interview, the researcher presents (a) concern(s)/interest(s) that they have on a topic (Denzin & Lincoln 2008) and aims to identify a solution through a conversation (Burgess 1984) with
the interviewee. Semi-structured interviews are more open in nature and allow new ideas to be brought to the concept under investigation (Bryman & Bell 2007). Therefore, with the aim of gaining a clear understanding of the interviewees’ views on the meanings of and perceptions of CSR, this research engaged in a semi-structured approach.

Interviews were conducted in two phases. In the first phase, a total of 18 face-to-face interviews were conducted with employees from different departments of the organizations (see appendix 3 for the interview questions). The interviews, followed –although not precisely – an interview guide and covered, amongst other things, the interviewee’s organizational position, their interpretation of CSR, the management of CSR both in their division and throughout the company, and their perception of the role of stakeholder dialogue. They were all digitally recorded and the recordings ranged from 40 to 72 minutes, with an average length of 49 minutes. Most of the employees interviewed had participated in a CSR committee meeting at least once; however, there were some who, despite never having attended a CRS meeting, practised CSR through their organizational role. Interviewees held positions at various decision-making levels (e.g. directors, senior managers, and managers), departments (e.g. operation, communication, customer affairs, health and safety, human resources) and divisions (see appendix 4). The interviews provided insights into personal interpretations of the role of CSR in the electricity industry in general but also the organization’s in particular. Initially, an email was forwarded to the CSR manager of each organization. The email explained the qualitative nature of the doctoral project and also expressed a request to meet with employees who had engaged in CSR at least once. After I received written confirmation that guaranteed access to the organization, a meeting was set up with the CSR manager to discuss the project further and to conduct an interview. The CSR manager then suggested names of some of those involved in CSR and provided me with their personal details in order for me to get in touch with them and arrange the interviews on dates and at times that suited us all. In addition, further connections were made through the interviewees.

The second phase of the interviews was the transcription of the employee interviews. Findings from the employee interviews revealed the stakeholder
groups that have continually worked with the company. An email explaining the second phase of the doctoral project, as well as its relation to the case context, was forwarded to stakeholder representatives to arrange dates and times for interviews that suited both parties. Of the 18 people approached, 13 accepted the invitation to participate in the research. Similar to phase one, the interviews followed – although not precisely – an interview guide and covered, amongst other things, the interviewee’s organizational position, their interaction with the case context, their interpretation of CSR, the management of CSR, both in their division and throughout the company, and their perception of the role of stakeholder dialogue. All interviews were digitally recorded and ranged from 35 to 59 minutes and the average length was 42 minutes. All of the stakeholder representatives had participated in a CSR committee meeting at least once. The interviews provided insights into personal interpretations of the role of CSR in the electricity industry as well as their experience of CSR negotiations in the case context.

My role as an interviewer was to get the interviewees to talk freely and openly. In order to achieve this, issues of confidentiality, anonymity and the interviewees’ right to decline questions if they wanted to were clearly explained before the beginning of every interview. Acknowledging the fact that all interviewees were being interviewed during normal working hours, I tried to listen more than speak. Through this approach, I aimed to give the interviewee time to present their personal experiences and opinions. In addition, I avoided using long, double-barrelled questions that might confuse the interviewee and instead used simple, straightforward questions.

To sum up: interviewing employee and stakeholder representatives helped me identify the interpretations attributed to CSR and explore whether all parties understood the concepts in a similar way. To minimize bias, I triangulated interview findings with observation data.

3.5.1.2 Observations

As Gold (1997) argued, researchers have been looking for techniques that can:
maximize observational efficacy, minimize investigator bias, and allow for replication and/or verification to check out the degree to which these procedures have enabled the investigator to produce valid, reliable data that, when incorporated into his or her published reports, will be regarded as objective findings. (p.397)

Given this, observations can be used for several reasons in studies. According to Robson (2004), observations are a useful tool in exploratory research. He argued that the method can be used to collect data regarding what is going on in a case that is in a preliminary testing phase. Observations can thus be used as a “supportive or supplementary method” (Robson 2004, p.317) in multi-method research, to validate the findings that have been obtained. This thesis adopts observations to replicate data that were collected though semi-structured interviews and documentary analysis.

Discussions of the merits and the limitations of participant observations revolve around the role of the observer and the reliability and validity of the data obtained through them. A key advantages is the opportunity it gives the researcher to directly observe views, feelings or attitudes (Zeedyk & Kelly 2003). In doing so, the observer can complement the findings that have resulted from other methods and verify what people say or have said they do against what is actually happening. However, a researcher acting as an observer should be “careful not to alter the flow of interactions unnaturally” (Adler & Adler 1987, p.380). Hence, while observations can be a useful method, there are concerns regarding the reactivity, but also the reliability and validity, of the research. Therefore, the researcher’s involvement is of crucial importance for the findings of a study.

Gold (1997) divided the role of the observer into four classifications according to their degree of involvement in or detachment from the investigated phenomenon. However, the scheme assumes that the researcher will adopt a single role. Considering the complexity of a researcher’s role within a study, Gans (1968) outlines three roles that coexist at different times during an observation: total participant (involved), researcher-participant (semi-involved) and total researcher (without involvement).
The observation data for this doctoral thesis were collected from three CSR meetings which resulted in 5 hours and 25 minutes of recordings. The meetings observed were infrequently scheduled, and provided the “natural loci of activity” (Denzin & Lincoln 2008, p.151). Two of the meetings were attended by groups of employees (between 8 and 11) who met to discuss the overall CSR orientation and strategy. One of the meetings was attended by a sample of stakeholder representatives and focused on stakeholder engagement. The meetings were attended by the CEO and a group of employees. Attendees were aware of my role as a researcher, and my role during the meetings was to observe the ‘making’ of CSR in the firm, without interfering. Thus, all three observations provided me with rich information on the management and negotiation of CSR between the participants. During the observations I was able to record the discussions that were taking place and the issues that were raised. The data collected helped address issues that I might not have been able to identify during the individual interviews I conducted, since interviewees tend to give a positive image of the organizational approach. In that sense, the observations provided supplementary data that helped me understand the negotiations regarding the interpretations and implementation of CSR.

The collection of primary data was combined with documentation such as internal documents (i.e. CSR reports, strategic reports, press releases) and external documents (minutes of meetings).
3.5.2 Secondary data

3.5.2.1 Documentary review

Documentary evidence is a collection of heterogeneous sources of data that include various kinds of 1) external documentation such as organizational reports, websites, press releases etc., and 2) internal documentation such as meeting minutes and company newsletters (Bryman & Bell 2007; Yin 2009). Such materials can be used to provide the researcher with valuable organizational information that can serve different purposes. For instance, in a case study research, documentary analysis may be used to gain historical or background evidence regarding the organizational context (Yin 2009). Hence, the information extracted can be used to design a timeline of events and processes.

Documents, as a source of data, provide the researcher with a number of advantages. To begin with, they are stable (Yin 2009) in nature, which means that the researcher has the opportunity to review them repeatedly and evaluate their content. Secondly, the information included is exact, i.e. it refers to certain names, events, figures and references, and also has a “broad coverage” (Yin 2009, p.102), i.e. it has a long time span. However, some documentary evidence, such as internal documentation, could be difficult to access. Therefore, the researcher has to rely on publicly available sources (Bryman & Bell 2007). However, researchers may intentionally synthesize a particular point of view and, thus, issues of credibility are raised. In addition, the researcher may be subject to biased selectivity if data collection is incomplete (Yin 2009).

In this research, documents were collected from different sources and therefore neither limitation had much impact on the current research.

In this study, the documentary review was carried out in two phases. This helped me to 1) corroborate information derived from interviews and observations, and 2) form arguments and conclusions (Yin 2009). In the first phase, a number of organizational reports produced by all 6 DNOs were reviewed. The evidence collected helped me form an overview of the CSR discourses which are taking place in the industry. Emphasis was placed on the CEO welcome letter because
i) all organizational reports contain a welcome section, which usually reflect organizational aims that have been set for the near future. Moreover, they summarize organizational achievements and benchmarks that are considered to be innovative. Therefore, this section is usually a simple but comprehensive text which is structured in a similar way in each organization and is thus easily examined. In addition, ii) CEOs have a prominent role in addressing CSR strategies (Kakabadse et al. 2005) and leading organizational change through their choices (Hung 2011). They represent the organization in legal, professional and social contexts (Zahra & Pearce 1989) while also being responsible for making strategic decisions that satisfy a range of conflicting stakeholder interests (Hill & Jones 1992). Although not as comprehensive as the second phase, the first phase helped me form some basic understanding of the CSR discourses of the industry.

In the second phase, I extensively reviewed a set of internal and external documents that have been produced by the selected case. The set includes organizational reports, press releases, a website, meeting minutes and company newsletters (please see table 3.1 for a detailed list of documents). Evidence was collected from various sources such as the organization’s official website and online sources.

3.6 Pilot study

Yin (2009) insisted that a pilot study is useful prior to the research in order for the researcher to test the plans for data collection, analysis and presentation and refine them if necessary. Given this, during the pilot study I conducted 2 interviews with CSR managers who worked for electricity DNOs to test and finalize the interview plan. The results from the interviews led to an adjusted interview plan and questions that were more comprehensive within the industry context. In addition, a documentary analysis with an emphasis on the CEO letter was undertaken, using 23 CSR and Sustainability reports published by all 6 UK DNOs between 2008 and 2013. The primary aim was to investigate the discursive approach that the entire population employs to communicate its socially
responsible profile and to get a preliminary feeling of the themes that are being discussed in the publications.

The next section describes the analytical approach undertaken in the empirical part of this research.

3.7 Analytical approach

As already discussed in section 3.3, this thesis embraces a social constructionism approach which suggests that “organizations exist only in so far as their members create them through discourse” (Mumby & Clair 1997, p.181) and emphasizes the constructive nature of reality (Crotty 1998).

Potter’s (1997) definition of discourse analysis (DA) states that:

discourse analysis emphasises the way versions of the world, of society, events and inner psychological worlds are produced in discourse. (p.146)

This illustrates the role of discourse in mirroring but also producing the world. Discourse is not simply a neutral device (Bryman & Bell 2007) but a form of communication and social practice (Wood & Kroger 2000). Drawing on Fairclough (2003), this thesis understands discourse as “a particular way of using language to represent the world” (p.26).

With several different approaches labelled as DA (Potter 1997), researchers adopt the version that can help them reach specific conclusions (Wood & Kroger 2000). Their choice should draw on the disciplinary background, the research questions, the ontological and epistemological approach, and the methodological approach of the study. Table 3.2 illustrates some of the discourse analysis approaches and highlights their central concepts.
Table 3.4: Varieties of discourse analysis

<table>
<thead>
<tr>
<th>Traditions in Discourse Analysis</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conversation analysis or “talk-in-interaction”</strong>&lt;br&gt;(Heritage 1984; Psathas 1995; Sacks 1992; Wooffitt 2005; Wootton 1989)</td>
<td>Micro-analytic perspective of structured organization of talk</td>
</tr>
<tr>
<td><strong>Critical discourse analysis</strong>&lt;br&gt;(Fairclough &amp; Wodak 1997; Hardy &amp; Phillips 2002; van Dijk 1998; Wodak &amp; Meyer 2009)</td>
<td>Language as a social practice</td>
</tr>
<tr>
<td><strong>Critical linguistics</strong>&lt;br&gt;(Berger &amp; Luckmann 1966; Fowler et al. 1979; Wittgenstein 1968)</td>
<td>Text production, ignoring the audience’ interpretations</td>
</tr>
<tr>
<td><strong>Discourse analysis</strong>&lt;br&gt;(Fairclough 1992; Fairclough &amp; Wodak 1997; Potter 2004)</td>
<td>An anti-realist approach to naturally occurring forms of talk and text</td>
</tr>
<tr>
<td><strong>Narrative analysis</strong>&lt;br&gt;(Czarniawska 1998; Riessman 1993)</td>
<td>Sense-making of people stories</td>
</tr>
<tr>
<td><strong>Rhetorical analysis</strong>&lt;br&gt;(Billig 1987; Perelman &amp; Olbrechts-Tyteca 1969)</td>
<td>Language as a persuasive form of engagement with large audiences</td>
</tr>
</tbody>
</table>

**Source**: Author’s conceptualization

This study adopts the critical discourse analysis (CDA) tradition. As Fairclough & Wodak (1997) suggested:

*CDA sees discourse – language use in speech and writing – as a form of “social practice”. Describing discourse as social practice implies a dialectical relationship between a particular discursive event and the situation(s), institution(s) and social structure(s) which frame it: the discursive event is shaped by them, but it also shapes them. That is, discourse is socially constitutive as well as socially conditioned – it constitutes situations, objects of knowledge, and the social identities of and relationships between people and groups of people. It is constitutive both in the sense that it helps to sustain and reproduce the social status quo, and in the sense that it contributes to transforming it. Since discourse is so socially consequential, it gives rise to important issues of power. Discursive practices may have major ideological effects – that is, they can help produce and reproduce unequal power relations between (for instance) social classes, women and men, and ethnic / cultural majorities and minorities through the ways in which they represent things and position people.* (p.258)

Similarly, van Dijk (1998) defines CDA as a field that studies and analyses written and spoken texts looking to unveil the discursive sources of power, dominance,
inequality and bias. His approach studies how discursive sources are initiated, maintained and reproduced within specific social, political and historical contexts.

Put simply, CDA aims to transparently show the connections between discourse, social practices and “opaque” social structures (Fairclough & Wodak 1997; van Dijk 1997) by placing the constructive role of language at the heart. This meaning-making process includes an intertextual analysis (see section 3.10.2). As Fairclough & Wodak (1997) suggested, discourse is a:

social practice which implies a dialectical relationship between a particular discursive event and the situations, institutions and social structures which frame it. (p.258)

Therefore, CDA aims to bridge the gap between the macro, meso and micro levels of the social order (van Dijk 1993). Thus, considering all three levels to be a unified form, CDA examines language use, discourse, verbal interaction and communication at the micro level of social order and power, dominance and inequality between social groups at the macro level of analysis. On this note:

every text is embedded in a context and is synchronically and diachronically related to many other texts. (Titscher et al. 2000, p.24)

**Figure 3.4:** Critical discourse analysis on the micro, meso and macro levels

- **Macro-level**: Wider political, economic and societal dimensions
  - Power, dominance, inequality
- **Meso-level**: Relational issues among organizations
- **Micro-level**: Psychological bases among individuals
  - Language, discourse, verbal interaction, communication

**Source:** Author’s conceptualization
This thesis aims to examine how the selected case context uses language to conceptualize CSR practice. Looking for evidence to relate the socio-political, economic and cultural dimensions of CSR to the role that power relationships have in it, it embraces a critical discourse analysis. This aim meets Fairclough’s (2010) argument:

By ‘critical’ discourse analysis I mean discourse analysis which aims to systematically explore often opaque relationships of causality and determination between (a) discursive practices, events and texts, and (b) wider social and cultural structures, relations and processes; to investigate how such practices, events and texts arise out of and are ideologically shaped by relations of power and struggles over power; and to explore how the opacity of these relationships between discourse and society is itself a factor securing power and hegemony. (p. 93)

Over the years CDA has resulted in the creation of a number of theoretical frameworks. As Bell & Garret (1998, p.6) claimed, CDA “is best viewed as a shared perspective encompassing a range of approaches rather than as just one school”. Also, van Dijk (1998) suggested that CDA “is not a specific direction of research”, and hence “it does not have a unitary theoretical framework”. In that sense, van Dijk (1998) asserted that:

given the common perspective and the general aims of CDA, we may also find overall conceptual and theoretical frameworks that are closely related. (p.6)

The approaches outlined by CDA practitioners such as van Dijk, Wodak and Fairclough inform one another and are influenced by disciplines such as philosophy, sociology, psychology and linguistics (Fairclough 1989; Fairclough 1992; Fairclough 1993; van Dijk 1993; van Dijk 1996; van Dijk 1997; Fairclough & Wodak 1997). They all share at least seven dimensions:

- an interest in naturally occurring language
- a focus on larger units of analysis other than words and sentences (e.g. texts, discourses, conversations and speech acts)
- an extension of linguistics beyond sentence grammar to encompass action and interaction
- extension to non-verbal interactions
- a focus on the dynamics of interaction over time
- an interest in the role of context on language use, and
an analysis of the phenomenon or concepts of text grammar and language use (e.g. topics, turn taking, argumentation, rhetoric, pragmatics, mental models) (van Dijk 2008; Wodak 2008; Wodak 2011).

Figure 3.3 illustrates how a broad range of CDA directions, traditions, such as the Frankfurt school, and theories, such as linguistics, interact with and inform Fairclough’s three-dimensional framework, which this thesis embraces.

**Figure 3.5: Analytical approach**

Source: Author’s conceptualization

To begin with, Fairclough’s CDA approach builds on Critical Linguistics (Fowler et al. 1979) by positioning critical language analysis within critical social science (Fairclough 1989; Fairclough 1992). As Chouliaraki & Fairclough (1999) claimed, CDA:

*brings social sciences and linguistics ... together within a single theoretical and analytical framework, setting up a dialogue between them.* (p.6)

Critical Linguistics and CDA have been both influenced by western Marxists such as Antonio Gramsci (1891–1937) (Fairclough & Wodak 1997). Gramsci’s notion of hegemony described the way the capitalist and fascist systems, such as that...
of Italy at that time, used and maintained power to control society (Gramsci 1971; Ives 2004). To him, hegemony referred to the way the state exercised power in order to obtain and organize the spontaneous adherence of the population to their rule. By all possible means, they promoted their values, ideas, beliefs and knowledge as commonly accepted and thus shaped the societal view of the world (Gramsci 1971). In that sense, Halliday’s Systematic Functional Linguistics provided the means to deconstruct the socially constructed notion of power. Gramsci’s cultural hegemony, then, relates to what Fairclough (1992) defined as the “naturalisation” of discourse, i.e the way dominant ideologies are considered to be “non-ideological common sense”.

Based on Foucault (1984), Fairclough (1992) referred to the institutional and societal “order of discourse” as the:

\[
\text{totality of discursive practices within an institution or society, and the relationships between them.} \quad \text{(p.43)}
\]

An order of discourse can be seen as:

\[
\text{the procedures of regulation of the production, reception, and circulation of discourse.} \quad \text{(Rojo & Pujol 2002, p.142)}
\]

Hence, it can be seen as a manifestation of social actions that belong to a “discursive formation” (p.121). However, even though the Foucauldian discourse examines the influence that individuals and interactions have on social situations, it emphasizes the role of discourse at a meso level or macro level, ignoring the micro level (Diaz-Bone 2007; Keller 2007).

van Dijk's (1996; 1997; 1998) three dimensions of ideology analysis – discourse, socio-cognition and social analysis – also resemble Fairclough’s approach. For van Dijk, social cognition is:

\[
\text{the system of mental representations and processes of group members.} \quad \text{(p.18)}
\]

while

\[
\text{ideologies … are the overall, abstract mental systems that organize … socially shared attitudes.} \quad \text{(p.18)}
\]
The main difference between Fairclough’s and van Dijk's approach is the mediating role of socio-cognition. Whereas van Dijk perceives social cognition and mental models as mediating between discourse and the social, Fairclough believes that this is assumed by discourse practices – text production and consumption (Fairclough 1995, p.59). In this sense, these two approaches of CDA are “similar in conception” (Fairclough 1995, p.59).

Wodak, on the other hand, based her work on the ideas of the Frankfurt school, and Jurgen Harbermas’s work in particular. The key characteristic of the “historical discourse method” is its focus on the historical contexts of discourse in the explanation and interpretation levels of analysis (Wodak & Ludwig 1999). Similar to Fairclough’s approach, Wodak considers language to “manifest social processes and interaction” (Wodak & Ludwig 1999). As such, discourse:

always involves power and ideologies. No interaction exists where power relations do not prevail and where values and norms do not have a relevant role. (p.12)

Also:

discourse … is always historical, that is, it is connected synchronically and diachronically with other communicative events which are happening at the same time or which have happened before. (p.12)

This is similar to Fairclough’s notion of intertextuality. Finally, analysing and interpreting discourse is highly related to the researcher’s knowledge background and the role that he/she has in the research. Therefore:

THE RIGHT interpretation does not exist; a hermeneutic approach is necessary. Interpretations can be more or less plausible or adequate, but they cannot be true. (p.13)

The last two points meet Fairclough’s notion of intertextuality (see section 3.10.2).
It is for the above-mentioned reasons, and because of the more structured approach it follows (see section 3.10), that Fairclough’s three-dimensional framework has been adopted in this thesis. Using it, this thesis aims to critically explore the:

*ideological underpinning of discourses that have become so naturalized over time that we begin to treat them as common, acceptable and natural features of discourse.* (Teo 2003, p.36)

### 3.8 Analytical process

In this section I explain how I went about the data analysis and I will elaborate in detail the key steps I took. This thesis has adopted a thematic approach, with an emphasis on identifying, naming and analysing the themes emerging from texts. The thematic approach was a useful tool for the macro analysis of data, which was then examined via a micro-perspective with the help of Fairclough’s CDA approach. The combination of thematic analysis and CDA supported the thesis’s aim to examine power relationships between participants who interact with each other. Of particular interest was the identification of what participants considered to be CSR and how this was negotiated between actors. Data consisted of 18 interviews with BED Co’s employees, 13 interviews with stakeholder representatives, 15 CEO letters extracted from BED Co’s reports published between 2008 and 2015, 10 meeting minutes, 3 observations and a website.

Data analysis was conducted in 3 distinct phases (see section 3.5.1.1). I started the analysis by carefully reading the texts, with the intention of familiarising myself with the content. At this stage I tried neither to interpret nor to analyse the data. Having read the transcripts, I made a second reading, paying attention to the content of the texts. As a result, I started coding the scripts into topics. I performed close, line-by-line readings and kept notes with general titles next to each of them. This resulted in 25 broad codes from BED Co’s interview transcripts, 14 topics from organizational reports, meeting minutes and the website analysis, and 18 codes from stakeholder interviews, as illustrated in the table below.

**Table 3.3: Codification**

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- 90 -
<table>
<thead>
<tr>
<th></th>
<th>Interview transcripts codification</th>
<th>Organizational transcripts codification</th>
<th>Stakeholder transcripts codification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CSR as a learning platform</td>
<td>Commitment to success</td>
<td>CSR as an instrumental tool</td>
</tr>
<tr>
<td>2</td>
<td>CSR as a business strategy</td>
<td>Commitment to society</td>
<td>Proactive engagement</td>
</tr>
<tr>
<td>3</td>
<td>CSR measurement/evaluation</td>
<td>Relationship with stakeholders</td>
<td>CSR as a PR tool</td>
</tr>
<tr>
<td>4</td>
<td>CSR approach</td>
<td>Political pressure</td>
<td>On-going learning platform</td>
</tr>
<tr>
<td>5</td>
<td>CSR dimensions</td>
<td>Economic pressure</td>
<td>Stakeholder pressures</td>
</tr>
<tr>
<td>6</td>
<td>Political CSR</td>
<td>Leadership role</td>
<td>Resource-dependence</td>
</tr>
<tr>
<td>7</td>
<td>Compliance with the law</td>
<td>Reputational impact</td>
<td>Reputation</td>
</tr>
<tr>
<td>8</td>
<td>Reputation</td>
<td>Employee involvement</td>
<td>CSR for image identity</td>
</tr>
<tr>
<td>9</td>
<td>CSR as a PR tool</td>
<td>Commitment to innovation</td>
<td>Two-way communication</td>
</tr>
<tr>
<td>10</td>
<td>CSR as part of the marketing mix</td>
<td>Compliance with the law</td>
<td>Compliance with the law</td>
</tr>
<tr>
<td>11</td>
<td>CSR communication</td>
<td>Contribution to national economy</td>
<td>Risk mitigation</td>
</tr>
<tr>
<td>12</td>
<td>CSR audience</td>
<td>Commitment to CSR</td>
<td>Shared value</td>
</tr>
<tr>
<td>13</td>
<td>Employee involvement</td>
<td>Values and ethics</td>
<td>Collaborative networks</td>
</tr>
<tr>
<td>14</td>
<td>Stakeholder dialogue</td>
<td>Stakeholder engagement</td>
<td>Lack of experience</td>
</tr>
<tr>
<td>15</td>
<td>Values</td>
<td></td>
<td>CSR as a learning platform</td>
</tr>
<tr>
<td>16</td>
<td>Resource-dependence</td>
<td></td>
<td>Stakeholder engagement</td>
</tr>
<tr>
<td>17</td>
<td>Commitment to change</td>
<td></td>
<td>Stakeholder cynicism</td>
</tr>
<tr>
<td>18</td>
<td>Risk mitigation</td>
<td></td>
<td>Building awareness</td>
</tr>
<tr>
<td>19</td>
<td>External uncertainties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Learning platform</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Stakeholder bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Organizational culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Stakeholder engagement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>CSR industrial competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>CSR isomorphism</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Having completed the first codification, my next step was to study how these fitted into the examined topic. I read the scripts again taking a close look at the coded data. During the reading it was apparent that some of the codes overlapped and,
therefore, I formed new codes as a result of the merged, initial codes. Eventually, 3 categories were formed:

- CSR conceptualization
- CSR drivers
- Challenges / Lessons to be learnt

Next, careful readings were again conducted to identify the dominant themes that emerged from the categories. In doing so, notes and themes were revisited to identify the recurrent keywords, descriptions, justifications and parallelisms. More patterns emerged from this part of the analysis, such as ‘CSR stakeholder engagement as a proactive business approach’ and ‘CSR stakeholder engagement as a two-way learning platform’. Apart from the dominant patterns, I was also keen to examine the variations that emerged from the texts. Following Marshall’s (1994, p.92) argument that “variations are expected because speakers draw varying characterizations of reality according to what they are doing and according to context”, I paid close attention to the variations that occurred and the purposes that they served. Additionally, Burr (2003, p.170) argued that “discourse brings with it different possibilities for what a person is able to do; what they may do to others and what they are expected to do for them thus brings power relations with it”. Following this premise I paid attention to the dominant themes, their functions and how they are shaped by or shape the relations of power.

Having completed the thematic analysis, I adopted Fairclough’s three-dimensional framework and looked for connections between the textual, discourse and social practice levels. An in-depth discussion of the framework is presented below.

3.8.1 Fairclough’s three-dimensional framework

To Chouliaraki & Fairclough (1999), recent global economic and social transformations are “part of nature” (p.4) and “are to a significant degree ... transformations in the language and discourse” (p.4). As a consequence, CDA aims to raise awareness and theorize these transformations:
CDA of a communicative interaction sets out to show that the semiotic and linguistic features of the interaction are systematically connected with what is going on socially, and what is going on socially is indeed going on partly or wholly semiotically or linguistically. Put differently, CDA systematically charts relations of transformation between the symbolic and non-symbolic, between discourse and the non-discursive. (p.113)

Fairclough’s (2010) three-dimensional analytical framework is “an attempt to bring together three analytical traditions, each of which is indispensable for discourse analysis” (Fairclough 1992, p.72). These are:

- The tradition of close textual and linguistic analysis within linguistics.
- The macro-sociological tradition of analysing social practice in relation to social structures.
- The interpretivist or micro-sociological tradition of seeing social practice as something which people actively produce and make sense of on the basis of shared common-sense procedures.

**Figure 3.6:** Fairclough’s three-dimensional framework

Source: Fairclough (1995)

Fairclough’s framework consists of three interrelated levels of analysis, all tied together to provide insights into the relationship between

- the text itself (e.g. spoken and written language)
- the discourse practice (involving the production and interpretation of text)
and the social practice (involving how social structures affect social practice) (Fairclough 2010).

It is worth mentioning here that ‘text’ and ‘discourse’ are not used interchangeably in this thesis. Following Fairclough’s etymology of terms, this thesis understands discourse, discursive event, text, discourse practice, interdiscursivity, genre and the order of discourse as follows:

- discourse (abstract noun): language use conceived as social practice
- discursive event: instance of language use, analysed as text, discursive practice, social practice
- text: the written spoken language produced in a discursive event
- discourse practice: the production, distribution and consumption of a text
- interdiscursivity: the constitution of a text from diverse discourses and genres
- discourse (count noun): way of signifying experience from a particular perspective
- genre: the use of language associated with a particular social activity
- order of discourse: totality of discursive practices of an institution, and relationships between them (Fairclough 1993, p.138).

Fairclough’s three-dimensional framework is explained in detail below.

3.8.2 Textual analysis

The first tool of Fairclough’s three-dimensional framework is concerned with the text. The analysis involves linguistics analysis in terms of vocabulary, grammar, semantics, the sound of systems and cohesion organization above the sentence level (Fairclough 1995). However, since social scientists working on CDA do not primarily focus on the linguistics features of text (Fairclough 2003), this thesis concentrates on the textual functions. According to Galasinki & Barker (2001):

A fundamental property of language is that it enables human beings to build a mental picture of reality to make sense of their experience and what goes on around them and inside them. (p.101)

In this regard, this thesis examines the mediating role between text and society (Wood & Kroger 2000).
As figure 3.5 illustrates, Critical Linguistics (Fowler et al. 1979) and Systematic Functional Linguistics (Halliday 1985) could be seen as the precursors of some CDA approaches. Drawing on Systematic Functional Linguistics, Fairclough’s CDA approach examines text from a multifunctional perspective (Halliday 1985): the ideational, interpersonal and intertextual functions.

The ideational function examines how participants use language to communicate the world they experience and involves two main systems: transitivity and ergativity. Transitivity refers to representation of meaning in a clause. According to Halliday (1973):

\[
\text{transitivity is the set of options whereby the speaker encodes his experience of the process of the external world, and of the internal world of his own consciousness, together with the participants in these processes and their attendant circumstances. (p.134)}\
\]

He divided transitivity into six different categories and classified them as material processes (states of doing); verbal processes (states of saying); mental processes (states of sensing); relational processes (states of being); existential processes (states of existing and happening); and behavioural processes (states of behaving). As figure 3.5 illustrates, processes are semiotic spaces with different regions and can be expressed in different types. However, as regions are contiguous, processes might blend into one another; thus, depending on the interactions between the participants, one can offer alternative interpretations (Halliday 1985).

**Figure 3.7:** Types of processes
Given this, and focusing on the systems of transitivity that appear in written and verbal discourse, this thesis addresses how CSR has been constructed and used. It aims to examine the relations between language and ideological, cultural and political factors that have had an impact on the way a process is expressed. In doing so, it examines the who, or what does what to whom or what.

In addition, the interpersonal function uses language to establish and maintain social relations between the participants. Fairclough (2003) believes that language is socially constitutive and simultaneously socially determined and understands it as the means to express power. To explore this further, he refers to modality as the actor’s “degree with affinity or affiliation to her or his statement” (Jorgensen & Phillips 2002, p.84). Emphasis in this thesis is placed on the mood used by the actor in expressing a statement, such as signs of hesitation or categorical modalities, and also the levels of truth, for example how committed the actor is to engaging with what he or she refers to.

Finally, the intertextual function examines texts from various sources to support the sense-making of the discursive event under study. In this regard, I studied
the literature and took a close look at the industrial approach to CSR. Additionally, I looked back through organizational reports in order to capture the historical evolution of CSR within organizational boundaries. In doing so, I concentrated on the discourse and social dimension of Fairclough’s framework and looked for the social and ideological impact on the text.

3.8.3 Discourse dimension

The discourse dimension takes a close look at the socio-cognitive aspects of text creation. The analysis involves examining the production, interpretation and consumption of discourse. According to Fairclough (1992) discourse is not randomly produced. On the contrary, there are certain motives, patterns and social contexts that affect text articulation.

In this regard, following Fairclough’s (1992) CDA approach I concentrated on the orders of discourse (set of relationships that represent part of the world), the intertextuality (the articulation of different texts and voices used to synthesize a text) and interdiscursivity (the articulation of different texts and genres) of texts. First and foremost, attention was placed on the producer, the target audience and the actual reader of the texts. Given this, while analysing organizational report extracts I considered the producer of the text, the purpose behind the publication and the targeted recipients. In addition, as a qualitative researcher who aims to understand CSR practice, I followed the assumption that CSR is a socially constructed idea that shapes and is shaped by contemporary sociocultural and political phenomena.

3.8.4 Social practice dimension

The social practice dimension examines the role that social contexts have in a discursive event (Fairclough 2003). According to this third layer, the environment in which discourses are created is affected by the ideological and power aspects of the broader social context (Smith 2007). Given this, historical, cultural, social, political and economic aspects inform the discursive practice. In describing orders of ideology and power, Fairclough implies that the relationship between
society and discourse is twofold. Thereby, language is socially constitutive but also socially shaped; hence, there is a dialectic relationship between the two.

I drew on this layer to understand the dominant discourses that operate in the organizational environment and that have the power to shape one’s awareness and identity. In addition, the social practice level has been used to examine the ideologies implied by organizational and stakeholder actors to further explore CSR understanding.

Overall, Fairclough’s three-dimensional framework informs the current study in the following ways. First, a multi-layered textual, discursive and social analysis has been used to understand CSR practice. Second, emphasis is placed on verbal and written CSR text production, interpretation and consumption. Third, the linguistic evidence points to a broader socio-cultural environment that understands CSR in terms of ideology, power and hegemony.

3.9 Reliability and validity

Research ethics “involves considerations of how the researcher should treat the people who form the subjects of their investigation” (Thorpe & Holt 2008, p.88). With ethical issues arising at a variety of stages in business and management research it is vital for the researcher to acknowledge and proactively respond to them (Bryman & Bell 2007). Thus, validity and reliability are crucial aspects of every research study.

Validity is concerned with the degree of scepticism about the findings and the meanings resulting from them (Baker 2002; Bryman & Bell 2007; Silverman 2000). Thus, validity refers to whether you “are observing, identifying, or ‘measuring’ what you say you are” (Mason 2002, p.24). According to Kvale (1995), validity is only understood by those who share a particular paradigm. Thus, it is subjective in nature and challenging to determine since ‘truth’ is shaped and determined by the participants of the research process. Similarly, Saunders et al. (2009) argued that qualitative research lacks consistency and guidelines. This being the case, since the researcher is concentrating on human beings, their
feelings and perceptions might lead them to make inaccurate interpretations of the participants’ views and therefore produce fallible knowledge.

In order to overcome such pitfalls, this study embraced Lincoln & Guba's (1985) principles of credibility (Are the findings trustworthy?), transferability (Can the findings apply to other contexts?), dependability (Are the findings consistent? Can the findings be repeated?) and confirmability (Has the researcher acted in good faith?). The following table provides evidence of the steps that were taken to ensure validity and reliability in this study.

**Table 3.4: Application of Lincoln and Guba’s criteria in qualitative studies**

<table>
<thead>
<tr>
<th>Application</th>
<th>Credibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>- An email outlining the purpose of the study was forwarded to the participating organization (see Appendix 1 for the email).</td>
<td></td>
</tr>
<tr>
<td>- Only individuals who had at least once participating in a CSR activity/meeting were recruited. This was to ensure that they had knowledge of the company’s CSR agenda</td>
<td></td>
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<tr>
<td>- Interviews were recorded</td>
<td></td>
</tr>
<tr>
<td>- The interview template (see Appendix 3 for the interview template), sample recruitment process, and interview process was subject to ethical approval by the Ethics Committee at the Manchester Metropolitan University</td>
<td></td>
</tr>
<tr>
<td>Transferability</td>
<td>- Interviewees working in different departments and different operational and managerial levels have participated in the research, so that various organizational perspectives could be obtained</td>
</tr>
<tr>
<td>- Responses were triangulated with the literature</td>
<td></td>
</tr>
<tr>
<td>- All responses were compared</td>
<td></td>
</tr>
<tr>
<td>Dependability</td>
<td>- Interview templates were agreed between the researcher and the supervisory team.</td>
</tr>
<tr>
<td>- Interviews were recorded.</td>
<td></td>
</tr>
<tr>
<td>- Interpretations of the analysis were verified by the researcher and the supervisory team.</td>
<td></td>
</tr>
<tr>
<td>- A pilot interview was undertaken</td>
<td></td>
</tr>
<tr>
<td>Confirmability</td>
<td>- Interviews were conducted on a one to one basis to minimise the opportunity for interviewees to confer.</td>
</tr>
<tr>
<td>- Interviewees received an introductory email outlining the aims and purpose of the study (see appendix for the introductory email).</td>
<td></td>
</tr>
<tr>
<td>- Prior to each interview a introductory statement was read to the interviewee including information about anonymity and the possibility of not answering a question (see appendix for the introductory statement)</td>
<td></td>
</tr>
<tr>
<td>- Comparisons were made with the literature review and responses from other interviewees.</td>
<td></td>
</tr>
<tr>
<td>- Interpretations of the analysis were verified by the researcher and the supervisory team.</td>
<td></td>
</tr>
</tbody>
</table>
Following this evidence of the actions undertaken to ensure the credibility, transferability, dependability and confirmability of this research project, the next section focuses on the importance of reflexivity in qualitative research.

3.10 The importance of reflexivity

As discussed in the previous section, a qualitative researcher should be aware of the subjective nature of the research in all of its stages (Mason 2002). Therefore, Flick (1998) raised the importance of reflexivity and highlighted the need to acknowledge that:

*the subjectivities of the researcher and of those being studied are part of the research process.* (p.6)

To begin with, qualitative researchers should be aware of their influence on the research (Strauss & Corbin 1998). That is to say, the subjective nature of the processes that are taking place in qualitative research should be considered so that researchers understand the role that they play in the study. In contrast to quantitative research, the researcher co-constructs meaning through their interpretations (Patton 2002). In addition, it is possible that the researcher has a preliminary sense of:

*people’s knowledge, insights, and experience before they engage in a research program.* (Gummesson 2000, p.57)

This pre-understanding could influence the research findings and lead to misinterpretation of the conclusions. Finally, the interaction between the researcher and the interviewee might affect the quality of the research findings (Easterby-Smith et al. 1994). Non-verbal language, the presence of a tape recorder, and interviewees’ anxiety about the confidentiality of the research are some of the issues that could have an impact on the conclusions.

To overcome similar issues, I followed a systematic approach to recording my perceptions and attitudes throughout the research process. I kept track of my experience as a researcher, with notes on my impressions of the interviewees.
and issues of confidentiality of the research. In doing so, I managed to be as reflexive as possible about any potential biases and preconceived ideas.

3.11 Limitations

The scope of the findings of this study is not suitable for achieving generalizability. This is due to the small sample size but also to the \textit{sui generis} characteristics of the examined industry (see Chapter 4). However, following Cronbach’s (1975, p.124) suggestion, even though the primary aim of the research is not to generalize, it intends to “appraise a practice or proposition \ldots in context”. In other words, this study aims to systematically reach an in-depth understanding of the role of CSR in UK Distribution Network Operators (DNOs) by considering the views of organizational and stakeholder representatives. Thus, it examines the way CSR discourses are produced, maintained and negotiated amongst power relationships, considering the wider dimensions of economic, political, social and cultural CSR. Therefore, the main contribution of this study is not the generalizability of its findings but the in-depth insights to be gained from a controversial case study.

3.12 Conclusions

This chapter was an account of the research epistemology, methods and strategy adopted in this research study. Aiming to understand how CSR is interpreted,
negotiated and implemented at an organizational level, this qualitative research adopted a social constructionism paradigm. Emphasis was placed on the strengths and weaknesses of qualitative research methods, giving reasons why the selected methods provide the most appropriate route to answering the research questions presented in section 1.3. A single-case study was adopted, as a representative strategy of an issue that many organizations face. Qualitative methods can be used to analyse complex, contextual and dynamic organizational situations. An illustration of the research design of this thesis is presented below. However, issues of credibility, transferability, dependability and confirmability need to be addressed in order to ensure the reliability and validity of the research findings. In addition, recognizing the importance of reflexivity in qualitative research, I acknowledged and adopted techniques to overcome any threats associated with it. Finally, having examined various discourse analysis approaches, this research employed Fairclough’s three-dimensional CDA framework.

The next chapter introduces the selected case study and describes the DNO’s CSR approach before empirical findings and discussion are provided in the following chapters.

Figure 3.8: Research design
Source: Author’s conceptualization
CHAPTER 4: RESEARCH CONTEXT

4.1 Introduction

The purpose of this chapter is to introduce the case context for this thesis. The chapter is structured as follows: the first part provides some insights into the UK electricity market. Looking to clearly present the segmentation of the sector into generation, transmission, distribution and supply actors, it provides information on the role of Distribution Network Operators (DNOs) as the selected research context. It then gives specific details on the selected unit of analysis. Therefore, this chapter serves as the introduction to the analysis chapters (Chapter 5 and Chapter 6) that follow.

4.2 The role of the DNOs in the UK energy industry

Energy has played a major role in the social and economic development of the UK, since the steam-powered industrial revolution in the 18th and 19th centuries. Further development has been achieved in the 20th century with national electrification and modified consumer habits. As figure 4.1, below, demonstrates, electricity consumption has evolved over the last 60 years, with significant consumption changes over the last 30 years. A snapshot of the consumption within all sectors illustrates demand exceeding 100TWh mainly between 1993 and 2000 (Judd & Michaels 2009). Further to this, as a consequence of low temperatures during the winter of 2014/2015, electricity consumption rose by 0.7% (Goodright & Wilkes 2015). It is thus evident that electricity plays a vital role in the UK.
In the 1990s, the liberalization of the electricity market created a highly competitive environment. The aim of privatization was to protect the interests of consumers from monopolistic economies and increase market competition. Under the new arrangements, the 1989 Electricity Act made a clear distinction between generation, transmission, distribution and supply companies. Since then, all four subsections have worked together to provide energy to the final consumer. For clarification, the UK electricity subsectors are organized as follows:

- The generation companies are responsible for the production of electricity in power stations. They use various resources such as coal, gas, oil, renewable sources or nuclear fission to produce power.
- The transmission companies own and operate the high-voltage network that links the major power stations to the distribution networks, and transport electricity in bulk across the country. National Grid Electricity Transmission is responsible for the transmission network in England and Wales.
- The distribution companies own and operate the lower-voltage electricity networks at a regional level. They service both commercial and domestic customers in Great Britain by gradually reducing voltages from national grid supply points to final users.
- The electricity supply companies buy the electricity from the generation companies and sell it to their customers. They pay the Transmission and
Distribution Network Operators for the transportation of that electricity across their networks (OFGEM 2014)

**Figure 4.2:** The UK electricity market

![Diagram](image)

**Source:** Business Intelligent Quotient 2014

The current role of DNOs has been the result of the 1989 Electricity Act that provided licences for 14 private regional electricity companies. After the Act was passed, DNOs received power from an electricity pool and were responsible for the distribution and supply of the electricity in the regions in which they operated. With the Utilities Act 2000, retail competition emerged and DNOs were provided with specialized distribution licences. Under the Utilities Act 2000, there are 14 licensed DNOs, which are owned by 7 private groups (Ofgem 2015). While other, smaller, independent distribution companies compete with the aforementioned DNOs for new connections, these other companies do not operate at a regional level. The map below shows the regions each DNO is responsible for.
Under the 1989 and 2000 Acts, the main duties of DNOs are organized as follows (ILEX 2002):

- To “develop and maintain an efficient, co-ordinated and economical system of electricity supply” (Section 50)
- To “facilitate competition in the supply and generation of electricity” (Section 50)
- To make a connection on request (Sections 16) and to recover expenditure for any expenses reasonably incurred” (Section 46)
- To “secure all monies owed for delivery” (Section 31)

Key characteristics of the DNO sector are the monopolistic conditions under which the companies operate and, hence, a market that is very likely non-competitive. Aiming to regulate the subsector, the 1989 Electricity Act established a regime called the Office of Electricity Regulation (Offer, which later became the Office of Gas and Electricity Markets – Ofgem). Ofgem is a non-governmental
agency that co-regulates the gas and electricity markets and oversees the energy retail markets in collaboration with the Secretary of State. As such, it monitors DNOs’ operations, aiming to ensure the fair treatment of customers.

Amongst the four subsectors of the UK electricity structure, the DNOs are those who operate in the background of the industry. Whatever their key role in the maintenance of the network and the distribution of electricity to industrial and domestic customers, they have an ‘invisible’ identity. Customers only come across them in cases of a power cut or network development. The consequences are twofold: from a company’s point of view, DNOs lack the opportunity to directly communicate with stakeholders; on the other hand, organizations may easily hide behind their own responsibilities towards society. Therefore, considering the importance of CSR engagement in the DNO subsector, this thesis focuses on a DNO organization.

4.3 Case selection
As this research aims to gain an in-depth understanding of the conceptualization and practice of CSR in the UK DNO subsection, the selected company had to be one of the seven companies currently operating regionally in the country. In addition, it had to have an established CSR practice that made the company neither the leader nor an outlier in terms of CSR performance. For anonymity and reliability purposes, this thesis will refer to the selected case context as ‘British Electricity Distribution Co’ (BED Co).

Established in 2007, BED Co is responsible for distributing electricity from the transmission systems and maintaining the network in the region in which it operates. With over 1600 employees, it is one of the biggest employers in its region. BED Co initially formalized its CSR practice in 2008; hence, it had been involved with CSR for seven years at the time of the study. Even though the company had gone through the early stages of CSR implementation, it was still looking at improving its practices at the time of the research. In this sense, BED Co is a typical DNO and an adequate sample for exploratory research. Finally,
BED Co was the third company I approached and it guaranteed access to its CSR practice. In exchange, I pledged to provide them with a copy of the thesis on completion of the project.

4.4 BED Co CSR management

BED Co has established three internal mechanisms that are responsible for the design, implementation, practice, review and reporting of CSR. These are the Internal Stakeholder forum (ISF), the External Stakeholder forum (ESF) and the CSR forum. While all three committees collaborate, as figure 4.4 illustrates, all decisions made are subject to approval by the Board and the Senior Leadership team.

Figure 4.4: Reporting structure

![Diagram of reporting structure]

Source: Author’s conceptualization

The ISF is chaired by the Chief Executive Officer (CEO) and was initially established in December 2012. Meetings take place quarterly and are attended by BED Co employees from business areas such as customer relations, marketing, engineering, health and safety and human resources. Its purpose is to gather, review and disseminate information regarding stakeholder engagement across the company. It also works with the ESF, a third-party assurance company and Ofgem on BED Co’s stakeholder engagement commitment. Topics discussed in the forum include stakeholder identification, overview of stakeholder feedback, and (re)adjustment of CSR goals and activities based on stakeholder feedback.
feedback that may be a result of collaborative decision-making between the ISF and the ESF.

The ESF consists of up to 10 external stakeholder representatives who meet at least twice a year. The group, which first met in March 2013, engages with its members and looks for support and advice on stakeholder engagement issues. More specifically, members of the group challenge the company’s approach to stakeholder engagement and look for ways to relate business activities with stakeholder engagement actions.

Finally, the CSR forum meets every two months to discuss the CSR strategy and agenda. Each meeting is chaired by a different member of the panel as an attempt to ensure objectivity and equality among the group members. The main duties of the forum are the review and development of CSR practice as well as CSR reporting.

CSR reporting was introduced in 2008, and the forum has since been actively involved in CSR. Its reports provide evidence of past activities and set goals. BED Co follows the Global Reporting Initiative Standard (GRI) guidelines. In this sense, BED Co is considered a typical company within its industry.

The following two chapters introduce the actual repertoires that emerged from the data analysis. The way they are organized reflects the dichotomy of the organizational (Chapter 5) and stakeholder (Chapter 6) perceptions of CSR conceptualization, motivations and patterns of practice.
CHAPTER 5: ORGANIZATIONAL VOICE ON CSR

This first analysis chapter analyses the dominant patterns, also known as interpretive repertoires, which respond to the first two research objectives (see section 1.3). The data were obtained via documentary analysis, semi-structured interviews and observations by taking a close look at British Electricity Distribution Co (BED Co), one of the UK electricity DNOs. For reasons of confidentiality and anonymity, both the name of the organization and participants’ personal details have been protected. Therefore, BED Co is a pseudonym used for this thesis’s purposes. Aiming to explore how CSR is constructed in the examined case context, this chapter is analysed using three codes: conceptualization, drivers and stakeholder engagement challenges. For clarification, the triangulation of the data has been the result of an in-depth investigation of the company’s voice on the examined topic. In general, the data analysis has suggested that CSR discourse is a dynamic and diverse notion, the interpretation of which is rather ambiguous. This justifies the number of terms used interchangeably when expressing perceptions of CSR: sustainability, the right thing to do, environmental-social-economic progress, obligation to society, stakeholder engagement. As a consequence, the motives that drive CSR practice are dependent on ephemeral trends which are constantly under scrutiny. As such, CSR stakeholder engagement practice is a challenging process that is related to social, political and economic aspects.

The two analysis chapters are presented as a dichotomy between organizational and stakeholder voices. The following section emphasizes the definition of CSR as a socially constructed notion.

5.1 CSR conceptualization

CSR definition and conceptualization have been extensively discussed in the literature review, which has revealed the spectrum of diverse terms and concepts that are currently being used. This section examines how BED Co conceptualizes CSR and focuses on the triangulated data that resulted from the documentary analysis, semi-structured interviews and observations. The analysis emphasized two prevailing repertoires: CSR as an ethical obligation to the communities, and CSR as an ethical commitment to change. Careful analysis across the texts addressed a third theme that concentrated on CSR as a missed opportunity.
Drawing on Fairclough’s critical discourse analysis approach, the repertoires were examined under a textual, discourse and social practice lens. Given this, close attention was placed on the textual functions that shape reality through language (Galasinki & Barker 2001). Next, texts were analysed at a discourse level in order to understand the underlying interpretations of the themes. Finally, the social practice level concentrated on the organizational and wider social structure context. Following Berger & Luckmann’s (1966) premise that knowing in an organization is socially constructed, this section aims to unveil the constructive nature of CSR conceptualization.

5.1.1 Repertoire: CSR as an ethical obligation to the community

The data indicate that a range of terms have been used to describe the notion of CSR. Various terminologies were frequently employed to describe the company’s CSR understanding. Some of the interpretations were relevant to what is considered to be ‘the right thing to do’, ‘sustainability’, ‘sustainable development’, ‘corporate citizenship’, ‘social responsibility’ and ‘ethics’. The following extract illustrates BED Co’s CSR definition:

*The company defines corporate social responsibility as ensuring our business is successful in the inclusion of social and environmental considerations into our operations. This means satisfying our customers’ demands whilst also managing expectations of other people such as employees, suppliers and the community around us. It means contributing positively to the region and managing our environmental impacts.* (CSR report 2012)

The first part of the definition shows the DNO’s commitment to preserving profitability while also acknowledging its responsibility to stakeholder expectations. The definition thus implies that the company acknowledges the responsibilities that it has to others rather than merely concentrating on shareholders. In this way, it demonstrates a commitment to shifting from purely profit-driven behaviour to examining the broader stakeholder map. By stating that the “social and environmental considerations” are embedded into its operations it signifies the company’s commitment to raise CSR in day-to-day business. While the definition relates CSR to business success and hence its economic responsibilities, it does not implicitly refer to the actions taken to support this commitment. As a matter of fact, there is no reference to any economic goal that
the company has set. Nevertheless, it demonstrates a vision to achieve improved financial performance which consequently results in a prosperous organization.

In the second part of the definition, “social and environmental considerations” were deemed equivalent to “satisfying customers’ demands ... managing expectations of other people such as employees, suppliers and the community around us ... contributing positively to the region and managing our environmental impacts”. The statement outlines the stakeholder segmentation that the company has undertaken. In doing so, it distinguishes between the obligations that the company has to its customers, employees, suppliers, communities, the region in which it operates and the environment. The definition was constructed to show that the company has examined, distinguished and considered the broader stakeholder spectrum and agreed on the key groups that it should act responsibly towards. To BED Co, stakeholders represent various degrees of importance to the company. Interestingly, customers were mentioned separately from other stakeholders. This could be explained interpreted in various ways. To begin with, naming customers first and separately from other stakeholders implies how the company perceives them and how it aims to meet their expectations first. Also, bearing in mind that the industry runs under monopolistic conditions, customers are tied to the DNO even if they are not satisfied with the service it provides. By explicitly distinguishing customers from other stakeholders, the organization shows that role that customer expectations play in the decision-making process. Additionally, Ofgem, as the regulator of the industry, encourages all companies to engage with customers and report on the actions they take. Therefore, it could be argued that distinguishing customers from other stakeholders is a response to the regulatory pressures that emphasize BED Co’s duty to create value for them. As such, at a discourse practice level this is an attempt to respond to the obligations set by the regulator.

DNO’s strong commitment to responding to any concerns regarding the monopolistic conditions under which it operates is illustrated in the following extract:

"Interviewee 15: As a business and a monopoly from our perspective, we have a duty to ensure that what we do is fair. And it’s to be sustainable and it’s to be responsible. I’m sure that is not the description but that is..."
what it means to me ... I believe that CSR as an idea doesn’t exist for me. It existed before people decided to call it CSR. It’s not corporate, it’s personal.

The respondent considers the monopolistic conditions under which the company operates to be a key driver for it to engage in CSR. Since customers have to rely on the company’s services even if they are not willing to do so, this creates an extra duty for the company to be fair to them. In this context, the respondent argued that approaching business development from a responsible and sustainable perspective is vital. To her, sustainability equals steadiness. More specifically, CSR should be embedded in day-to-day business and should not be practised as a distinct business action. Given this, her argument indirectly implied a personal perception of unfair or insufficient corporate behaviour that contradicted her personal values. In essence, while she acknowledged that she represented the voice of the organization and referred to the latter using “we”, in the second part of the extract she looked at how to distinguish her personal view from the company’s CSR approach. By elucidating the socially constructed nature of CSR and justifying her argument with historical evidence, she cynically referred to CSR as an artificial ‘branding’ technique. To her, responsible behaviour is part of individuals’ values and not organizations’. Thus, she implied that CSR is intentionally practised to improve corporate welfare.

In the third part of the corporate definition, CSR “means contributing positively to the region and managing our environmental impacts”. According to this, CSR should look to improve communal welfare. Communal welfare is geographically specified and relates to the region in which the company operates. By acknowledging its role and impact in the region, the company commits to adding value at a social level. The definition also provides assurance that further consideration is given to managing BED Co’s environmental impact. Considering the industry’s bad reputation it can be construed that the company aimed to explicitly reaffirm their efforts to protect the natural environment. Hence, this statement illustrated the actions taken to protect the natural environment, contribute to societal welfare and, as a consequence, improve reputation.
BED Co’s strong commitment to acting responsibly for communal welfare is made explicit in the next extract. The interviewee emphasized the role of the company in society by arguing that:

*Interviewee 13: We have a part to play in the communities we are working in and for me it’s working within those communities, whether it’s sponsoring something, whether it’s raising awareness, whether it’s supporting vulnerable customers ... so for me it’s doing the right thing for the communities that you work within.*

As in other extracts, the respondent identified the company as a social actor that works towards social welfare. In doing so, “working with the communities” illustrates the broader picture of what socially responsible behaviour entails. Societal contribution is translated as “sponsoring something”, “raising awareness”, or “supporting vulnerable customers”. While sponsorships are frequently related to PR or communications strategies, one can argue that they can be used to raise awareness and build corporate identity. Traditionally, due to the complicated structure of the electricity industry, not many recognize the subsector’s existence. This lack of corporate identity is considered a major problem for the company, which has been working intensively to change that. As such, sponsorships can bring desirable outcomes to the company as they help to improve its position in the industry. Additionally, “raising awareness” could relate to educating stakeholders. In its attempt to improve its corporate image as well as educating consumers on issues such as health and safety, environmental protection and fuel poverty, BED Co organizes customer seminars and workshop. The workshops aim to i) educate customers, and ii) build resilience with them (for further discussion on building resilience, please see section 5.2.3). That said, the benefits of such events are mutual. Furthermore, there is a clear intention to segment customers into two different groups. According to their needs, customers are classified as vulnerable and non-vulnerable. To the company, a vulnerable customer is anyone who might be in a vulnerable situation. Interestingly, though, BED Co has not established clear definitions of the two groups. With their characteristics unspecified, organizational members and stakeholders’ perceptions regarding vulnerability may be subject to personal interpretations. The evidence from meeting observations demonstrates that, while BED Co is looking to expand its support to vulnerable customers by building on partnerships with emergency NGOs, the criteria under which a customer can be classified as vulnerable are still in their infancy.
Further to the interviewee’s interpretation that CSR is the right thing to do, the following extract depicts the impact of socially responsible behaviour on employees’ perceptions. According to the respondent, CSR is:

*Interviewee 11: the right thing for the people in the region that we serve. For me it’s “am I proud of the things that we do?”. If I didn’t work for the company, looking from the outside in, would I think that we were serving the region? And providing service to the people in the region, are we trying to make people lives easier, are we trying to minimize our impact on people’s lives and try to make their lives as easy as possible. Probably that’s not a classic definition of CSR but for me it is about “am I proud of everything that we do?” and “is that the right thing for the people that I serve?”*

The first sentence of the extract illustrates how CSR practice can prove beneficial at a regional level. The respondent accepts that CSR should be designed and practised with the vision of “serving people in the region”, “trying to make people’s lives easier”, “trying to minimize the impact on people’s lives” and “trying to make their lives as easy as possible”. In this respect, he acknowledged the expected creation of value to society as an intrinsic motivation which is relevant to humankind. It is worth noting that the respondent was aware that being part of the organization might have shaped his perception of the company’s CSR approach and therefore he might reach subjective conclusions. For this reason, he chose to distinguish between those working for the organization, and hence the organization’s voice, and those indirectly and externally connected to it. Therefore, to him, assessing CSR practice should be an unbiased, objective process that looks for evidence on societal welfare. By using the first person (“am I proud of … ?”; “the right thing for the people that I serve”) the respondent employed a personal orientation which represents a sense of pride and gratitude. The respondent expressed his personal thoughts as someone who is directly related to CSR practice and, therefore, is a corporate representative.

In a different interview, a respondent used CSR to demonstrate the role of the organization as a corporate citizen:
Interviewee 14: From my perspective, I think it is the process by which we think about and develop our role as a corporate citizen. So, think about what is your role in society, what contribution can we make to society, and how then do we go through our role as assessing that role and thinking about improving it.

In this extract, “corporate citizenship” has been used to describe the role of the company in society. The term refers to BED Co as a social actor that has the potential to impact on others. Similar to the previous extract, according to which the company should “ provid[e] service to the people in the region ... make people’s lives easier ... minimize our impact on people’s lives and try to make their lives as easy as possible”, the interviewee described CSR as a developing process that should go through tests and readjustments and adapt to changes. The word “improving” at the end of the extract suggests the dynamic nature of CSR, which should constantly go through evaluation and readjustment to respond to contemporary stakeholder expectations. Drawing on the literature, CSR concentrates on a day-to-day co-creation of value (Storbacka 2009) by identifying and monitoring the criteria against which a shared understanding is constructed (Giddens 1979; Hoffman 2001; Sewell, Jr. 1992).

The following extract identifies CSR as a unique business opportunity that adds value at a social and organizational level:

Interviewee 8: The way I understand CSR is more about sustainability, and it’s more about using the skills that you have got in the organization to help the business in some way. Not that it should be entirely selfish, but there should be solid business reasons for doing the things that you are doing ... CSR as a win–win case with specific business objectives. If you are just doing it for the community it comes back to the sustainability. It is not very sustainable to do it that way; what would the community do when you stop investing, if for example you give them jobs for 10 years and the business has to fold? It is better for the long run to invest that way.

According to the respondent, CSR should be practised sustainably, i.e. it should follow a strategy that is based on resource availability, and it should aim to reach the optimum outcome for all the actors involved. In this way, it examines CSR as a “win–win case” that looks for mutually beneficial outcomes for the organization and its stakeholders accordingly. The respondent affirmed that looking for actions
that would merely benefit the organization is not how the company should approach CSR. According to him, the organization should use its capabilities to build on “solid business objectives” that could “help the business in some way” but also address communal interest.

Drawing on the literature, organizations as social actors “assemble, integrate and manage these bundles of resources” (Russo & Fouts 1997, p.537), whether these be tangible or intangible, to achieve a desired objective. In this context, BED Co is a social actor that engages its resources and capabilities to develop and implement its strategies. The quote “using the skills that you have got in the organization” refers to these resources and capabilities. To differentiate the company’s CSR approach from the traditional profit-driven business model, the respondent looked to distinguish between selfish and altruistic business behaviours. In this context, CSR is not merely an instrument for the company to meet its ethical obligations. On the contrary, it is construed as a mechanism that provides competitive advantage to the business and aims to create shared value between the actors involved.

Alternatively, CSR could be an innovative approach that organizations are embracing to respond to future challenges. The next section examines CSR as an innovative commitment to change.

5.1.2 Repertoire: CSR as an innovative commitment to change

This repertoire relates CSR to the organizational adjustments that are designed to meet the dynamic industrial environment. This vision is highlighted in the following extract:

with our clear focus on one form of energy and one region, we can balance the continuity of 100 years with the set of innovative ideas for the century ahead ... besides our stewardship of the existing network, we detail some of the key issues driving our network development, including: moves toward a low-carbon economy; the introduction of electric vehicles;
adapting to the impacts of climate change; new technology. (CSR statement 2011)

The first part of the extract is used to demonstrate the aspiration to adapt to any planned or unforeseen long-term changes. The visionary phrases “with our clear focus”, “the set of innovative ideas” and “we can balance” illustrate the company’s strong commitment to integrating CSR in the business. It is an attempt to reassure the reader that the organization has proactively acted and is ready to respond to future challenges. Nevertheless, there is a lack of examples that could demonstrate how a CSR plan can facilitate the transition to the future. In this context, the extract might demonstrate a superficial assumption that the organization is prepared to confront any regional and/or industrial challenges. That said, it could be argued that the company aimed to prove a tendency to share a similar vision with others in the industry. Therefore, it could be a response to external pressures for CSR engagement. Drawing on the literature, Jackson (2001) argued that companies tend to mimic successful early adopters’ behaviours. Similarly, Gallego-Álvarez et al. (2011) argued that CSR practice signifies a company’s ability to innovate. Further to this, Abrahamson & Rosenkopf claimed that:

Organizations adopt an innovation not because of their individual assessment of the innovation’s efficiency or returns, but because of a bandwagon pressure caused by the sheer number of organizations that have already adopted this innovation. (1993, p.27)

On the contrary, the extract highlights “stewardship of the existing network”, “move[ment] toward a low-carbon economy”, “the introduction of electric vehicles”, “adapting to the impacts of climate change” and “new technology” as the key challenges that shape the business’s goals. The examples used to explain the dynamic nature of the industry referred to a range of interested actors: shareholders, the government, customers, manufacturers, environmental groups. Therefore, CSR in this context could be interpreted as a strategic business attempt to ensure innovative alertness and mitigate risk.
In the similar vein, another respondent identified CSR as a commitment to adapting to future challenges:

*Interviewee 11: There is an expectation from our customers that we are seen to be doing the right things. And companies who are not taking CSR seriously won’t succeed in the future ... Another example is that we want our customers to use whatever appliance they want to use. So if someone wants to buy an electric vehicle, we want them to use that electric vehicle. If they want to replace their heating with a heat pump we want that to happen.*

The first part of the extract demonstrates the company’s tendency to practise CSR as a response to customer expectations. According to the respondent, meeting customer expectations is mandatory for a business that aims to be “seen to be doing the right thing”. As already mentioned in the previous repertoire, the “right thing to do” resembles CSR. Therefore, strong commitment to CSR provides a business opportunity and vice versa. While the respondent affirmed that CSR could help an organization succeed, he indirectly implied that failing to keep customers satisfied involves risks and future uncertainties. Given this, not only is it imperative for the organization to practise CSR but this should be clearly communicated to its customers. In the same vein, communicating CSR practice as an innovative approach to change demonstrates a competitive financial advantage as well. In this regard, the literature suggests that CSR could be a strategic tool designed to enhance business opportunities by attracting further investment interests (Hemingway & Maclagan 2004). Similarly, Fairclough used the notion of ‘marketization’ to talk about “decontextualized knowledge” as a means of discourse transformation being connected to economic rather than other considerations (Leitch & Motion 2010).

In the second part of the extract the respondent justified his interpretation through contemporary customer needs. He referred to consumer behaviours as dynamic trends that have the power to affect organizational patterns. In this regard, embracing CSR enables the organization to mitigate risk and achieve instrumental goals. What has not been clarified, though, is whether CSR is a reactive or proactive approach taken to meet instrumental goals. In addition, the respondent’s interpretation implied there are business implications for those not willing to practise CSR. Bearing in mind that the company operates under
monopolistic conditions, missed business opportunities (see section 5.1.3) are not related to market share. In this context, business success is translated into satisfied dominant stakeholders, i.e. shareholders and political actors. Therefore, to achieve growth, attention should be paid to legitimization strategies (Deegan 2002).

In this context, CSR is understood as:

*Interviewee 10: a process whereby a company engages with its stakeholders with a view to try and improve its business and its processes.*

Unlike most of the definitions attributed to CSR, the above-mentioned examines the concept as a business process that is strategically designed to affect business operations. More specifically, the notion of “process” demonstrates a series of actions that should be taken to achieve a particular end. Therefore, to the respondent CSR is a dynamic, ongoing business practice that aims to achieve specific outcomes. To the respondent, these results are intended to “improve its business and its processes”. While improvement does not necessarily imply an innovative approach to change, it could be argued that it looks to embrace actions based on organizational interests that could potentially enhance an organization’s current position. To this end, stakeholders have the power to interact and shape CSR agendas. Drawing on the literature, “CSR addresses a company’s relationships with its stakeholders” (Werther & Chandler 2006, p.7). Given this, building strong relationships with stakeholders could facilitate business commitment to change. Stakeholders’ role in CSR practice will be further examined in section 5.3.1.

The next section examines an emerged theme that understands CSR as a (missed) business opportunity that, while it has the potential to improve business position, is still inadequately approached.

5.1.3 Repertoire: CSR as a (missed) business opportunity

The CSR as a business opportunity repertoire represents CSR as a means to achieve desirable business results. The theme emerged as a repeating pattern,
with interviewees mainly expressing their concerns about CSR misconceptions and related implications, as the following extract illustrates:

*Interviewee 6: Because of my background, it is contributing in environmental, social and economic progress in the areas where they (i.e. the business) work. So that’s my personal view on what I believe CSR is, but from my experience in business I find that they don’t always get what it means ... Most of the activities that are taking place in companies and are branded as CSR tend to be charity-type activities. A lot of companies do a lot more in their day-to-day business but they wouldn’t get branded as CSR. So in that way they are missing opportunities to better promote all the things that they do. Profits would probably be the only thing that they see.*

In the first part of the extract, the respondent explicitly clarified the impact that his professional background has had on his understanding of CSR. This is clearly manifested through the phrases “for me, because of my background”, “that’s my personal view on what I believe”. Acknowledging the fact that a career pathway has the power to shape one’s background knowledge and perceptions, the language used to express this statement could be explained in a number of ways. First, the respondent may want to distance himself from BED Co’s CSR approach. While he explicitly states that the organization is investing in CSR he believes that what has already been done has only been partially successful. Likewise, the respondent is critical of the persistence of organizations in solely engaging in charitable actions. What is interesting in this statement is that the respondent is generalizing to the broader business world. According to him, companies in general “don’t always get what it means ... most of the activities that are taking place ... and are branded as CSR tend to be charity-type activities”. Therefore, the structure of CSR understanding and practice is largely shaped by background, philosophical perception and personal stance. To the respondent, CSR is relevant to “environmental, social and economic progress”. However, he acknowledges companies’ sole reliance on charitable actions. His observation implies a connection between CSR and marketing actions, which, according to the literature, are largely business driven. Second, CSR practice is relatively new in the electricity industry, especially for BED Co, to which it was formally introduced in 2008, less than a decade ago. Therefore, decision-makers currently come from different professional backgrounds and lack a CSR background. Many of them started their careers in marketing, public relations or customer service.
In justifying his perception, he implied that companies’ inadequate CSR approaches are a result of inexperienced decision-makers.

Due to the lack of a universally accepted definition and the presence of a number of interpretations of what CSR is, the conceptualization and implementation of CSR is rather challenging. The following extract depicts the confusion caused by the introduction of CSR in the organization:

*Interviewee 7: [W]hile everyone was enthusiastic about CSR, there were a lot of definitions about it. So one of my first jobs was to very much clarify what ways the company wants that to mean and what we understand it to be.*

The extract illustrates a strong business case for integrating CSR into the core business of the company. The aim to agree on a single definition that complies with the organization's mission depicts a desire to align CSR with instrumental goals. Drawing on the literature (Fairclough 1993; Fairclough & Wodak 1997), language, as a social practice, is an action that is socially shaped by and also socially shapes context. In this sense, I argue that CSR is a socially situated mode that is in “dialectical relationship with other facets of the social” (Fairclough 1993, p.134). As an organization, BED Co aims to produce, distribute and consume conceptualizations of CSR – what Fairclough has called a discursive practice (1993). Interestingly, there is a sense of a distinction between the organizational actors and the executive leadership team. While the respondent considers it essential to understand “what ways the company wants that to mean”, at the same time, it is equally crucial for organizational actors to identify “what we understand it to be”. Following Gramsci’s (1971) concept of hegemony, there are social actors whose position predominates over others’. It is worth noting that the pronoun ‘we’ is usually used to represent the voice of the top management of the organization. On the other hand, the passive voice is usually adopted to conceal an actor (Johnstone 2002). As already mentioned (see section 4.2), the electricity industry is a highly regulated sector overseen by Ofgem. Therefore, I argue that a CSR definition should satisfy dominant stakeholders, i.e. shareholders, investors and the regulator, while, on the other
hand, it should help more social actors, such as employees, to understand and accept CSR as “common sense”.

Interestingly, there is a perception by members of the senior leadership team that CSR is partially successful due to a weak commitment from the middle management team:

*Interviewee 12: At senior management where I sit, CSR is a value that’s helped us. When you get to middle management there’s some different camps. CSR is nice to have and is a nice brochure, and is a nice file and it sits on the cupboard, but do they live and breathe to CSR? ... And I think that middle ground is very woolly ... I think from senior management’s point of view CSR is behind the day-to-day job ... for me CSR is a plethora of things. So it’s everything you do. It’s not just three words ... It’s not contrived and it’s not because we’re getting incentives from the regulator. It should be through the veins of the organization.*

In the first part of the extract, the respondent associates the repertoire of CSR as a (missed) business opportunity with middle management’s reluctance to engage with responsible, day-to-day behaviour. Holding a senior managerial position himself, he is one of the main actors taking part in the organizational decision-making process. As the literature reveals (Drumwright 1994; Fineman & Clarke 1996; Menon 1997; Swanson 1995), managers, depending on the degree of autonomy that they experience, have the opportunity to decide on how they can use power to exercise change (Boddy & Paton 1998). Therefore, while the respondent highlighted the lower-managerial level’s reluctance to engage with CSR, I argue that this could be explained through the ‘space’ and the motivation provided to middle managers to practise CSR. To the respondent, CSR should not just be a strategic legitimization tool. CSR should be integral to business “not because we’re getting incentives from the regulator. It should be through the veins of the organization”. Arguing loudly, though, about the difference between levels of engagement with CSR by various managerial levels raises stakeholder scepticism. This is even more profound when the statement is used to justify concerns about the role of incentives provided by the regulator. I strongly argue at this point that explaining CSR as a missed business opportunity due to
employees’ CSR disengagement is a way to avoid admitting Ofgem’s dominant role.

In a different extract, CSR is described as an opportunity to achieve businesses’ economic goals:

*Interviewee 6: Even if the CSR concept was not mainstream we would have probably been doing those things. I guess now that it is mainstream businesses are missing the opportunity I think, to bring everything under the umbrella of sustainability and maximize the benefits ... So yes, they would probably be doing certain things, they would still be supportive, but now because they hear about CSR they are branding that aspect as CSR for charitable kind of things, which is good. But I think if they were more joined up, so if all the environmental things that we are doing has been led to a CSR strategy and then tied to other things as well, bringing them all together would have been more coherent and measurable in terms of success against those things. And then see what we are missing.*

The first part of the extract represents a material process (process of doing) and illustrates BED Co’s CSR engagement. This statement verifies the steps taken to practise CSR, as a result of the pressures coming from the environment of the organization. What is interesting about this part of the extract is the respondent’s intention to clarify his personal view on the company’s CSR engagement by stating that “CSR concept was not mainstream”. The notion “mainstream” is used to underline the role of CSR as a dominant trend in the industry and is equivalent to “they hear about CSR, they are branding that aspect as CSR”. According to the respondent, BED Co would have engaged in CSR even if it was not mandatory. However, the pressures that the industry experiences at the moment to engage in and communicate actions form a unique opportunity that could result in desirable outcomes for the company. Nevertheless, BED Co is missing an opportunity to bring desirable outcomes to business. The notion of ‘missing the opportunity’ is equivalent to “bring everything under the umbrella of sustainability and maximize the benefits ... if they were more joined up, so if all the environmental things that we are doing has been led to a CSR strategy and then tied to other things as well, bringing them all together”. This statement signifies CSR’s potential to bring business prosperity and “maximize the benefits”. As such, commitment to CSR is interpreted to have a range of benefits. In the third part of the extract, attention is placed on measuring CSR outcomes. To the
respondent, it is important to measure CSR contributions at a broader level. In this respect, CSR should aim to meet financial and non-financial stakeholders' interests.

In a different text, there is reference to the role of CSR evaluation in the overall implementation:

*Interviewee 2: There’s a lot of ways to measure it. And as long as you measure a variety of viewpoints … So for example, don’t focus on the net benefit in cash. If you look at all the aspects of your benefit – what was your benefit of the social aspect or the benefit to our employees – then you are looking at it the right way. It’s also worthwhile seeing the negative. Cause some things cost you money and you want them to have the positive impact that you expect them to have. Will you keep doing them? If you don’t measure them you don’t know.*

The first sentence represents an existential process (process of existing and happening) by identifying the importance of measurement tools in CSR evaluation. The notion ‘variety of viewpoints’ is made equivalent to “what was your benefit of the social aspect or the benefit to our employees … seeing the negative”. In this context, CSR evaluation should rely on a plethora of actions that target strategic stakeholders, i.e. shareholders, investors and Ofgem, social agents such as communities and also internal stakeholders. What is important here is the reference to negative outcomes that CSR practice might have had. As the following phrase states, “’Cause some things cost you money and you want them to have the positive impact that you expect them to have. Will you keep doing them? If you don’t measure them you don’t know”. In this regard, estimating the financial and non-financial cost of CSR actions is of equal importance to evaluating the outcomes and vice versa. This is in line with Crane et al.’s (2014) and Vogel’s (2005) arguments that, while Porter & Kramer’s (2006) shared value creation model seeks the win–win opportunities that may derive from socially responsible actions, it fails to provide guidance for the case when CSR initiatives do not meet all stakeholders’ expectations.

A strong commitment to identifying the meaning of responsible business has been made explicit throughout the extracts examined. The CSR as an ethical obligation to the community, CSR as an innovative commitment to change and also CSR as a (missed) business opportunity repertoires tend to reinforce the
idea of responsible business as a force for maintaining a competitive position in the industry. Similarly, this analysis reveals a strong interest in forming strong associations with strategic stakeholders, i.e. shareholders, investors, regulator and customers. Following Habermas's (1984) idea of strategic communicative action, it is apparent that CSR conceptualization is strategic in nature with the goal of meeting specific preferences and interests. Therefore, CSR conceptualization is largely affiliated to resource dependence theory, which is explained in Chapter 2. I argue that CSR is a socially constructed notion which is shaped by economic, social and political aspects of the industrial context. In this respect, CSR should be particularly understood in the examined case context.

The next section examines the motives that drive CSR practice, as seen from the organization's point of view.

5.2 CSR drivers

The underlying motives for developing CSR include the purpose and intended goals that affect one's decision-making (Di Norcia & Tigner 2000). While corporate motives in pursuing CSR are challenging to determine (L'Etang J.L 1994; Crane et al. 2008), L'Etang et al. (2014, p.171), suggested “that a critical analysis of intentionality combined with historically and culturally grounded evidence is an important step”. Past empirical research (Crane & Matten 2010; Fraedrich et al. 2011; Ford & Richardson 1994) indicated a number of factors that support CSR practice. It suggested that the drivers may vary from personal (Agle & Caldwell 1999) and organizational (Crane & Matten 2010) values, and context-related aspects such as bureaucracy and organizational culture (Hofstede 1997), to a range of other factors such as the industrial, societal and national contexts (Ferrell et al. 2010) in which the company operates.

This section begins by examining the repertoires that emerged from the analysis of data collected from interviews with BED Co’s employees, CEO letters published in organizational reports and also meeting minutes. The purpose is to explore the driving forces of CSR implementation. Four main repertoires emerged and describe CSR as an aspect of
• business standards
• corporate political activity
• building organizational resilience, and
• learning environment.

The repertoires will be examined and discussed at textual, discourse and social levels, with emphasis on the functions, implications and variations that emerged from the texts.

5.2.1 Repertoire: CSR for business standards

When discussing the key motives that support CSR practice, the data revealed that organizations are looking for mutual benefits that can satisfy shareholders and investors as well as other stakeholders. Embracing CSR is translated into financial returns, which should not necessarily be expected in the short term. Business-case benefits such as improved reputation, image identity, social acceptance and a strong commitment to change are some of the topics discussed and were related to CSR as a business standard.

The following extract illustrates a strong tendency to achieve mutual benefits for stakeholders and shareholders:

Our commitment to sustainability goes hand in hand with our pledge to deliver a reliable service. We are very proactive in engaging with stakeholders and our Corporate Social Responsibility (CSR) programme is fully supported by our shareholders who look to Environmental and Social Governance (ESG) as part of their overall investment strategies. (Sustainability report 2013)

Commitment to pursuing sustainability is illustrated in the material process that puts emphasis on the goal of embedding sustainability in day-to-day business. The first part of the extract highlights the relationship between reliable service and social welfare. Traditionally, the word ‘reliable’ is used by the regulator to indicate the sustainable development goals set for the sector. At a discourse practice level, reporting the company’s dedication to CSR and reliable services provision is crucial when trying to gain shareholders’ and regulatory support. It is worth noting here that organizational reports are distributed and commonly read by strategic stakeholders such as shareholders, investors, political actors and
regulators. This justifies this extract’s tendency to assert that “sustainability goes hand in hand with our pledge to deliver a reliable service”.

In the second part of the extract, a proactive approach to CSR is identified. According to the literature (Maignan & Ferrell 2001; Sethi 1975; Torugsa et al. 2013), proactive CSR is characterized by an organization’s commitment to adopting ethical behaviour which is above and beyond what is required by the law. On the contrary, reactive CSR is defined as a company’s integrity and commitment to complying with the law (Maignan & Ferrell 2001; Sethi 1975). It is related to actions such as meeting stakeholders’ requests, adopting to a changing environment or responding to competitors’ challenges (Chang 2015).

Interestingly, the adverbs of degree ‘very’ and ‘fully’ have been used to emphasize the meaning of the argument. More specifically, the sentence suggests a strong shareholders’ tendency to support the company’s “proactive” CSR and stakeholder engagement. In this context, engagement with social performance implies a commitment to enhancing shareholder value. Additionally, reference to Environmental and Social Governance (ESG) implies a connection between the financial and non-financial performance factors such as sustainability, ethics and corporate governance. ESG is commonly used by investors to evaluate a set of criteria that determine the value of an investment (Investopedia 2015). Given this, CSR in this extract is being used to highlight the enhanced business standards that are associated with CSR practice and therefore attract potential investors.

As the literature reveals (Du et al. 2010), the nature and amount of CSR information that is communicated to stakeholders is of crucial importance. In this respect, the amount of information released to stakeholders and the attitude taken in promoting it may affect the organization’s legitimacy and thus should be carefully thought about. For instance, a ‘self-promoting’ attitude that tends to overwhelmingly communicate CSR commitment (Bronn & Vrioni 2001; Morsing & Schultz 2006) could potentially make stakeholders sceptical about the actual CSR role (Ashforth & Gibbs 1990). This is because it could be associated with
marketing techniques and, therefore, could result in stakeholders being less likely to respond to CSR activities.

In another extract, the respondent acknowledges the business’s strong commitment to CSR:

*Interviewee 14:* A lot of our CSR strategy comes from our board of investors. We are owned by two infrastructure funds, and both of those funds sell to a wide range of stakeholders the opportunity to invest in our business. And they find that in their marketing, that a strong ethical focus is a marketing advantage. So actually, there is a very strong drive from our owners to say that we really want you to excel in this area; this is good for us and therefore that’s where this comes from.

The first sentence of the extract demonstrates the executive leadership team’s support to CSR. This is clearly manifested through the reference to the owners and the argument regarding their tendency to “sell to a wide range of stakeholders the opportunity to invest in our business”. The word “opportunity” has been intentionally used to signify CSR as a business capability that can be translated into profitable investment benefits. It also relates to better financial prospects for shareholders. In this regard, CSR has the role of an advanced business standard that can offer benefits to investors and shareholders.

In the second part of the extract, CSR is related to marketing activities. Unlike in other extracts, the respondent relates CSR to a “marketing advantage”. Similarly, in the mental process “we really want you to excel in this area”, success is translated into a mutual business opportunity, which is being shared between current and future investors, and shareholders. As a consequence, CSR serves as a marketing tool capable of not only retaining the existing board of investors but also attracting potential future investors. In this regard, embracing CSR is construed as a strategic ad hoc initiative for managing business success.

The following extract, in the same way, suggests CSR is a key consideration of the executive leadership team:
Interviewee 17: I’ve got to say that the owners of this business are very keen on CSR … So ethics and CSR is very big on their agenda. So, I’ve got all the support I need on this. And on our last board meeting, two weeks ago, we had CSR on our agenda. It's very, very positive ... The regulator does not ask for CSR; it's engagement they are looking for. And we do engagement and CSR.

The respondent uses the phrase “are very keen on” which is equivalent to “I've got all the support I need”. In these terms, and also drawing on the previous extract, it could be argued that not having sufficient support from the board of investors could affect the level of CSR engagement. As a result, CSR can be part of the core business strategy when senior managerial levels identify a contribution to the company’s success. This is in line with the literature (Barnett 2007), according to which CSR could serve as a platform for future business opportunities. Thus, the private incentive for improving social welfare could justify investors’ willingness to support CSR.

In addition, the second part of the extract represents the board of investors’ strong willingness to engage in CSR through the statement “we had CSR on our agenda”. The respondent used an example from a board meeting to illustrate the role of CSR in the organization. His argument looks to emphasize the fact that the executive leadership team understands CSR as a business opportunity. As such, the material process “we had CSR on our agenda” illustrates the position of CSR in the company. In addition, the declarative statement “The regulator does not ask for CSR; it's engagement they are looking for. And we do engagement and CSR” depicts the company’s tendency to engage with CSR, even if this is not required by the regulator. Traditionally, the regulator supports actions that aim to benefit social welfare. However, while the regulator does require DNOs to practise CSR it expects them to practise and report on stakeholder engagement. Nevertheless, Ofgem does not provide any explanation on how stakeholder engagement is defined, nor does it set any boundaries around it. Observation data on the other hand show that BED Co is eager to voluntarily engage in reactive and proactive CSR and also looks for opportunities to engage with stakeholders. In this respect, I strongly argue that CSR forms a structural framework that enables stakeholder engagement and sets the foundations of the areas that stakeholder engagement could be applied.
The following extract also portrays the strategic role of CSR in stakeholder engagement and constructs the former as a business standard:

Interviewee 2: CSR is a specific topic, because Ofgem expects us to have stakeholder engagement which effectively is the same thing. It is when you think about who your main stakeholders are. If you ignore the investors’ side of it for a minute, the rest of our main stakeholders are customers. And from their point of view (customers) good CSR is having them involved. The upside is investors; which is also good because the company is seen as a good licence, which means that you will have a better business especially when you are dealing with Ofgem. When Ofgem are going to ask you, “What are your customers thinking?”, “Do they think that you are really good?” Then good, investors are happy and it’s a win–win for everybody.

The extract begins by indicating the strategic actors that participate in CSR planning. To the respondent, Ofgem, customers and investors are the dominant stakeholder groups that should get involved in CSR planning. Considering stakeholder engagement as an obligation set by the regulator, CSR is applied to facilitate stakeholder management. In this respect, the first sentence represents a relational process that denotes CSR identity. “CSR” as a notion in this extract is made equivalent to “think about who your main stakeholders are”. Thus, CSR is a useful tool to monitor and organize stakeholder liabilities.

Figure 5.1: Arrow of stakeholder relationships
**Source:** Author’s conceptualization

The reversed arrow of stakeholder relationships presented above illustrates the power relationships that exist in CSR practice. I strongly argue that Ofgem holds a dominant position, through which they oversee DNOs' CSR activities, and has the power to shape the industrial CSR context. Similarly, the board of investors has control over organizational CSR practice, with BED Co deciding on the methods that they will embrace to "keep customers satisfied". Thus, the imbalance of power leads to an abnormal hierarchy, where control operates on a top-down basis.

In the last part of the extract, the respondent presents successful CSR implementation as a win–win scenario. According to him, keeping powerful actors satisfied could be translated into a business opportunity with various dimensions. More specifically, if the company is able to justify efficient customer engagement, then this will accordingly benefit the relationship with Ofgem and the investors. In this respect, CSR has the role of a business standard which can potentially impact on stakeholder relationships.

In a similar vein, the following extract illustrates CSR as a mechanism, integral to the overall business strategy:
The thing I’m most proud of delivering over the past year is our renewed holistic approach, including governance arrangements and methodology for determining material issues. (Sustainability report 2013)

Rather than using an indirect orientation while expressing a statement, the extract uses a personal, direct style. The ‘I’ style, represented in the mental process “I’m most proud of”, demonstrates a sense of pride when engaging in CSR. In addition, the extract also puts emphasis on the “renewed holistic” CSR approach that the company embraced. This implies that CSR has gone through reviews and the company has reframed its approach to align it with its current obligations. On the same note, a holistic approach to CSR is highlighted and illustrates the broader considerations of stakeholder needs and expectations that BED Co underwent before engaging in the renewed approach. According to the literature, as a response to the increased business responsibilities to stakeholders “a growing number of regulators globally are reviewing the governance arrangements of corporations to ensure that corporate practices are aligned with broader societal interests” (Ioannou & Serafeim 2011, p.2). Therefore, the message asserts a broadened spectrum of CSR areas that a company should cover in order to gain and maintain their “licence to operate” (Kolk & Pinkse 2010).

CSR is associated with “governance arrangements and methodology for determining material issues”. Drawing on the literature, governance arrangements refer to the organizational planning, setting, communicating and monitoring of progress achieved against its corporate objectives (Simpson & Taylor 2013). With emphasis being placed on the relationships between stakeholders, corporate governance aims to “facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company ... is therefore about what the board of the company does and how it sets the values of the company” (Council Financial Reporting 2014). In this respect, CSR is a business standard that looks to add value to corporate objectives. Finally, materiality refers to “those topics that have a direct or indirect impact on its ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders, the environment, and society at large ... Yet these material topics will often have a significant financial impact on an organization in the near-term or long-term. They will therefore also be relevant for stakeholders who focus strictly on the financial condition of an organization” (GRI 2015). Also, evidence
from the CSR meetings I attended reveals that the company is very keen to apply a materiality matrix that could help them evaluate their CSR approach. In doing so, they assess their performance in the areas of practice by paying much attention to stakeholder feedback. As such, CSR is highly related to the overall business strategy and helps the organization set priorities on the actions taken to engage with stakeholders.

At a discourse level, CSR reporting plays a crucial role in how the company engages with its stakeholders. Since most such reports are distributed to financial stakeholders and regulators, I strongly argue that CSR reports are strategically written to illustrate the advantageous role that CSR has in business performance. In the same vein, Hemingway & Maclagan (2004) argued that CSR reporting is designed as a strategic marketing activity with the purpose of increasing benefits to strategic stakeholders.

In conclusion, the business standards repertoire emerged from interview transcripts, meeting observations and documentation analysis. Thus, it is a dominant driver that motivates organizations to embrace CSR. However, the driver that is related to economic outcomes contradicts the idea of CSR as fundamentally aiming to achieving ethical standards (Duska 2000). In the same vein, others (L'Etang J.L 1994; L'Etang J. et al. 2014) have argued that a financially driven CSR is immoral as, due to power asymmetries and hegemonic positions, some actors might benefit more than others. Similarly, examining CSR from a sociopolitical perspective, the regulator deploys incentives for DNOs to engage in CSR. This is an attempt to lure organizations and pressure them to think of CSR from a more structured and strategic perspective. Even though previous research applauds such incentives, this thesis questions the luck of CSR when/if organizations lose economic stimuli.

With the regulator being one of the strategic stakeholders who have the power to form the content of CSR practice, the following repertoire provides evidence of CSR as a political activity.
5.2.2 Repertoire: CSR for corporate political activity

A theme that consistently emerged across the data was that of the political factor as a dominant driver for CSR engagement. Drawing on the literature, contemporary organizations increasingly take a political role in society by engaging in CSR (Campbell 2007; Crane & Matten 2005). At a national level, CSR emerged as a response to the political failures of deregulation and privatization during Thatcher’s years in power (Albareda et al. 2008). With BED Co operating under monopolistic conditions in a purely privatized industry, I argue that CSR fits in with the sector’s structure. In doing so, it ‘substitutes’ government policies (Jackson & Apostolakou 2010; Crane et al. 2008), capabilities and resources (Chang & Chen 2012) whilst also raising stakeholder awareness (Campbell 2007).

On this note, it is important to clarify the role of Ofgem in the energy market. Ofgem is the regulator of the industry and is a non-ministerial department (OFGEM 2014). In this respect, it is governed by senior civil servants and no political interference is attributed to its existence. However, I argue that, since Ofgem “works effectively with but independently of” (OFGEM 2014) the Department of Energy and Climate Change (DECC), it does not have all the freedom required to act independently of governmental pressures, as claimed. As Fouquet (2013) reported, with the government frequently intervening in the energy market, the regulator has to revisit its objectives and align them with the government’s actions. In this respect, this thesis considers Ofgem’s ‘non-ministerial’ label to be an oxymoron and acknowledges the regulator as a political stakeholder holding a hegemonic role.

The keywords and phrases that support the CSR for corporate political activity repertoire revolve around “driven by Ofgem”, “raise it in front of Ofgem”, “Ofgem encourages/incentivizes” and “Ofgem expects us to”. The following extracts mirror Ofgem’s pressures on DNOs’ CSR approach in the sector:

*Interviewee 9: I don’t mean to be cynical but I think a lot of it is driven by what Ofgem wants to see in our business plan. Because that template changes. Every year a template goes out and the template will concentrate...*
more on losses in the long five-year period than it will in the next, or concentrate on what you are doing from a green point of view. So I think that a lot of what we are doing is driven by Ofgem.

Commitment to adjusting CSR practice to Ofgem’s guidelines is clearly expressed in this extract. The mental process at the beginning of the extract is used to express the respondent’s doubts about the actual CSR motives. To her, CSR should be decided independently from what is required by the law. That is in line with Manne & Wallich’s (1972) argument, according to which corporate actions that are driven by the government are not CSR. Their position is justified through a reference to Friedman’s (1970) statement that described CSR as the responsibilities of a company that go beyond what is required by the law. Nevertheless, with the regulator holding the power to influence CSR conceptualization and operationalization, organizational reports are structured following Ofgem’s current guidelines. Therefore, DNOs are motivated to engage in CSR in certain areas and through certain patterns, not because this is ‘the right thing to do’ but because of the political pressures they have to confront.

The second part of the extract refers to the continuous amended CSR requirements. The respondent claimed that one of the motives while designing the CSR agenda, and therefore preparing the company’s submission to the regulator, is to meet the latter’s requirements. Her point was that the regulator has not been consistent on either the actions or the steps that should be followed to embrace CSR. Drawing on the literature, CSR has always been shaped by enactments and negotiations of legislators, organizations and other decision-makers (Christensen & Cheney 2011; Okoye 2009). This is due to the evolving nature of the concept and continuously evolving goals and standards (Gilbert et al. 2011; Scherer & Palazzo 2007; Scherer & Palazzo 2011). What is perhaps worthy of discussion is the frequency of the amended requirements. Considering that CSR engagement was introduced to the sector no earlier than 2008 (OFGEM 2014), any kind of changes might cause discomfort and challenges for the organizations who are still learning how to practise CSR. Therefore, I argue that, although the continuous shaping of CSR targets is part of the nature of CSR, these should be carefully readjusted by the regulator.
The following extract specifies some of BED Co’s concerns regarding Ofgem’s attitude:

*Interviewee 15: Ofgem in the final determination for us now and from where we are funded; we have to show that we care about stakeholders. So we had to make presentations to them and they fed back to us about the areas that they think we are weak in. My concern is that Ofgem are new to it also. They are doing their best, so do we. So for the electricity industry, it’s really new. They are identifying early leaders and we are following them, with no assurance that they are going the right way. Doing something is better than doing nothing. And that will be refined all the time, I think.*

The extract begins by referring to the actors that participate in CSR. To the respondent, CSR is a “*game*” between BED Co, stakeholders and Ofgem, with the latter closely monitoring the process. As she stated, stakeholder engagement stands between Ofgem and the organization and has the role of a “*mediating verification*”. More specifically, as the material process “*to show that we care about stakeholders*” reveals, not only should BED Co embrace CSR but it should also provide evidence to the regulator that targets are met. At this point, the freedom that such a strictly regulated procedure allows to organizations is debatable. More specifically, CSR is defined as “*the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time*” (Carroll 1979, p.500). Thus, fundamentally when structuring a CSR agenda, decision-makers should examine the overall stakeholder picture. However, with emphasis being primarily placed on how companies can meet Ofgem’s current requirements, this thesis argues that in its current form CSR engagement is unequally approached. Although political actors are usually recognized as salient stakeholders (Freeman 1984; Rhenman 1968), they take the role of a restrictive force due to the boundaries (Gond et al. 2011; Moon & Vogel 2008) they set for organizations regarding what is considered to be CSR and what is not. This is in line with the concept of CSR-based political legitimacy strategy (Zhao 2012), which refers to:

*the strategic action (not subject to the state’s regulation or administrative request) that a company takes to build, maintain or enhance the appropriateness and desirability perceived by the state through social–environmental activities, based on which the company expects to access various forms of state resources.* (p.442)
The second part of the extract comments on Ofgem’s CSR experience. The respondent argued that CSR is not only a new concept for the industry but for the regulator as well. Her concerns arise from the fact that CSR has only recently been introduced to the industry and thereby to the regulator. Although Ofgem was established in 2000 from the merger of the Office of Gas Supply (Ofgas) and the Office of Electricity Regulation (Offer) (OFGEM 2014), CSR was introduced to the industry less than 10 years ago. Hence, all actors are still learning how to conceptualize and practise CSR and cope with the challenges that this entails (further discussion on the role of CSR as a learning platform can be found in section 5.2.4). The respondent’s statement reflects a sense of hesitation regarding the approach that is currently followed by all participants. Her view that “They are identifying early leaders and we are following them, with no assurance that they are going the right way” stresses the relationship between the regulator and business, especially in the context of communicative action. It relates to the idea of “institutional CSR”, according to which businesses are subject to an institutional context at a national level that provides rules and norms that guide and confine business conduct (Boatright 2003; Scherer & Palazzo 2011). Thus, the advocated approach raises important questions of the foundations of CSR practice in the DNO sector and the drivers under which the latter is designed.

In a similar vein, another respondent argued that the relationship between Ofgem and DNOs should be approached similarly to relationships with other stakeholders:

*Interviewee 8: I think this goes similarly with stakeholder engagement. Because we are regulated by Ofgem, and Ofgem is always going to be keen on the stakeholder engagement. I think that we didn’t always recognize them as a stakeholder; we recognized them as a regulator, I suppose. But in my view they are just a stakeholder. They are a stakeholder that we have to keep happy in line with everything else... They are a key stakeholder but they are a stakeholder. So I don’t believe that we should do everything that they tell us to do, necessarily.*

The respondent understands CSR as a vehicle for stakeholder engagement. To him, stakeholder engagement is the driver for organizations to practise CSR and stakeholder engagement is used to structure the actions undertaken under the regulator’s guidelines. In the relational process, “because we are regulated by
Ofgem”, he relates the objective of CSR actions to Ofgem’s rationalization. In this respect, Ofgem acts as the “enabling and empowering facilitator of voluntary CSR” (Vallentin 2015, p.36). In the DNO sector, organizations do not have the option of non-compliance with the CSR guidelines, hence the ‘voluntary’ nature of CSR is questionable; Ofgem shapes the mindsets of corporate actors. This participation is due to them being “keen on the stakeholder engagement”.

Of particular interest is the second part of the extract where the respondent refers to Ofgem as “just a stakeholder ... that we have to keep happy”. In addition to bringing up historical evidence of the relationship between BED Co and the regulator, he stresses the role of the regulator and consequently the responsibilities to it of DNOs. As he argues, DNOs’ approach to Ofgem has changed, from one that treated it as a regulator to its current form where Ofgem is “just a stakeholder”. With this in mind, and also considering that CSR is a fairly new concept, I argue that the more experienced in CSR development organizations become, the more independent they feel. Therefore, the regulator has the role of a coordinator. However, the motivation provided by Ofgem is ‘negative’ in the sense that DNOs are encouraged to see CSR through a particular, taken-for-granted lens. In this thesis I argue that, in its current form, the CSR incentives that are provided by the regulator do not leave enough room for DNOs to innovate and structure their CSR agendas according to the current regional expectations. In this respect, DNOs are ‘encouraged’ to follow a specific route when planning their CSR agendas, and consequently ‘feed’ isomorphism. (For further discussion on CSR isomorphism please see section 5.2.5).

In a different extract, the political driver was examined from a CSR disclosure perspective:

Interviewee 14: Ofgem set a requirement that we needed to undertake stakeholder engagement in producing a business plan and then they created an incentive ... So the more well-justified a business plan they see, the less regular scrutiny they put it under ... The other thing that Ofgem puts in places is the stakeholder engagement incentive scheme which has a small amount of money available for those companies who can demonstrate robust stakeholder engagement and they are used to solve problems in their business ... There are small financial rewards available.
The first part of the extract presents the need to fulfil the regulator’s expectations as the key driver for stakeholder engagement. Recognizing the hegemonic position they hold, the respondent refers to the CSR submission to the regulator as an attempt to foster political recognition and facilitate political support. Aldrich & Fiol (1994) describe socio-political legitimacy as the process by which “key stakeholders, the general public, key opinion leaders, or government officials accept a venture as appropriate and right, given existing norms and laws”. In this respect, CSR is particularly useful to gain political legitimacy. As the second part of the extract suggests, “the more well-justified a business plan they see, the less regular scrutiny they put it under”. This implies a strategic construction of discourse that looks to fit into the business–CSR–regulator network. Therefore, it could be argued that organizational submissions to the regulator provide organizations with an opportunity to manage their relationship with Ofgem.

From a discourse practice perspective, this is in line with Banerjee's (2007, p.51) position, which suggests that CSR is nothing but symbols that are “intended to legitimate and consolidate the power of large organizations”. His argument demonstrates the commitment of organizations to impress their audience by ‘celebrating’ their CSR engagement. However, in this thesis I argue that discrepancies between talk and action are not always a bad thing, and could potentially result in increased levels of motivation or even ‘corporate momentum’. Drawing on Christensen et al.’s (2013, p.374) research, according to which CSR communication is aspirational in the sense that it “moves the field forward towards higher goals and superior standards”, I strongly argue that, in the newly established CSR arena, DNOs’ efforts to meet Ofgem’s requirements have the role of a motivating factor. In essence, they can stimulate further exploration and development in the CRS arena.

Meanwhile, looking closer at the rationale behind the “stakeholder engagement incentive scheme which has a small amount of money available for those companies who can demonstrate robust stakeholder engagement”, this thesis suggests that there are two sides to the same coin. In one respect, financial rewards might be catalytic in promoting competition and encouraging
organizations to start thinking outside the box. In particular, in a monopolistic economy in which one can easily mimic others’ actions, such an approach is a motivating factor for companies seeking to prove that they are leading the sector’s CSR arena. However, it raises questions about a lack of CSR engagement when/if the regulator decides to withdraw financial rewards. At the end of the spectrum, by putting in place rules and expectations, Ofgem encourages a specific CSR logic that narrows the range of possibilities and the plethora of approaches that a company could undertake. Thus, such an approach raises questions regarding the freedom that the regulator gives to companies to operate and also regarding aspects of power and hegemony.

Therefore, the repertoire of CSR as a political motive implies that under such circumstances CSR organizational discourse could not be a neutral product. On the contrary, it is a formative reality that aims to prove companies’ social responsibility to the regulator. The following extract supports this argument:

*Interviewee 15: We don’t try to look good in front of the community, because we don’t ask them. We might do some external stakeholder enhancement and ask them, “Have you heard of our business before?” ... It’s about raising profile to get good customer feedback and to raise it for Ofgem. We didn’t do it before and if somebody else didn’t do it, it didn’t matter to us. It was, if Ofgem wanted us to do, then we would do it.*

Commitment to pursuing CSR in order to look good to the regulator is illustrated in the material process in the first part of the extract. While CSR as a notion has been fundamentally used to denote that organizations are ‘doing good’, the respondent argues that CSR aims to ‘do well by doing good’. As her argument implies, CSR actions are primarily designed to respond to Ofgem’s requirements and thus gain political legitimacy. On the contrary, she negates the idea that CSR is conceptualized to satisfy stakeholders’ expectations. In this respect, CSR has the role of a marketing tool that helps organizations gain legitimacy and improve their corporate image. Accordingly, external stakeholder engagement is particularly useful when looking to favour corporate goals. While organizations lack CSR experience, engaging stakeholders in an actual dialogue helps the former identify and monitor stakeholder expectations that can potentially prove useful while building on their CSR agenda. However, with the DNO sector being in the background of the electricity industry, just a small percentage of customers are aware of the role of DNOs. Therefore, as the respondent implied, it is crucial
for DNOs to build on their corporate image and let stakeholders support them in CSR practice.

In addition, the extract highlights the political driver as a key element of the CSR design. To support her perception, the respondent refers to previous organizational approaches. Historical evidence reveals that even at times when “others” engaged in socially responsible actions the company would not follow the same pattern. Therefore, it is Ofgem’s expectations that companies are primarily looking to satisfy and that consequently guide socially responsible business activities.

Developments in CSR support a collaborative environment between private, public and civil actors, all looking to support their share:

Interviewee 11: Part of our business plan was to justify, and that is the reason why Ofgem called it a well-justified report was, everything that we put in it in terms of, “Have you tested this with your stakeholders to confirm that that is what they want you to do?” . Which again was a really clever way of Ofgem of getting everyone to justify what they want us to do ... And it's not just demonstrating that it is the right thing to do but that the community thinks it's the right thing to invest money there. So they are willing to pay for that as well.

The political action motive was also echoed in the previous extract. The respondent states that the corporate submission to Ofgem should clearly justify all the actions the company takes to meet stakeholders’ expectations. In this context, all three groups of actors – Ofgem, BED Co and stakeholders – work in a collaborative environment aiming to defend their interests through discussions and negotiations. Interestingly, corporate actions that aim to meet social expectations are presented and negotiated in accordance with financial costs. According to the data from the CSR meetings observed, this approach aims to inform customers of the potential impact of newly engaged actions on their monthly electricity bill. The company claims that such a service helps customers to carefully revisit, consider and negotiate their expectations. This thesis argues that such an approach promotes transparent collaborations between the parties...
involved and relates to the idea of the Habermasian ideal speech (Habermas 1984).

The ideal speech situation proposes a model of dialogical engagement that enables participants to reach an ‘inherent telos’, i.e. a shared understanding through communicative action. To Habermas, when an actor speaks they look to convince their audience and reach shared understanding. Any disagreements can be negotiated “in order to bring about the harmony across dimension upon which shared understanding depends” (Fryer 2011, p.30). Although the Habermasian shared agreement supports truth, in the sense of an absolute, noumenal reality, this thesis argues about the subjective nature of a socially constructed idea of reality. Truth is understood as the result of social powers that are affected by the formation of power and dominance. In this respect, since not all stakeholders have equal access to sources of information, it is apparent that active access to collaborative network meetings can facilitate shared understanding.

In this analysis, the corporate political activity repertoire emphasized the role of the regulator as a motivating factor for companies to embrace CSR. Emphasis has been placed on Ofgem’s power to shape the CSR notion at an industrial level. The analysis raised concerns about the lack of CSR expertise that characterizes both industrial and political actors. Questions have been raised about the success of the current CSR approach and its impact at a social, political and economic level. In this respect, this thesis argues for the Habermasian ideal speech situation. Although it might be ‘too idealistic’, it provides the foundations for structural and cultural conditions of democratic will-formation at the macro level of society (Scherer & Palazzo 2007). While it does not aim so much for the realization of an ideal speech, it encourages companies to embed ethically sensible business management. Therefore, the ideal speech situation offers guidance on how to democratically represent stakeholders in business actions through a collaborative approach.

The following repertoire emphasizes the motivating effect of building resilience between actors.
5.2.3 Repertoire: CSR for building organizational resilience

The concept of resilience has been used in various areas such as supply chain management (Pettit et al. 2010), risk management and corporate governance (Booz Allen Hamilton 2004; Branzei & Abdelnour 2010) to denote the ability of organizations to cope with shock or change. In organizational research it defines the ability to respond to unexpected, adverse conditions that result from large-scale disturbances or the accumulation of a number of minor disturbances (Sutcliffe & Vogus 2003; Vogus & Sutcliffe 2007). This thesis found that the organizational resilience motive equals adaptability, improved capability, forward thinking and risk mitigation. Likewise, keywords and phrases that relate to the organizational resilience motive revolve around these topics. The following extract illustrates the organizational resilience motive as published in an organizational report:

For us, sustainability is about managing and investing in our network to meet the challenges of the future ... With innovation, empathy and a well thought out vision we promise to continue to develop a robust service with the capacity for a low-carbon future. (Sustainability report 2014)

The first part of the extract examines sustainability as a risk-mitigating factor. The statement implies a strong aspiration to identify, monitor and overcome future industrial challenges through CSR engagement. In this way, CSR can support organizations to deal with challenging situations and turbulence (Reinmoeller & van Baardwijk 2005) before they escalate. Hence, CSR can prove a valuable tool for BED Co to proactively understand, evaluate and revise future challenges, such as increased electricity demand, affordability and a low-carbon future. However, to do that, organizations need to develop multiple capabilities and response approaches (Linnenluecke & Griffiths 2010). Drawing on the resource dependence theory that was discussed in section 2.5.4: capabilities are the outcome of organization learning (Branco & Rodrigues 2006). They extend gradually while organizational actors acquire and experience them (Mathews 2002; Mathews 2003) until such actors are able to take advantage of them and develop them for the benefit of the organization. Therefore, examining CSR from a resource dependence perspective, “managing and investing in our network” is a matter of a company’s ability to integrate and manage resources. To Galbreath (2005), resources can be either tangible or intangible. In this respect, in this
extract resources equal to “innovation, empathy and a well thought out vision” contribute towards the stability and quality of the business.

At a discourse practice level, reference to the CSR’s risk-mitigating motive as well as the resources BED Co is able to use implies future economic benefits for the company. With such organizational assets, the company is capable of creating barriers to future uncertainties and, thus, positively impacting on business success. Therefore, shareholder interests and investments are indirectly secured.

In essence, due to low-carbon policies, the energy industry faces unprecedented challenges. Under the 2008 Climate Change Act, UK has committed to reducing its carbon emissions and, as the following extract demonstrates, energy has become a highly political issue:

*Interviewee 14: Energy has become a very political issue, so it’s really important to us that one can relate what we are doing as a business to our stakeholders’ wants and needs to get further from that and actually show that the way of our planning and developing our business is steered by the feedback we are receiving and the engagement that we have with our stakeholders. ‘C’ause I think that gives a lot more credibility to our business and a lot more justifications to our activities. It enables us to be robust in a highly politicized debate where we can be receptive to challenges ... and prevents us being knocked off track by various political external forces.

In the first part of the extract the respondent disclosed the highly political dimensions of energy in the UK. He relates the rise of energy considerations at a national level to the impact it has on the organization. The material process reveals CSR stakeholder engagement’s risk-mitigating effect. At the same time, the phrase “it’s really important to us that one can relate what we are doing as a business” shows the company’s desire to relate CSR benefits to its corporate reputation. Therefore, it is important for companies to not only act responsibly but also communicate their approach. Orlitzky et al. (2003) argued that a socially responsible profile may positively impact on various organizational aspects such as business relations with external actors and employee motivation, commitment and loyalty. As a result, these may be translated into a positive corporate reputation with stakeholders and build image identity. With corporate reputation
being recognized as an important intangible asset (Branco & Rodrigues 2006), corporate success in this extract equals “a lot more credibility to our business and a lot more justifications to our activities ... enables us to be robust ... be receptive to challenges ... and prevents us being knocked off track by various political external forces”. As suggested by the literature, assets “can inform external constituents about the trustworthiness, credibility and quality of the firm. Therefore, reputational assets can be key drivers of external constituents’ positive reactions toward a firm vis-à-vis its competitors, thus positively impacting on firm success” (Galbreath 2005, p.981). However, since BED Co is operating under monopolistic conditions, DNOs are not concerned about how to tackle competition. On the contrary, they concentrate on how to satisfy stakeholders such as customers and the regulator and also to attract, recruit and retain employees within the organization.

Keeping stakeholders satisfied is not always an easy task. As already discussed in section 5.2.1, organizations should balance the reactive and proactive approaches to CSR stakeholder engagement. Likewise, the following extract illustrates the role of building resilience in reactive and proactive CSR:

*Interviewee 13: In terms of electricity faults, our approach is quite reactive and we will always have that element of it. But I suppose part of the resilience work that I am doing is to be proactive rather than reactive and actually let people know who we are and what to do when the power goes off.*

The respondent distinguished between the actions for which BED Co engages in either reactive or proactive CSR. As discussed in Chapter 4, BED Co is responsible for the delivery of low-voltage electricity to consumers and therefore for looking after the electricity network. Considering the nature of the company’s operations, the respondent referred to the unforeseen “turbulence” that BED Co might face and related them to a reactive approach. As she suggested, “we will always have that element of it”. While her point is valid, especially when considering the unpredictable nature of social and environmental disasters, such as bad weather conditions or earthquakes, I argue that this is a misinterpretation of what constitutes CSR. As part of BED Co’s core business responsibilities, the “reactive actions” the respondent refers to do not concern the company’s social obligations but its legal ones. Conversely, she refers to proactive CSR actions to
describe those practices that go beyond legal requirements and are designed to actively support and contribute to society as a competitive priority (Carroll 1979; Du et al. 2007; Groza et al. 2011; Wilson 1975). Drawing on the literature, businesses are encouraged to operate along a wide spectrum of reactive and proactive CSR activities (Torugsa et al. 2013). Strategic researchers (Benn et al. 2006; Berry & Rondinelli 1998; Klassen & Whybark 1999; Sharma & Vredenburg 1998) acknowledge the value creation and competitive advantage a company can gain over others when embracing proactive CSR. In this respect, competitive advantage equals “let[ting] people know who we are and what to do when the power goes off”. Building image identity is crucial for DNOs in general and BED Co in particular. This is because, as already mentioned, DNOs as a subsection stand in the background of the industry, causing a number of challenges for companies operating in the subsector. Therefore, proactive CSR can prove mutually beneficial for companies and stakeholders. As resource dependence theory advocates, intangible capabilities such as shared vision and stakeholder management may result in successful proactive CSR (Torugsa et al. 2013). In this respect, looking to align BED Co’s CSR mission and objectives with stakeholder expectations can promote “the ability to establish trust-based collaborative relationships with a wide variety of stakeholders, especially those with non-economic goals” (Sharma & Vredenburg 1998, p.735).

Likewise, the following extract illustrates the role of stakeholder management in building resilience with stakeholders:

_Equally important is our ability to react to this (stakeholders’) feedback and directly integrate stakeholder views in the way we run our business ... In some instances it is not always possible to directly implement stakeholder views. When this is the case, we always explain and feedback decisions, and why we have had to follow a particular course of action._ (Stakeholder engagement scheme 2011)

The material process “to react to this feedback and directly integrate stakeholder views in the way we run our business and how and where we invest their money” emphasizes BED Co’s aspiration to include stakeholder feedback in CSR planning. From a discourse practice perspective the extract is a response to Ofgem’s invitation for DNOs to prove stakeholder engagement. Although the literature (Payne & Calton 2002; Mitchell et al. 1997; Carroll 1998) shows that it is challenging for organizations to manage heterogeneous stakeholder interests,
this thesis argues that the pluralization of voices could be a useful opportunity for
DNOs to collaboratively look for ways to negotiate and survive in a dynamic
stakeholder environment. This view is in line with Roloff's (2008) statement that
an issue-focused stakeholder approach relates to a network-based structure
through which all participants collaboratively and non-hierarchically work towards
the solution of a common problem. In this democratic context, organizational
actors are stakeholders who are also looking for a “collaborative advantage”
(Huxham & Vangen 2005) that could derive from dynamic communication.
Central to this is the idea that communication is not a dull transmission of
meaning, but the construction of reality (Putnam & Nicotera 2008). Thus,
communication and symbolic representations interactively construct worlds,
narrations and myths relevant to organizational legitimacy (Christensen &
Cheney 2000; Christensen & Cheney 2011; Meyer & Rowan 1977; Schultz et al.
2011). At the same time, though, “it is not always possible to directly implement
stakeholder views”. The existence of relations of power and behaviour as well as
the pre-existence of political power relations limit the opportunities for CSR
engagement that considers all stakeholder voices. Therefore, at times the filtering
mechanisms used to decide on the relevance of stakeholder interests to
organizational vision reduce the plurality of voices, for economic or political
purposes. When stakeholder feedback cannot be incorporated into the corporate
agenda, the company states, they “always explain and feedback decisions, and
why we have had to follow a particular course of action”. Evidence from the group
observations corroborates this statement. Therefore, the triangulation of data
demonstrates that, while BED Co welcomes the participation of diverse
stakeholder opinions while organizing CSR, political and economic conditions
sometimes result in unilateral CSR engagement.

In this analysis, the organizational resilience repertoire has largely emerged as a
result of the triangulation of interview data, observation and documentary
analysis. The documentary analysis included a combination of organizational
report extracts and meeting minutes. The repertoire illustrates the company’s
strong commitment to building resilience through the development of the multiple
tangible and intangible capabilities that contribute towards the stability and quality
of the business. Building resilience helps BED Co resist exogenous impact, build
on image identity and reputational capital and also keep shareholders and stakeholders satisfied. This thesis found that the CSR programmes used to build resilience were largely focused on the areas of education and human resources development and aimed to educate stakeholders about energy consumption, emergency and severe weather conditions, and career development. Through them, BED Co has gone beyond charitable or philanthropic exercises to seeking the co-creation of value. Stakeholders’ understanding and experience of CSR engagement will be elaborated on in Chapter 6. In this context I argue that there is a need to further examine how stakeholder groups whose voices are not taken into consideration by the company while planning their CSR agenda experience the company’s approach.

Another important theme that emerged from the texts illustrated CSR stakeholder engagement as a key motive in co-creation and collaboration on solutions. The following repertoire explains CSR as a two-way learning platform.

5.2.4 Repertoire: CSR as a two-way learning platform

The CSR as a two-way learning platform repertoire represents CSR as a mechanism enabling stakeholder engagement and the communication of interests and expectations. The keywords and phrases that built this motive included “educate and inform”, “understand what they are telling you”, “conflicting characteristics that customers want and you have to sensibly work through them to help educate the customer”, “engagement with our stakeholders to actually help us solve some of those problems” and are used in the following extracts:

We want our stakeholders to play an integral role in the decisions we make and how and where we invest in the future ... It is essential that we educate and inform our diverse stakeholder groups so they understand the many challenges that we face in the future, not least the move to a low-carbon future and a growing reliance on electricity. (Stakeholder engagement 2011)

The extract begins with a direct and forceful clause. The personal pronoun “we” is extensively used in the first part of the extract and demonstrates the company’s strong commitment to engaging with stakeholders in a collaborative relationship. The purpose is to invite legitimate stakeholders into a network through which they
could actively interact with the company in the decision-making process. Evidence from the CSR meeting minutes demonstrates that BED Co’s stakeholder forum consists of a diverse range of multiple social group representatives. This comprises representatives from the education industry, NGOs, charities, local authorities and consumer networks and is open to new entries. The role and purpose of the CSR multi-stakeholder group is to advise and challenge BED Co’s activity on stakeholder identification and engagement as well as the interpretation and implementation of the feedback they receive from stakeholders. Drawing on the literature, multi-stakeholder networks are a selection of stakeholder groups that voluntarily participate in a dialogue with an organization concerning issues that are of interest to participants (Hajer & Wagenaar 2003; Kell & Levin 2003; Roloff 2008), and ideally take place under democratic conditions (Habermas & Cooke 1998; Rhodes 2000). In this respect, CSR serves as an avenue for BED Co to build on a connections network and also “educate and inform our diverse stakeholder groups so they understand the many challenges that we face in the future”. On this note, I strongly argue that, while CSR stakeholder engagement is designed to mutually benefit the organization and its legitimate stakeholders, one of the key scopes is to build consensus and prepare stakeholders for future challenges and therefore the accompanied organizational actions taken to overcome them. This is paralleled in Schultz et al.’s (2013, p.682) argument, which states that organizations use communication to result in “corporate goal-driven presentations or societal goal-driven consensus making”. Given this, organizations gain pragmatic legitimacy i.e. an “ability to instrumentally manipulate and deploy evocative symbols in order to gain societal support” (Suchman 1995, p.572). Stakeholders’ perceptions of the role and effectiveness of BED Co’s CSR groups will be examined in Chapter 6.

In a different extract, a respondent advocated a stakeholder-to-organization educating motive:

*Interviewee 16: As Donald Rumsfeld said: “We know what we don’t know we know”. It’s not always possible to put ourselves in the place of customers to say what’s important to them, because you can’t do that. You have to go and ask them what’s important to them … You have a number of conflicting characteristics that customers want and you have to sensibly work through both to help educate the customer about the premise that we have.*
Introducing his argument with Rumsfeld’s (1932–) quote, the respondent emphasizes the informative nature of stakeholder engagement and views CSR as a mechanism for shared understanding. The mental process “It’s not always possible to put ourselves in the place of customers to say what’s important to them” illustrates the complexity of stakeholder management. As the respondent argues, understanding complex social problems such as poverty and environmental damage requires the consideration and interpretation of multiple concerns, voices, perceptions of reality and negotiations of the topics under examination. Drawing on Habermas’s (1984) notion of communicative rationality, it is imperative for the company to engage in deliberative communication with stakeholders and allow space for the “forceless force of the better argument” to lead the decision-making process. In this respect, notions of power and hegemony should be “muted” and supplanted with equalized relations. Nevertheless, I strongly argue that, with the regulator currently overlooking and directing the construction of specific reality and assessing CSR practice, it is impossible for DNOs to achieve that. Therefore, as the last part of the extract shows, CSR stakeholder dialogue is currently used to “help educate the customer about the premise that we have”. Following Scherer & Palazzo’s (2007) suggestion that it is the combination of cognitive, pragmatic and moral legitimacy that builds corporate legitimacy, this thesis argues that BED Co uses stakeholder dialogue to constructively gain its licence to operate.

In the same vein, another respondent emphasizes the educating role of CSR stakeholder engagement:

*Interviewee 14: [A]s we continue to improve our business and we come up with new challenges, either challenges about improvement in performance or challenges about our role and how it will change in the future, we are now looking to say, how we are going to use our engagement with our stakeholders to actually help us solve some of those problems, or find new solutions to some of these challenges.*

The extract, among others, identifies the informative role of CSR stakeholder engagement. The respondent classifies CSR stakeholder engagement in accordance with the company’s tendency to respond to challenges such as those relevant to “improvement in performance or challenges about our role and how it will change in the future”. His statement, triangulated with data from the meeting
minutes, gives CSR stakeholder dialogue an importance equivalent to that of risk assessment strategy. Stakeholder networks take the role of a communication platform capable of increasing direct interaction and participation across the organization and stakeholder groups. In this way, CSR is examined through an instrumental lens.

Furthermore, the extract provides connections between the longevity of a company and CSR practice. To put it simply, as Chapter 4 illustrates, BED Co was established in 2008. Therefore, it is a relatively newly formed company. Drawing on the literature (Maon et al. 2010), CSR development progresses through seven stages: dismissing, self-protecting, compliance-seeking, capability-seeking, caring, strategizing and transforming. In a nutshell, CSR commitment is dependent on cultural, moral, strategic and organizational aspects that evolve as the company matures. In this sense, this thesis argues that, in newly established organizations to whom securing short-term self-interest is a priority, CSR can only gain momentum when the company has matured and stakeholder relationships have become prevailing. Therefore, BED Co’s CSR development has gradually moved from a passive approach to a value-proposition approach.

CSR as a two-way learning platform is also echoed in the extract presented below, which demonstrates the role of CSR in an industrial collaborative learning cluster:

_Interviewee 13: There is a Vulnerable Customer working group between all the DNOs and they share best practice. One of the things they are looking at the moment is the fact that we all have individual methods of engaging with the British Red Cross and they are all different. So one of the things we are looking at at the moment is whether we have a standard one. So no matter where you live in the country and you’ll ring the British Red Cross you are offered exactly the same service._

Contrary to the extracts above that presented CSR’s role of educating the company’s stakeholders, here, CSR dialogue has the role of an industrial collaborative consulting platform. The purpose is to “share best practice” on practice regarding vulnerable customers. With the premise that social, economic and environmental uncertainties may grow and affect organizations’ performance, some (Roloff 2008) acknowledge the need to address vulnerable
stakeholders’ issues. However, others (Jones et al. 2007; Phillips 2003; Waxenberger & Spence 2003) have stated that, although companies might be sensitive to stakeholders’ needs, they either feel it is the government’s responsibility to solve these issues or they are unable to solve them without collaborating with others. Consistent with Freeman’s (1999, p.234) view, according to which “if organizations want to be effective, they will pay attention to all and only those relationships that can affect or be affected by the achievements of the organization”, due to the regulator’s shortage of experience in CSR and a lack of resources, DNOs are expected to act on behalf of them. Under such circumstances, the vulnerable customer working group aims to support its members with concrete stakeholder engagement mechanisms.

In this analysis, the two-way learning platform repertoire emerged as a dominant motive that drives BED Co to pursue CSR. The information-driven CSR pattern is perhaps summarized in the following extract and is used to provide linkages with the challenges that the industry faces at the social responsibility level:

   Interviewee 16: And we take the opportunity as much as we can to tell people what our potential future challenges are and what type of programmes and research and development of activities that we put in place now to try and address that challenge. And address that challenge that we expect to come at the lowest cost possible. ‘Cause at the end of the day the customers will be paying for the transformation of our network.

While the Kantian CSR perspective examines the self-interest CSR approach as immoral (L’Etang J.L 1994) due to the unbalanced benefits it devotes to stakeholders, this analysis has shown that the dominant stakeholders, i.e. the regulator and shareholders, have the power to encourage CSR stakeholder engagement. However, since the aim of this thesis is not to examine the moral underpinnings of CSR but the factors motivating the practice, I will not elaborate further on that. In this respect, I strongly argue that the mutual benefits that could result from CSR stakeholder engagement as a two-way learning platform could play a catalytic role in shaping reality. The evidence has shown that CSR as a two-way learning platform is responsible for the construction of a polyphonic environment where power relations shape the learning process. The figure below

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emphasizes the dominant role that the regulator holds in the process. The arrows connecting BED Co with the regulator are dashed and designed to illustrate the monolithic, one-way communication between them. In contrast, the arrows connecting the company with stakeholders and competitors are solid and two-way.

**Figure 5.2: Learning platform communications**

![Diagram](image)

**Source:** Author’s conceptualization

Drawing on Suchman’s (1995) argument that legitimacy is a perception, and Weber’s (1964) idea of legitimacy as the outcome of an actor’s interaction with others, this thesis argues that, while taking part in CSR stakeholder engagement, BED Co is looking to be regarded as legitimate by co-creating reality with stakeholders who participate in the CSR discourse. In this respect, this learning platform leads to the construction of a negotiated reality.

It has been evident that CSR practice and stakeholder engagement are complex and dynamic processes that entail a number of challenges. The following repertoire will discuss further the concerns and difficulties that BED Co faces while conceptualizing and practising CSR and will seek interpretation through textual, discourse practice and social lenses.

### 5.3 Repertoire: CSR stakeholder engagement challenges

This section addresses the perceived challenges that BED Co faces while practising CSR. In doing so, it serves to explain how organizational actors
understand the CSR approach currently undertaken. As a result, the section looks for evidence on the perceived areas that according to organizational actors could be improved or should be approached differently in the future. Overall, the rich, empirical data used in this section, which have been collected from semi-structured interviews, suggest that CSR challenges are the result of different interpretations that interested parties attribute to the notion.

A dominant repertoire that emerged across almost every interview was relevant to individuals’ perceptions of the world surrounding them and, therefore, the construction of CSR meanings. Further to this, the data revealed a lack of consistency across the organizational and regulatory understandings of CSR:

*Interviewee 12: Is CSR stakeholder management and good customer service the same ... is it different? And the regulator said to us that this is different. Stakeholder engagement is different to good customer service. For me it overlaps, it has to. You can’t easily say that’s stakeholder engagement and that’s good customer service.*

As the respondent explained, there are different perceptions of what comprises CSR stakeholder management. According to him, while the regulator understands CSR stakeholder engagement to be a different concept from good customer service, BED Co considers that two concepts overlap. As he states, “You can’t easily say that’s stakeholder engagement and that’s good customer service”. Different meanings of CSR can be confusing for BED Co when they plan their agenda. Considering Ofgem’s critical position in CSR conceptualization, this thesis argues that a key aspect in CSR conceptualization and implementation is the alignment of BED Co’s understanding with “the translation of expectations, definitions of CSR and constructions of institutional norms”(Schultz & Wehmeier 2010, p.22). Drawing on the literature, Isaacs (1993) argued that dialogue helps the parties concerned to learn how to think collaboratively and create shared meaning. However, as the extract demonstrates, the interaction between the regulator and BED Co creates ambiguities around CSR. In this respect, the relationship between DNOs and Ofgem takes the form of a monologic communication rather than a dialogue. The question arising at this point is whether BED Co is “enforced” to design its CSR agenda according to the regulator’s expectations, and to what extent, and at the same time set aside other stakeholders’ expectations.
In an attempt to better manage conflicting expectations, organizations look to align their practices with the actions that prominent organizations adopt to engage with their stakeholders:

*Interviewee 15: We look at what other people are doing; because DNOs have a forum and they work with Ofgem to identify best practice. So we follow best practice. We look at what other organizations, not DNOs, are doing. So we look at John Lewis and M&S green policies. We look at what they are doing and what we can apply because we don’t have the experience.*

The extract emphasizes BED Co’s aspiration to perform best practice in CSR. Being a member of the ISF, the respondent argues about the company’s membership in an industrial CSR cluster. According to Jonker & Nijhof (2006), CSR development is gradually achieved through an ongoing learning process while organizations respond to the increasingly complex stakeholder issues. Therefore, the cluster’s scope is to challenge DNOs’ CSR performance. Interestingly, the forum “works with Ofgem to identify best practice”. On this note, I strongly argue that best practice equals legitimacy. According to legitimacy theory, in order for organizations to survive and succeed, they should conform to societal norms (Lindblom 1993). However, as Unerman & Bennett (2004) argued, societal norms do not always exist and, thus, organizations adopt powerful stakeholders’ approach to societal norms. In this way, Ofgem influence CSR patterns. In addition, the respondent refers to BED Co benchmarking and mimicking others’ CSR approaches. What is worth noting, though, is that BED Co is following best practice of companies outside the industry. While coercive isomorphism could be useful for organizations that are forced to adopt similar methods and comply with rules and regulators, I argue that mimicking non-industrial organizations’ performance could be challenging. For example, the respondent refers to John Lewis as one of the cases examined. Being a social enterprise, John Lewis has to set different priorities and approach socially responsible behaviour from a different angle than that which a DNO, as a for-profit organization, is expected to take. The range of stakeholder groups that they have to respond to, the industry in which they operate and the diverse legitimacy expectations involved mean John Lewis is an inadequate example. I argue that the lack of experience in combination with the “battle” for legitimacy leads
organizations to isomorphic behaviours which are not always either useful or accurate.

At this point, it is worth referring to the transformation that the electricity industry is going through at the moment, and the implications these have for DNOs. In this context, the following extract demonstrates the role of CSR stakeholder engagement in constructing a co-informative environment that could help all parties involved to more easily overcome future industrial transformations:

Interviewee 14: Going forward I think we are going to see a big change in the manner in which people consume their energy in this country ... So that requires a very different role for us and to do that role we probably need to have a direct relationship with the consumers. And in fact this might mean not calling our customers consumers of electricity but pro-sumers of electricity which is sort of producers and consumers. They may be making their own electricity part of the time and consuming another part of the time. So our relationship with pro-sumers will be very different, very dynamic, which means that we have a completely different role to play in our own engagement, our own society, we may need to change and be more prevalent.

The first part of the extract, among others, identifies industrial transformations as a key challenge that needs to be carefully balanced. Considering the forthcoming changes, the organization is taking time to proactively prepare itself and consumers about the impact that the new requirements will have on all parties. The significance of these changes is related to a “very different role for” the company and “a direct relationship with the consumers”. Therefore, BED Co is looking to proactively reach organizational aims and simultaneously support consumers. In this respect, CSR is an instrumental tool used to support value creation (Porter & Kramer 2006; Porter & Kramer 2011) by improving brand awareness. According to the respondent, a key challenge for DNOs is the “very different, very dynamic” relationship that they are expected to have with their consumers. “Very” is used twice to emphasize the extent of the future challenges. In this respect, the more sophisticated group of stakeholders does not leave enough space for organizations to impose unilateral decisions. Thus, CSR stakeholder engagement takes on the role of a meaningful invitation to consumers and organizations to collaborate to meet future challenges.
Therefore, since they are expected to deal with more powerful and sophisticated consumers, organizations should use communication differently. Moving forward from a mechanistic, traditional view, future development in CSR will “reflect a process of evolution not revolution” (Whitehouse’s 2006, p.292). The following extract refers to deeper, more collaborative information resources that can support a dynamic stakeholder engagement business profile:

Interviewee 6: I think the way it’s been communicated would be the biggest change ... Or even the sustainability/CSR reports would change; it would probably move into more interactive reports. Maybe stakeholders would do their own calculations and have to chance to “play” more.

The new idea of communication is based on a cause-and-effect concept. As the respondent suggests, there is a need for “more interactive reports” that would give consumers the opportunity to “do their own calculations and have the chance to ‘play’ more”. Such a change would give consumers the opportunity to reflect on their choices and consider the impact of their attitude. This new perspective illustrates a mutual benefits mechanism that can support organizational goals while at the same time incentivizing stakeholders to take responsibility for their own actions. In this respect, the parties involved move towards a “common vision ... articulate shared goals and identify the most fruitful opportunities” (Svendsen & Laberge 2006, p.144). Consequently, stakeholders take a more active role through which they can better understand the outcomes of their choices and become less defensive towards businesses.

The CSR stakeholder challenges repertoire showed that a lack of consistency in CSR meanings among organizational actors as well as the regulator makes CSR a challenging business practice. In an attempt to overcome such challenges and their implications, BED Co looks for solutions in isomorphic behaviours that limit the spectrum of opportunities and the range of benefits that both the organization and stakeholders could gain. In this respect, while dialogue can build on coherent and open environments that can solve bigger sustainability problems, the findings suggest that there is a need for a more innovative communicative approach. This thesis argues that a collaborative, transparent and deliberative CSR environment is imperative to ensuring the success of CSR initiatives.
5.4 Overview of the findings

While CSR has been examined by researchers in different contexts, this has been the first time that research has shed light on the UK electricity DNO subsector. Given this, the findings provide a novel investigation of CSR conceptualization, motivation and the challenges related to the target sample. In drawing on three data sources, this chapter has provided insights to the first two research objectives:

1. To explore how organizational actors conceptualize CSR
2. To understand the motivations behind CSR practice

The first part of the chapter has examined CSR conceptualization from a critical discursive perspective. Embracing Fairclough’s approach, this thesis found that CSR is a socially constructed notion, the construction of which is subject to historical, social-political and cultural aspects. Essentially, the evidence has shown that CSR is understood by organizational actors as an ethical obligation to the community, an innovative commitment to change and also as a (missed) business opportunity. Considering that CSR in the DNO sector is still in its infancy, it has been observed that the range of terminologies and meanings attributed to a socially responsible approach complicates the decision-making process. This thesis argues that, from an organizational point of view, socially responsible practices are intertwined with a combination of instrumental and strategic initiatives, and reactive and proactive actions.
In addition, the analysis suggests that there is a mix of motives in pursuing CSR. The emerging four repertoires show that CSR drivers relate to business standards, political motives, a commitment to building resilience with stakeholders and an aspiration to build on a two-way learning platform. The findings give support to the literature review that outlined CSR as an instrumental character mechanism. More specifically, the review of the literature and the analysis suggest that organizations are strongly influenced by shareholders, investors and political actors. This is in line with the highly regulated DNO sector, which is obligated to respond to the regulator’s expectations and gain a licence to operate. At the same time, DNOs have to prove their goodness to their stakeholders. As a result, the combination of a lack of experience in accordance with the range of conflicting and continuously expanding stakeholder expectations makes CSR practice a challenging business concern.

This thesis also argues that CSR stakeholder engagement challenges are a result of inefficient communication practices between the parties involved and erratic choices that aim to make a great impact primarily on dominant stakeholders, the organization and other parties involved. To tackle such challenges, the mechanistic, traditional CSR view currently embraced should progress to a deliberate and collaborative environment where organizations and stakeholders can work together towards the same targets.

More significantly, the findings presented in this chapter serve to inform Porter & Kramer’s framework of shared value creation. The findings with respect to the CSR conceptualisation code introduce new insights into the interpretations attributed to the notion by organizational actors. Evidence reveals that there is a diverse spectrum of interpretations used to attribute meaning to CSR. These are informed by various socio-political and cultural factors that shape individuals’ perceptions. By explaining the conceptualisations of CSR, the findings inform the perceived motivations that drive CSR practice. As a result, this chapter provides a thorough understanding of the elements that are being considered when planning CSR agendas.
Specifically, these insights regarding the conceptualisation of CSR and the motivations that lie behind its practice, serve to update Porter & Kramer’s framework of shared value creation. While the initial framework describes social and economic benefits as the key driver of CSR, evidence from this empirical research in the UK electricity industry illustrates the catalytic role of political forces. This helps by informing the framework on both the convergence of interests but also the elements of competitive context. The third dimension of political benefits added on the framework demonstrates the equal importance of social, economic and political benefits in the creation of shared value. The new element demonstrates that it is only when social, economic and political benefits are achieved that a company can claim to have achieved shared value. Further to that, the updated framework raises concerns over the blend of the elements that shape corporate competitiveness. More specifically, the fresh empirical evidence regarding the drivers of CSR reveals important information about the role of factor conditions, demand conditions, related and supporting industries and also, context for strategy and rivalry. While Porter & Kramer acknowledged the equal importance of the four elements, this thesis argues about the hegemonic position of political obligations. Therefore, the findings of this chapter provide the background information that helps to improve the original version of the framework of shared value.

Following the presentation of data gathered to illustrate the organizational voice on CSR practice and its contribution to revisiting Porter & Kramer’s framework, the next chapter aims to address stakeholders’ perceptions of the topic. In doing so, it provides answers to the third research objective by exploring stakeholders’ interpretations and experiences of working with BED Co on CSR practice.
CHAPTER 6: STAKEHOLDER VOICE ON CSR

The previous chapter was an illustration of BED Co's voice on CSR. It examined the conceptualization, the motives and the challenges that CSR entails, as a reflection on organizational actors’ perceptions. Steurer (2006) argued that, to date, stakeholder literature has placed much emphasis on the role and impact of business. He segmented the literature according to the following premise:

The corporate perspective focuses upon how corporations deal with stakeholders, the stakeholder perspective analyses how stakeholders try to influence corporations and the conceptual perspective explores how particular concepts such as “the common good”, or sustainable development, relate to business–stakeholder interactions. (p.56)

Further to this, he suggested that the stakeholder perspective has been largely underdeveloped. Looking to clarify how stakeholders understand CSR while engaging with BED Co, this chapter reflects on stakeholder representatives’ viewpoints regarding CSR conceptualization and motives, and the areas that, according to them, require further consideration. The choice of stakeholder groups approached for this part of the empirical research resulted from the data analysis that has been conducted in the previous chapter. More specifically, as the aim of the thesis is to explore the negotiations that take place between stakeholders and BED Co and to look for collaborative CSR actions, only those stakeholders that actively engage in discursive CSR events were approached and invited to participate in the research. Therefore, data were obtained from semi-structured interviews with stakeholder representatives and minutes of stakeholder meetings. Due to the principles of confidentiality and anonymity, stakeholder identities are not included in this research.

Examined through Fairclough’s critical discourse approach, the triangulation of data resulted in a number of themes that illustrate stakeholders’ viewpoints on the examined topic. In general, the findings suggest that stakeholders understand CSR as a combination of ethical and instrumental business goals. Therefore, the motives behind CSR practice revolve around business planning, meeting stakeholder interests and shared value creation. Interestingly, the role of political pressures is, according to stakeholders, the dominant motivation for BED Co to
practise CSR. In this regard, there is a series of lessons to be learnt that could facilitate stakeholder engagement.

To sum up, this chapter contributes to a holistic understanding of the conceptualization, interests and negotiations undertaken to share the construction of CSR as a meaningful reality. The following section examines CSR conceptualization.

6.1 CSR conceptualization

The section begins by examining how CSR is conceptualized by stakeholder groups. The analysis has focused on two dominant and clearly opposing repertoires that emerged from interview data and meeting minutes: CSR as a contribution to stakeholder welfare and CSR as an instrumental business practice. Both repertoires are examined through a critical discourse analysis lens. Therefore, all extracts are examined at the textual, discourse practice and social practice levels.

6.1.1 CSR as a contribution to stakeholder welfare

CSR has been predominately conceptualized as an ethical responsibility of organizations to contribute to societal welfare. The keywords and phrases that build this repertoire were “wanting to go out and find communities”, “responsibilities regarding their local community”, “listen to its customer”, “looking after society”. In the following extract, CSR is used to demonstrate the complexity and ambiguity of socially responsible business behaviour:

Interviewee 19: It’s hard to define CSR but it’s easier to break it down to categories. First of all environmental impact ... But then you can move on community impact ... It might be something bigger than that; might be inspiring the future, learning and education and working with young people anyway ... But there are definitely trends in CSR. For example what is the sexiest thing to be sponsoring or promoting at the time? And that is another reason why it is hard to define CSR, because it is changing.

The first part of the extract illustrates the complexity of the CSR notion that is clearly pictured in the following phrases “hard to define” and therefore “it’s easier
to break it down to categories”. The complexity of the ethical commitment is explained further and segmented into the following aspects: environmental, societal, mentoring and inspiring others. Therefore, there is a growing need to take a holistic approach to the broader impact that an organization has on its stakeholders. On the contrary, the extract implies the complex and often unclearly developed directions that an organization should take when planning a CSR agenda. The last part of the extract suggests that CSR is shaped by trends and circumstances. In this respect, CSR is a social movement that is continuously evolving, i.e. what is considered to be socially responsible is socially constructed. This thesis thus argues that a key element of a successful CSR agenda is market compatibility. This argument reflects Schoemaker & Jonker's (2006) suggestion that CSR should be in line with the business and the market paradigm and thereby bridge organizational processes with the community. In doing so, the ability to interact with communities gives organizations the opportunity to ‘read’ through social values, norms and expectations and organize their CSR actions accordingly.

In this respect, the following extract illustrates the role and importance of community engagement in CSR:

Interviewee 20: For me it’s always been about the organization wanting to go out and find communities rather than communities grappling around trying to find an organization to work with them. And I think that’s probably the major positive for me because it’s much easier to find a community group to work with than it is to find an organization to work with.

The first part of the extract highlights the voluntary nature of CSR. This idea relates to previous researchers’ (Barnett 2007; Carroll 1979; Manne & Wallich 1972; Steiner 1975) arguments for the volitional nature of CSR. According to them, social responsibility should give a new, voluntary orientation to business activities. Carroll (1979, p.500) referred to these responsibilities as discretionary and noted that “the decision to assume them is guided only by a business’s desire to engage in social roles not mandated, not required by law, and not even generally expected of businesses in an ethical sense”. Therefore, the respondent
understands community engagement as a business philosophy that drives ethical decision-making.

The second part of the extract demonstrates the respondent's concerns about the challenges that communities face when looking for corporate challenges. Working for a city council, she represents the voice of the communities. Community engagement is a recently introduced term that describes organizations' obligation to act responsibly to the communities (Aguilera et al. 2007; Barnett 2007; Harris 2007; Tsang et al. 2009). As the respondent mentions, “it's much easier to find a community group to work with than it is to find an organization to work with”. I strongly argue that if an organization is to engage with a community it should be able to identify an opportunity arising from the involvement. In addition, this thesis argues that community engagement benefits are twofold: first, communities benefit from corporate contributions of goods and services. At the same time, while organizations respond to stakeholder expectations they gain support and recognition from their environment (Fairbrass 2006; O’Riordan & Fairbrass 2008; Payne & Calton 2002). Meanwhile, evidence from the stakeholder meetings demonstrates BED Co’s strong commitment to building on strong relationships with regional community groups who affect or are affected by the organization. These groups range from vulnerable customers to educational institutions, and youth and environmental groups. This is in line with Freeman’s (1984) definition that examines stakeholders as “any group or individual who can affect or [be] affected by the achievement of an organisation’s objectives”.

The following extract captures stakeholders’ belief that organizations are responsible for listening to customers’ voices:

*Interviewee 22: I know it will mean different things to different people, obviously. For us, it's about the company having that responsibility to almost listen to its customer ... A huge part of our organization is working with adults, social care and vulnerable young people as well, so we actually almost are a sounding board for them so we listen to the public's concerns and share that with them and we can obviously give a perspective as to how those issues can be addressed ... but at the same
time we see it as a bit two-way so that they’ll actually talk to us and say, well, how best we can work with them in order to make things better.

The respondent expressed his personal view “about the company having that responsibility to almost listen to its customer”. According to his statement, CSR is as socially constructed a notion as stakeholder communication. The respondent presented his view from a professional perspective when he referred to the city council’s role to work “with adults, social care and vulnerable young people”. In this instance, the respondent has made a connection between the city council, which has the role of a transmitter, and BED Co, which has the role of a receiver. The message that they deliver on behalf of “adults, social care and vulnerable young people” is relevant to the latter’s concerns. The data gives support to Cappriotti’s (2011) definition of strategic CSR as:

\[\text{a tool to facilitate and promote the collaborative building of CSR: establishing dialogic communication channels among the organization and its stakeholders to ask about the stakeholders’ needs and what the corporate responsible behaviour should be, at the same time stimulating participation and collaborative decision-making about CSR issues.} \text{ (p.373)}\]

The respondent linked CSR with two-way communication, the outcome of which should be a collaborative relation that looks at “how best we can work with them in order to make things better”.

Similarly, CSR serves as the mediating mechanisms that organizations can use to educate stakeholders:

\[\text{Interviewee 24: [R]egarding a CSR perspective, it’s about educating people. It’s about a company looking outwards, looking at their responsibilities regarding their local community, the safety of what they do, the perception of what they do ... I’m sure it’s multi multifaceted.}\]

In this instance, the respondent has clearly related CSR to “educating people”. Therefore, CSR provides the opportunity to organizations and stakeholders to engage in educational activities that aim to look at organizations’ “responsibilities regarding their local community, the safety of what they do, the perception of what they do”. The respondent suggests a dynamic environment of public discussion through which participants are encouraged to participate in open dialogue. This view is in line with Habermas's (1990) discourse ethics that suggests that communications must have a deliberative environment where all parties have the
opportunity to speak, free from relations of power and constraints. The participant’s view can be also related to lifelong community learning, as a:

continuous process for each human being of adding to and adapting his or her knowledge and skills, and his or her judgment and capacities for action. It must enable people to become aware of themselves and their environment and to play a social role at work and in the community at large. (UNESCO 1996)

Similarly, Chapman & Aspin (2000) argued that:

there is a wide acceptance that people engaging in educational activities are enriched by having their view of the world and their capacity for rational choice continually expanded and transformed by increasing varieties of experiences and cognitive achievements that the lifelong experience offers (p.20).

Therefore, I strongly argue that the benefits of CSR, when examined from an educative point of view, are multifaceted. The two-way relationship has the power to contribute to individual, communal and organizational growth with discourse participants ranging across the stakeholder arena, and former marginalized groups, such as vulnerable people, also participating. Data from BED Co stakeholder meetings support this argument and provide evidence of vulnerable-group representatives participating in the meetings.

As the following extract demonstrates, CSR activities should aim to meet societal expectations, and therefore consider all affected parties’ needs:

Interviewee 21: Corporate social responsibility isn’t about looking after our customers, it’s about looking after society. In fact, it shouldn’t just be about looking after your customers, because it’s sort of looking after ourselves really, isn’t it? If you want to be socially responsible you should look at the wider world out there.

Unlike in other extracts, the respondent preferred to describe what CSR should not be, rather than concentrating on what it is. To him, CSR is a combination of activities that aim to promote society’s welfare rather than just that of customers. His argument contradicts the idea of instrumental CSR by stating that looking after customers, is “sort of looking after ourselves”. He indirectly criticizes corporate actions that look to benefit the organization by hiding behind labels.
such as CSR or sustainability and in doing so decries greenwashing. The
question tag used at the end of the sentence has been used to emphasize his
claim and looks for confirmation.

“CSR as a contribution to stakeholder welfare” has largely been used to construct
CSR as an ethical behaviour, designed to primarily benefit social actors. The
analysis demonstrates that stakeholders expect organizations to distinguish
between instrumental and discretionary activities and think beyond capitalistic
interests. The findings conform to Habermas's (1984) notion of communicative
actions whilst also contradicting strategic actions that look to “achieve success
by overcoming another actor’s position” (Kelly 2000, p.226). The next theme
presents CSR as an instrumental business practice.

6.1.2 CSR as an instrumental best practice

This repertoire has been presented as a contradiction to the previous repertoire
and demonstrates stakeholders’ cynicism about the naivety of CSR practice. This
repertoire examines stakeholder representatives’ perceptions of CSR as
“proactive public relations”, “good PR”, “marketing and branding” and also a
“creative way of being more profitable”. The next extract demonstrates the role of
CSR in building a good reputation:

Interviewee 30: It’s good for them to show that they are working in
collaboration with organizations like us because it puts them in a good
standpoint and makes the public think that they are not just thinking about
money. But it makes people happier and they feel much more trusting if
they see that they’ve got this bigger responsibility than just getting
electricity in the houses. I think it’s good PR.

The first part of the extract demonstrates the impact that collaborative CSR
decision-making could have on the company’s public image. As the respondent
claims, socially responsible behaviour “puts them in a good standpoint”, with
“them” referring to organizations. To him, a good standpoint is one that “makes
the public think that they are not just thinking about money”, “makes people
happier” and also helps companies to be seen as “much more trusting”. This view
is in line with the instrumental perspective that sees CSR practice as improving
stakeholder perceptions and therefore qualifying an organization as socially responsible (Gond et al. 2007). Further to this, it enhances control over stakeholders’ behaviour and minimizes scepticism, and thus gives companies the “licence to operate” (Kuhn & Deetz 2007). This thesis argues that, while positive outcomes of socially responsible behaviour are considered desirable, any approach that focuses on the instrumental value of CSR is highly criticized.

In a similar vein, the next extract examines the instrumental role of CSR, through the lens of the industry’s ‘invisibility’:

Interviewee 19: In a sense it is marketing because it is branding, it is putting yourself in front of the public. BED Co is a not customer-facing organization, so for them is much more difficult to promote themselves. People don’t ever get in touch with them unless there is a blackout. So people only have a negative impression of them. By doing things like this they can really show “we are a great company ... we are creative”.

The respondent defines CSR as a sophisticated marketing tactic that can put the company “in front of the public”. While her understanding does not directly relate CSR to profitability, it is construed as branding. As Frederiksen & Nielsen (2013) explained, CSR can potentially build up legitimacy and improve reputation in the eyes of stakeholders. Noting that the DNO sector is almost invisible in the eyes of consumers, they find it “difficult to promote themselves”. However, operating in a monopolistic economy their actions are not driven by market goals. Therefore, marketing and branding are not intended to increase the company’s market share but to improve reputation and minimize negative publicity. This is in line with the understanding of the respondent who claims that “People don’t ever get in touch with them unless there is a blackout. So people only have a negative impression of them”. In this respect, CSR is a creative, instrumental tool that relates to business practice.

CSR as a creative business tactic is also discussed in the following extract and related to profitability:

Interviewee 29: It is a creative way of being more profitable and just sort of selling something to somebody. They are selling an idea to somebody instead of an actual item or service ... I totally appreciate that they may be
receiving incentives from Ofgem to do it but that doesn’t bother me because I get something out of that relationship and ultimately I find it is a very idealistic type of an outcome for us.

The notion of creativity in the first sentence of the extract is made equivalent to “selling an idea to somebody instead of an actual item or service”. The idea that the respondent refers to is a socially responsible business profile that can enhance corporate reputation. This is in line with Idowu et al. (2010), who claim that CSR can not only add value to a broad range of stakeholders but also influence their perceptions. Bearing in mind the role of BED Co in the electricity industry and its almost ‘invisible’ position in the market I argue that their target audience is not customers, but Ofgem (further discussion on the political driver of CSR can be found in section 6.2.1). Therefore, the respondent understands CSR as “an investment in a company’s future” (Fombrun 1996; Falck & Heblich 2007) as it influences decision-makers’ perceptions through the construction of a responsible brand image.

The second part of the extract gives space to the idea of risk mitigation and the power of mutual benefits. Interestingly, while the respondent seems to acknowledge the instrumental motive of CSR, he argues that it “doesn’t bother me because I get something out of that relationship”. His argument is a confirmation of previous studies that claim that a careful selection of CSR activities that are in line with stakeholder expectations (Maignan & Ferrell 2004) can act as a powerful instrument that favours a quality stakeholder–company relationship (Waddock & Smith 2000).

Thus, CSR can be a proactive public relations tool that can contribute to the wealth of a company (Donaldson & Preston 1995):

Interviewee 20: For me it’s the more on-the-ground delivery, I want to say touchy-feely, almost public relations but actually proactive public relations or doing something, delivering something, giving people what they want.

In this text, the respondent has strongly illustrated the role of CSR as a PR tactic. Her understanding of the notion is equivalent to “touchy-feely, almost public
relations”, which represents an almost manipulative role of CSR that seeks to affect people’s emotions. In addition, the phrase “proactive public relations or doing something, delivering something, giving people what they want” represents the role of PR in communicating CSR to external stakeholders. Her statement stresses the core role of communication in CSR practice and the exchange of information. In doing so, this extract puts emphasis on the strategic discursive events as a means to building reputation and legitimacy. In this context, CSR is interpreted as an instrumental tool, employed to benefit corporate goals.

This section examined the dominant themes that have emerged in terms of how stakeholders understand CSR conceptualization. The analysis found that stakeholder perceptions are polarized into two main themes that examine CSR “as a contribution to stakeholder welfare” and also “as an instrumental business practice”. The big gap between the two groups of perceptions can be explained through Bhattacharya et al.’s (2008) arguments. First, stakeholders evaluate CSR initiatives based on the relation of the outcomes to the set objectives. Therefore, if a CSR action resulted in the intended outcomes, then they would perceive it highly. Second, stakeholders tend to emphasize poor CSR performance. In this respect, stakeholders tend to understand CSR as either “black or white”. Therefore, this thesis argues that DNOs should pay attention to the “roots” of scepticism and the actions that should be taken to protect their reputation. While promoting economic benefits is an acceptable CSR outcome, organizations should look to clearly link their initiatives with benefits that satisfy stakeholder expectations. This thesis argues that stakeholders’ CSR interpretations would greatly influence their perceptions of the drivers and, also, their confidence and willingness to collaborate towards the co-creation of value.

6.2 CSR drivers

This section illustrates the motives that encourage CSR, as seen through stakeholder eyes. Data were collected from semi-structured interviews with stakeholder representatives and were also triangulated with observation data. The repertoires that describe the CSR forces are organized as follows:
Looking to examine how naturally occurring language is used to explore CSR drivers, this section uses Fairclough’s critical discourse analysis approach. As such, the analysis considers textual, discourse and social elements to unveil the production, interpretation and consumption of texts.

6.2.1 Repertoire: CSR for political compatibility

There has been growing attention paid recently to the role that governments play in driving CSR (Moon 2004). Governmental initiatives were initially introduced by the UN Global Compact and the European Commission (Albareda et al. 2008) and sought to encourage a greater sense of CSR. CSR for political compatibility is the dominant factor that, according to this research’s participants, contributes to the changing role of DNOs in society. The keywords and phrases that support this repertoire revolve around “pressures from Ofgem”, “required to do it by the Government” and “main driver is legislation”.

The following extract relates the significance of regulatory intervention in monopolistic economies and CSR practice:

*Interviewee 25: I wonder, if we didn’t have any regulatory intervention how much they would invest and I think it helps them to focus. There’s been a lot of underinvestment in the industry for a long time, there’s a lot of underinvestment before privatization and then once it was privatized and they started spending a lot of money in the structure, still there was no catch-up. Ofgem wasn’t there … So I think it is important to have the regulator. I don’t know how effective Ofgem are with, certainly, obviously the companies do have to comply, ‘cause it can affect the amount of money they get.*

The first sentence of the extract illustrates the dominant role of Ofgem in CSR practice in the DNO sector. The respondent understands CSR as a consequence of political pressures and raises concerns regarding the fate of CSR in the absence of regulatory intervention. Her concerns arise from the actual structure of the electricity industry in general and the DNO subsector in particular. She
takes a historical route to support her arguments by mentioning that “There’s been a lot of underinvestment in the industry for a long time, there’s a lot of underinvestment before privatization and then once it was privatized and they started spending a lot of money in the structure, still there was no catch-up. Ofgem wasn’t there”. In December 1990, both the distribution and supply electricity sectors were privatized, and major changes followed the restructuring (Domah & Pollitt 2001). Initially, the main focus of the reshaped DNO sector was the change of the nature of business due to the “underinvestment before privatization”. The respondent’s scepticism is thus an observation of past behaviour.

Similarly, the second part of the extract highlights the protagonist role of Ofgem in promoting CSR. However, the respondent is still sceptical about the regulator’s expertise in the topic. While she acknowledges the motivating role that the regulator plays, she is not convinced that Ofgem is qualified to organize CSR. Her concerns, though, can be interpreted in various ways. First, CSR is not only a new requirement for DNOs but for Ofgem as well. Thus, both parties are going through a learning process which inevitably entails challenges. Second, it was obvious during the interview that the respondent has been very sympathetic to BED Co’s efforts and also satisfied with their collaboration so far. Therefore, I argue that her concerns may arise from her interaction with the company and also her willingness to support them. Third, since she has been collaborating with BED Co for years on CSR stakeholder engagement, it has been obvious that she had done her own research and thus gained a sufficient background knowledge of the requirements. In this respect, she understands that BED Co has “to comply, ’cause it can affect the amount of money they get”. Thereby, the political driver and the financial incentives Ofgem provides to organizations are key elements in CSR practice.

Further to this, the next extract demonstrates the procedure that DNOs are expected to go through when referring their progress to the regulator:

*Interviewee 18: They all had to submit business plans as part of RIIO and only one company had their business plan fast-tracked, and all the other*
five companies were told, no, there are problems with your business plan; you need to go back and rewrite it and you’re going to be slow-tracked, and we all went, oh, this is so ironic. In our world they are the worst company and in Ofgem’s world they are the best company ... I guess it’s a lot to do with how they were going to keep to budget and maybe from fuel poverty and smart meters.

In this extract the respondent challenges Ofgem’s criteria and “leadership” leagues, as these are produced under the regulator’s recommendations. DNOs are required to regularly submit a report to Ofgem that presents their progress and the stakeholder engagement they have conducted as well as their future plans (OFGEM 2014). Their proposals are examined and ranked accordingly by an independent panel that is recruited by the regulator annually. The respondent’s concerns arise from the opposing interpretations concerning which company should have been ranked first, based on how robust and clear its CSR submission was. To her, the outcome of the assessment “is so ironic. In our world they are the worst company and in Ofgem’s world they are the best company”. Her concerns illustrate the relativist understanding of a “sufficient” CSR approach. On this note, I strongly argue that, while Ofgem is using a soft form of intervention to shape CSR practice, the evidence has shown that the negotiations between the regulator and DNOs result in confusing messages. Further to this, evidence from the ISF has shown that, while BED Co follows a structured stakeholder engagement plan that they negotiate with stakeholders, they are usually concerned about Ofgem’s opinion of their approach. This is in line with the literature (Porter & Kramer 2006):

> While rigorous and reliable ratings might constructively influence corporate behaviour, the existing cacophony of self-appointed scorekeepers does little more than add to the confusion. (p.3)

Thereby, the nationalization of CSR activities as well as the relations of power and hegemony between Ofgem, DNOs and stakeholders addresses the allocation of tasks, responsibilities and leading positions on the ranking scale. In this respect, this thesis argues that the development of CSR is multifaceted in nature and dependent on political, economic, cultural and social aspects of power.
The constantly increasing attention that CSR is gaining is shaped by the national momentum for energy transformation:

*Interviewee 20: Nationally, obviously energy is a very hot topic, I think there’s a lot of pressure from the likes of Ofgem and the government and politicians and politically I think there’s a lot of push on fuel poverty particularly.*

The respondent concentrates on the changing UK energy landscape and the pressures resulting from political stakeholders. Her understanding of the CSR drivers relies on the government targets to change the way energy is being produced and consumed in the UK by 2050. The government has set a framework to provide a low-carbon, secure energy system by 2050 (DECC 2013). Therefore, it is essential for energy consumers to be aware of the implications and the steps that should be taken to achieve the target goals. In this respect, “there’s a lot of pressure from the likes of Ofgem and the government and politicians and politically I think there’s a lot of push on fuel poverty particularly”. Interestingly, the respondent refers not only to pressures coming from Ofgem but also to those from “the government and politicians”. This is in line with this thesis’s prior argument that understands Ofgem as working in line with the Department of Energy and Climate Change. In addition, it meets Henderson’s (2001, p.28) statement that organizations are expected to “play a leading part in achieving the shared objectives of public policy and making the world a better place”. In this sense, there is a shift from the model of strict, hierarchical regulation to a more network-oriented co-regulation (Kooiman 1993; Kooiman 2003; Rhodes 2000; Rhodes 1997).

The last part of the extract names the addressing of fuel poverty as a key target of the government. Since 2001 the government has a legal obligation to work in partnerships with bodies such as Ofgem and Energy UK to cut fuel poverty (EnergyUK 2015). Further to this, one of the key aims of BED Co’s CSR agenda is to support fuel-poor customers. Therefore, the political driver plays a major role in setting organizational CSR agendas that are aligned with complicated national issues.
Acknowledging the dominant role of politics in CSR planning, the following extract recognizes the governmental tools employed to reassure organizational support:

\textit{Interviewee 21: Well, as far as I know, it was legislation. They were required to do it by the government. What happened was, the government created legislation to reinforce this idea of looking after your customers.}

Consistent with the previous extract, the above demonstrates legislation as a strong incentive for energy companies. As the respondent explains, energy companies “were required to do it by the government”. His viewpoint entails some form of cynicism regarding the actual motivations and intentions of energy organizations to voluntarily engage in CSR. However, as McWilliams & Siegel (2001) claimed that the ‘voluntary business contribution to sustainable development’ starts where the legal framework ends. Therefore, it could be argued that, while governments are looking to play an active role in shaping the new CSR governance, they are simultaneously looking for support from the private and civil sector through which “CSR is not simply a feature of the new global corporation but is also increasingly a feature of new societal governance” (Moon 2007, p.302). The respondent’s cynicism is also depicted in the phrase “reinforce the idea”, which gives the impression that organizations had no choice but to comply with the law that requires them to acknowledge customers’ interests. The implications related to the new organizational role are that companies should now not only work towards meeting business goals but at the same time undertake a more social role.

Examined from Ofgem’s point of view, the following extract depicts the voice of the regulator and illustrates the factors that drove a more structured, regulatory intervention:

\textit{Interviewee 27: I don’t think they would. There’s no natural way, it requires a redirection of resources to be able to do it. Maybe some of them would, but I don’t think we could rely upon it, expecting a monopoly company to be more dynamic, I don’t think that’s what people invest in.}

The respondent holds a senior position in Ofgem and is responsible for managing the distribution policy. To him, Ofgem’s active role in shaping and promoting CSR in the DNO sector is mandatory because this is the only way to introduce a new thematic area. The main factor that would make him suspicious if DNOs were
willing to engage in CSR is that it “requires a redirection of resources”. His view is in line with Friedman’s (1970) argument:

\[
\text{[T]he doctrine of “social responsibility” involves the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to alternative uses. (p.1)}
\]

As such, his viewpoint stems from neoclassical influences and raises questions over the freedom that the governmental intervention allows. In addition, Horrigan (2010) stated that

\[
\text{Legitimating the redirection of resources from shareholders to enable social engineering by directors (if that is a correct characterization) undermines free enterprise and obliterates the dividing line between business and politics. (p.93)}
\]

To further support his argument, the respondent refers to the monopolistic conditions under which BED Co operates. He claims that, due to the privilege DNOs enjoy of guaranteed stability of their market share, they would not try to “be more dynamic”. While his statement does in fact capture the dynamics of the sector, he seems to ignore the fact that the privatization of the sector has been the result of previous governments. On this note, I strongly argue that the relationship between public, private and civil sectors is itself a factor securing power and hegemony.

Further to this, I argue that, while the UK government is one of the frontrunners in European CSR (Moon 2005), it is driven by transnational drivers and thus looks to provide organizations with policy frameworks that support CSR, as the next extract demonstrates:

\[
\text{Interviewee 30: The cynic self inside me says that their main driver is legislation. Wildlife has started being more protected especially though the EU ... And hopefully they start to think away from the legislative side and think that actually this is the right thing to do and they can actually save money. If it didn’t make sense moneywise they probably wouldn’t do it.}
\]
The respondent refers to the role that the EU plays in protecting wildlife. While he acknowledges the role of national legislation in promoting CSR, he understands that there are pressures coming from the EU that force socially responsible actions. Therefore, he understands CSR as a non-voluntary approach such that “the government has a role to play in setting standards in areas such as environmental protection, health and safety and employment rights” (BIS 2009).

Further to this, he claims that in order for organizations to engage in CSR they should be able to identify the triple bottom line principle (Elkington 1994). Given that the primary aim of business is to maximize profit, the respondent states that, unless there is a benefit behind the area of focus, whether this be legitimization or profit maximization, organizations will not engage.

This section has presented stakeholder representatives’ strong perspective that political drivers are the dominant motive for CSR. The repertoire explained that stakeholders understand regulatory intervention as being mainly due to companies’ reluctance to act beyond business as usual. This thesis argues that CSR is subject to political controversies. I argue that the selected CSR themes on which DNOs are encouraged to concentrate address the instrumental areas that the UK government is committed to tackling as a transfer from EU commitments. In this respect, the initiatives provided by Ofgem are the ‘carrots’ that hold the civil, public and private sectors together in seeking similar goals. As research findings suggest, apart from being a form of triple bottom line management, CSR is a political concept that changes over time and adapts to current political objectives.

The following repertoire examines CSR drivers through the proactive business lens and emphasizes the instrumental role of the concept.

6.2.2 Repertoire: CSR for proactive business practice

This section concentrates on CSR as a tool that can be used to manage present and future relationships between BED Co and its stakeholders. Examined through the eyes of stakeholders, the CSR for proactive business practice repertoire describes the interest of BED Co in learning through interaction with stakeholders. This interaction enables the exchange of information and also
helps organizations to gain support from their environment (Chang 2015). Keywords and phrases that support the repertoire revolve around “proactive CSR stakeholder engagement”, “saving themselves”, “experience” and “worthwhile exercise for them”.

The following extract presents Ofgem’s viewpoint on the motivations that drove the regulator to formalize CSR stakeholder engagement:

*Interviewee 27: Getting the DNOs to recognize that they need to be proactive on the CSR stakeholder engagement, but not to try just to react to what minimizes the impact on them but to proactively shape what it needs to look like, and also getting them to recognize that on some issues collectively they have more leverage than they do individually. It’s not a competition, you can work together.*

The respondent shared his experience about the challenges that the regulator faced when DNOs were first asked to adapt to the newly introduced notion of CSR stakeholder engagement. As he mentioned, up to then DNOs were only likely to react to actions that could possibly affect their interests, rather than act proactively. His understanding of proactive and reactive CSR matches that of Maignan & Ferrell (2001). To them, proactive CSR asks organizations to go beyond laws and regulations and introduce philanthropic and discretionary (Carroll 1991) actions to their agendas. Therefore, motivating organizations to combine reactive and proactive CSR entails a commitment to change. As previous researchers argued (Fiol 1991; Schein 1992), the pattern that drives organizations to define expected standards and develop learning that can potentially support them adopt to new expectations is organizational culture. Additionally, organizations engage in socially responsible practices if their culture sets the incentive that can promote change (Campbell 2007; Parboteeah et al. 2010). Therefore, I argue that the shift from reactive to proactive CSR is a challenging process that requires dedication of time and resources.

Bearing in mind that CSR stakeholder engagement has only recently been introduced, I argue that DNOs lacked the capabilities needed to implement successful CSR. In response to this, the respondent claimed that one of the challenges has been to get DNOs “to recognize that on some issues collectively
they have more leverage than they do individually”. Nonetheless, with CSR being a driving force of organizational practices (Gallego-Álvarez et al. 2011) one could argue that collaborative networks could compromise innovation and praise isomorphism. Interestingly, while Ofgem expects DNOs to submit innovative and robust reports that respond to local and contemporary stakeholder interests, according to the respondent the process that they expect them to participate in is “not a competition, you can work together”. On this note, I argue that CSR collaboration in the form the respondent suggested may put DNOs’ competitiveness in risk.

In contrast, the following extract described CSR stakeholder engagement as an opportunity for BED Co to get tailored advice from “experts”:

Interviewee 24: Being on the stakeholder panel, it was quite obvious that all the different external stakeholders brought a very different perspective to that meeting. And I think they must have got quite a lot out of that, because we were all experts in our own field ... And you get stuck in this corporate bubble, but you only speak corporate, and you talk about your customers, but you don’t necessarily talk to your customers. So I think, obviously, it must have been a very worthwhile exercise for them to have a very different perspective, really.

The phrases “it was quite obvious that all the different external stakeholders brought a very different perspective”, “we were all experts in our own field” and “it must have been a very worthwhile exercise for them to have a very different perspective, really” demonstrate the respondent’s strong belief that stakeholder meetings have been introduced to primarily support BED Co with CSR planning. To her, stakeholder dialogue helps the organization to prioritize and understand stakeholder demands and opinions and therefore develop strategies that correspond to them. In this context, the respondent’s argument “you talk about your customers, but you don’t necessarily talk to your customers” corresponds with Jonker & Nijhof's (2006) claim that a weak form of engagement is a “one-sided ‘monologue’ initiated and controlled by the organisation” (p.457). On the contrary, the respondent’s implies that stakeholder interaction should:

be a better understanding of the ways in which organisations experience strategic repositioning through the processes of dialogue and engagement. (Burchell & Cook 2012, p.507)
In a different extract, CSR as a proactive business practice is used to construct CSR as a tool to prepare stakeholders for future threats:

*Interviewee 19: One other thing that is very important to them is the deficit of the young people that study technology, engineering and maths subjects. The problem is that in a few years’ time there is not going to be anyone with the skills and qualifications that they need to employ. So by getting involved in public engagement they can hopefully inspire young people to go and study those subjects. So hopefully it’s like saving themselves.*

The respondent referred to the UK's shortage of engineers and warnings from the Royal Academy of Engineering that the pool of science, technology, engineering and maths (STEM) graduates is shrinking (Harrison 2012). This is clearly presented in the following statement: “*The problem is that in a few years’ time there is not going to be anyone with the skills and qualifications that they need to employ*”. In this respect, the respondent understands CSR stakeholder engagement as an opportunity for BED Co to inspire people and to attract future workforce members. Proactive business planning is thus illustrated through the phrase “it’s like saving themselves”. Therefore, the respondent claims that CSR stakeholder engagement is an effective platform through which BED Co can invest in proactive business planning.

Similarly, the following respondent described the collaboration she had with BED Co as a programme with multifaceted business opportunities:

*Interviewee 25: I see the programme very much in sort of three sections. You’ve got your curriculum, which is enhancing the science ... Then you’ve got a programme, where you’re raising awareness of the industry, particularly BED Co, teachers included ... So raising awareness of the company: what we do, how we’re responsible for keeping the lights glowing, how we’re responsible for that network and how we’re trying to, like, look to the future with that network ... So you’ve got that and then your third part of that network can ensure that the children learn about pylons, wooden poles and trying to keep them safe. So the safety part fits in with the regulatory direction ’cause the company has to show children and young people how to stay safe. But then there’s opportunities for other messages round things like sustainability and energy efficiency ... I don’t like using public relations, but you actually are raising awareness with the*
public of the company, who we are, what do we do, and establishing, if you like, the green credentials as well. And then you’ve got the curriculum, which I see very much as sort of the skills development.

The respondent referred to the educational programme she has been working on with BED Co as an initiative that looks to proactively fulfil various issues. According to the respondent, the outcomes of the initiative are multifaceted and distinguished as primary and secondary. The primary goals are “enhancing the science”, “raising awareness of the industry, particularly BED Co”, “keep[ing] [children and young people] safe” and also “skills development”. Further to these, the organization can benefit from building “sustainability and energy efficiency” awareness. In this regard, the extract is in line with past research (Bhattacharya & Sen 2004; Brown & Dacin 1997; Fombrun 2005; Sen & Bhattacharya 2001; Schnietz & Epstein 2005) that demonstrates how CSR can enhance reputation and affect stakeholder intentions. It is thus clear that a single collaboration may result in a number of opportunities for the organization and could support it in meeting short-term and long-term goals.

In the last part of the extract the respondent demonstrates her intention to protect the organization’s profile by promptly suggesting that she does not like to be “using public relations, but you actually are raising awareness with the public of the company: who we are, what do we do, and establishing, if you like, the green credentials as well”. On this note, I argue that the respondent raises concerns over her actual perception of the aims of the CSR collaboration. Interestingly, she replaced “public relations” with “raising awareness”. I therefore suggest that, while she might understand CSR initiatives as actions designed to meet public relations criteria, she refuses to rely on the term to protect the company’s reputation.

In contrast, another participant clearly referred to the CSR stakeholder meetings as events that primarily focus on how to proactively tackle organizational aims:

Interviewee 22: We’ve been having good dialogue at the stakeholder meetings and we had to share a lot of our ideas across all the different organizations that sit on that group but it has been topics for them rather than for us, so I feel that we haven’t benefited too much yet but they have ... I don’t think a lot of people know they exist. A lot of people, for example, when their electricity goes off, they don’t know how to contact BED Co ...
So I think that they rely very much on us, to be the voice of the public because I don’t think they feel there is any other way they can be.

The respondent demonstrates a strong assurance that CSR is largely pursued based on business goals in particular. In doing so, he affirms that CSR stakeholder engagement meetings are organized to benefit the company. The respondent presents group meeting as resource generation events that add value to the organization’s future planning. To support his claim, he refers to the subsector’s ‘invisible’ profile to illustrate the significance of organization–stakeholder interaction. Therefore, CSR in this context is an illustration of strategic business planning that can enhance the decision-making process and improve the company’s profile.

At this point, it is worth referring to the impact of increased electricity consumption on BED Co’s operations. The extract below highlights the interconnected relationship between consumption trends, network infrastructure and proactive CSR stakeholder engagement:

Interviewee 20: They know we know new technologies are going to make the whole network need some sort of upgrade and that’s going to cost a lot of money. I think BED Co are very mindful of the fact that we pay for that, I think they’re very mindful of the fact that bill payers don’t know that they’re paying for it and it’s like almost a hidden cost that you don’t really look at, most people don’t really think about it. So I think I get the impression that they’re mindful that actually customers are paying for this and even though they don’t have direct contact with customers I think that they know that they have a responsibility to customers to give them a good deal.

The first part of the extract provides reasons why BED Co engages in CSR stakeholder interactions. As the respondent clarifies, modified consumption patterns are expected to affect the electricity network and consequently the company’s operations. As a consequence, “that’s going to cost a lot of money”.

On this note, CSR stakeholder engagement looks to proactively tackle two interrelated goals. Firstly, the costs of the upgrade of the network will inevitably be passed on to electricity bills. Therefore, consumers will experience a substantial change in their liabilities. At the same time, since DNOs are behind the scenes in the industry, it would be difficult for consumers to identify the source of the increase. Therefore, stakeholder engagement helps organizations to i)
improve image identity, and ii) proactively prepare stakeholders for the forthcoming changes. In this regard, stakeholder engagement serves future organizational goals. Research has indicated that, while stakeholders respond positively to proactive CSR initiatives, they seem sceptical of reactive CSR (Becker-Olsen et al. 2006; Wagner et al. 2009). Similar behaviours capture the potential or capability of another action (Dean 2012), which, according to Foucault (1982, p.220) is translated into power, i.e. a “way of acting upon one or more acting subjects by virtue of their acting or being capable of action”. Therefore, CSR stakeholder engagement, as presented in the above extract, supports specific interests that enable or avoid various actions.

In this analysis, the proactive business planning repertoire emerged from transcripts of interviews with stakeholder representatives. The literature (Wagner et al. 2009) reveals that organizations that engage in CSR practices have the opportunity to proactively distribute information to a wide stakeholder spectrum and prepare the foundations for planned action. This is particularly useful for organizations such as electricity companies that often have to confront bad publicity and negative stakeholder reactions.

The following repertoire identifies CSR for shared value creation as a dominant motive for organizations to pursue CSR.

6.2.3 Repertoire: CSR for shared value creation
Porter & Kramer (2006) discussed the impact of interdependence between an organization and society and raised concerns over the role of shared value creation. They examined the idea through a strategic management lens and argued that “a company must integrate a social perspective into the core frameworks it already uses to understand competition and guide its business strategy” (p.5). The CSR for shared value creation repertoire examines stakeholder perspectives on the mutual dependence of the private and civil sectors and illustrates their understanding of meaningful benefits for the organization and society. The keywords and phrases that build this repertoire concentrate on the “win–win” and “winner” elements. The following extract illustrates the idea of shared value creation through their engagement with BED Co:
Interviewee 20: For me it’s a win–win project because it does what I want it to do in the energy side of it and getting the advice out there. It does what the community groups want to do because they’re all interested in carbon saving and looking after the planet and it does what BED Co want it to do because it extends the lifespan of their network ... It’s very much the government are interested in, it’s the way we want to work and it’s a real feel-good project, it’s a real win/win.

The respondent describes the role of CSR as a mechanism that creates the potential for company-favouring outcomes and satisfies stakeholder interests. In referring to CSR practice, she names the stakeholder groups that are being affected by the energy-saving initiative she has been working on with BED Co. According to her, the parties involved in the initiatives are community groups, the planet and the government. As far as the company-favouring benefits are concerned, the action “extends the lifespan of their network” and therefore minimizes the costs of maintenance. It is thus evident that CSR generates returns to the organization and stakeholders. Further to this, the respondent claims that “it’s the way we want to work and it’s a real feel-good project”. Therefore, when stakeholders understand CSR in the same way as the organization and are able to identify beneficial outcomes then the relationship is built on strong foundations. Maignan & Ferrell (2004) suggested that strong stakeholder bonds are dependent on the range of interests that are met. Similarly, the stakeholder theory proposes that the long-term sustainability of an organization is dependent on the sustainability of stakeholder relationships (Donaldson & Preston 1995; Freeman 1984). Therefore, CSR initiatives provide the nexus of relationships between the organization and its stakeholders with the goal of mutual benefits.

Similarly, the following respondent presents his own understanding of the above-mentioned initiative, as this derived from his experience while collaborating with BED Co and other stakeholders:

Interviewee 21: [T]he premise of the project was, they could spend a fortune on increasing the size, or upgrading that substation, but it would be millions of pounds. Or, they could talk to the customers, and try to get them to avoid using electricity between 4 o’clock and 8 o’clock, and that would reduce that peak and save the day. Now, obviously, that’s the common-sense approach, because it saves BED Co spending millions of pounds, it reduces consumption so it saves the customers money, and it protects the environment, everyone’s a winner, brilliant.
In this instance, the respondent presents two different scenarios that BED Co had the option to use when planning actions to tackle increased electricity demand. On one hand, BED Co could have chosen to upgrade the network. However, the prohibitive cost of the investment led the company to an alternative scenario. This second scenario introduces CSR stakeholder engagement as a solution to increased energy usage and aims to change consumer habits in order to improve both parties’ welfare. This is in line with Kotler & Lee’s (2005, p.3) definition of CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”. Therefore, BED Co used corporate resources to respond to a network failure, improve their relationship with stakeholders and obtain benefits and support for their organizational goals (Donaldson & Preston 1995). On this note, while I argue that the CSR initiative benefited stakeholder interests, its primary aim is questionable in terms of morality. However, since examining the morals and ethics that inform CSR decision-making is not part of this thesis’s scope, I will not elaborate further on that. What it is crucial to challenge, though, is how well received an action may be when benefits are easily identified by the project recipients. The literature (Barnett 2007) suggests that the ability of CSR to generate value relies on positive stakeholder relations. Similarly, others (Murray & Vogel 1997) have suggested that:

*The [CSR exchange] is one in which the firm offers something of value – typically a social benefit or public service – to an important constituency and, in turn, anticipates receiving approval and support.* (p.142)

Therefore I argue that, by linking CSR activities with stakeholder value, companies gain a competitive advantage.

As the following extract illustrates, being able to identify the creation of value for stakeholder interests may impact on stakeholder perceptions and willingness to engage in corporate actions:

*Interviewee 29: They need to demonstrate to Ofgem certain things and we are happy to allow them to do that, it makes them more profitable because they can apply for funding for these incentives but it also gains access for us to vulnerable people that we wouldn’t know about.*
In the extract, the respondent stated that, while he acknowledges that BED Co communicates its stakeholder engagement activities to the regulator and seeks a financial reward, somehow, due to the benefits stakeholders receive from the collaboration, they choose to ignore the instrumental nature of the initiative. As he notes, “we are happy to allow them to do that, it makes them more profitable because they can apply for funding for these incentives but it also gains access for us to vulnerable people that we wouldn’t know about’. However, the fact that this stakeholder accepts the financial benefits that the organization gains through their collaboration does not necessarily imply that all stakeholders will accept this. This is because:

socially responsible corporate behaviour may mean different things in different places to different people and at different times, so we must be careful in how we use the concept. (Campbell 2007,p. 950)

On this note, I argue that the perceived value of the benefits that derive from stakeholder engagement determines the willingness of the stakeholders to support instrumental goals.

The following respondent strongly argues that while as an institution, they are aware of the multiple benefits that the organization derives through the CSR initiative, they decide to overlook them because of the benefits they receive:

Interviewee 24: I’m not naïve to think that lots of companies are involved in collaborations with schools and other people, purely out of the goodness of your heart. A lot of PR comes out of it, and absolutely, they’re doing work with schools, which is really great, inspiring about engineers, and it has knock-on repercussions that you’re raising kids’ awareness … So, within CSR, there’s certainly win–win situations, and raising the awareness of people regarding what somebody does, it helps create a pipeline for future employees.

The respondent refers to the company’s intentions to pursue CSR as the nexus of organizational and stakeholder interests. She justifies her argument through a rather cynical approach and implies that traditional CSR is a fallacy. Her view is in line with previous research (Ahen & Zettinig 2015):
To suggest that CSR as hitherto employed by corporations is a great distortion, is a gross understatement. CSR and its use are not just superficial and distractive by nature but they also cloud the intended core message of responsibility of the firm in society, which is expected to be embodied in strategy and aligned with value creating operations. Traditional CSR, then, is a confusing cliche which cheats consumers and society at large. (p.94)

The respondent is thus cynical about any hints of altruism that relate to corporate actions and refers to CSR as a “create and protect shared value” principle. Further to this, she notes the relation between CSR and PR benefits. To her, the goal of CSR initiatives is not merely to concentrate on the ‘doing good’ outcomes but also the outcomes that follow socially responsible action. Examined through Pierre Bourdieu’s theory of social practice, van Aaken et al. (2013, 349) suggested that at a micro-level prosocial activities illustrate “social practices that individual managers employ in their efforts to attain social power”. I argue that in the above extract social power equals “inspiring about engineers”, “raising kids’ awareness” and “creating a pipeline for future employees”. This is also in line with previous research (Donaldson & Dunfee 1999) that argued that organizations meet societal expectations due to their interdependence with society. In addition, Post et al. (2002) claimed that stakeholders are valuable assets to organizations because they provide resources to the latter (e.g. customers and employees), form the industry structure and define the sociopolitical arena (e.g. communities and governments). For these reasons, their understanding of stakeholders relates to:

Individuals and constituencies that contribute, either voluntarily or involuntarily, to [the corporation’s] wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers. (p.8)

Likewise, the CSR for shared value creation repertoire is illustrated in the following extract as a blend of organizational and stakeholder interests:

Interviewee 18: They went out to the customers and checked that they would be prepared to see some of their electricity bill going onto this work... I think they felt then, well the government are telling us to do it, the customers are agreeing to it, it doesn’t hurt us, in fact it helps us, because obviously it’s great publicity for them; it raises their profile, ticks environmental boxes for them, and therefore they felt that it was fine to do.

The respondent demonstrates a strong assurance that CSR is pursued based on shared value creation principles. She refers to requests from an environmental
According to her, BED Co, wishing to hear about stakeholder positions on the topic, communicated the suggested work and the impact of the maintenance on customers’ bills and asked for their arguments. The company’s decision came as a result of the desired balance between stakeholder expectations, organizational benefits and concerns raised by all parties affected by the project. While BED Co’s approach illustrates a democratic response to conflicting interests, it raises questions over the role of relations of power and socio-economic concerns in a stakeholder dialogue. The case described above illustrates “the cognitive, analytical, systematic and reflective application of moral principles to complex, conflicting or unclear situations [of dilemma]” (Wines 2008, p.487). While it is obvious that multiple organizational and stakeholder interests can be met through the introduction of a given initiative, I argue that the CSR decision-making process for value co-creation is highly political and dependent on strategic illustration of legitimacy, legality and short-term and long-terms gains. This is not to say that profit-making depicts an irresponsible action. On the contrary, it is jeopardizing stakeholder rights for the sake of profit maximization that makes corporate action unethical.

The CSR for shared value creation repertoire depicts the mutual dependence of organizations and society and illustrates CSR as a source of opportunity, competitive advantage and change. As the analysis has shown, dialogue holds a fundamental role in the CSR decision-making process. It provides the basis for all parties involved to present their thesis, negotiate their interests and decide on the actions that build on the co-creation of value. As previous research (Porter & Kramer 2006) argued:

Categorising and ranking social issues is just the means to an end, which is to create an explicit and affirmative corporate social agenda. A corporate social agenda looks beyond community expectations to opportunities to achieve social and economic benefits simultaneously (p.7).

Therefore, the co-creation of value through CSR implementation expects organizations to move beyond reactive CSR initiatives to structured, tailored and proactive decision-making.
This section discussed the motives that drive organizations to implement CSR, as understood by stakeholders. As a response to the anticipated challenges of CSR conceptualization (please see section 5.3), the following section illustrates the lessons to be learnt by BED Co.

6.3 CSR stakeholder engagement: Lessons to be learnt

This section addresses stakeholder perceptions of alternative approaches BED Co should follow to improve CSR stakeholder engagement. The repertoire emerged as an additional theme from semi-structured interviews with stakeholder representatives and illustrates participants’ recommendation for future development of CSR stakeholder engagement. The analysis suggests that, while CSR may be interpreted in various ways, stakeholders emphasize the need for further development of the concept through a more deliberative and collaborative stakeholder engagement.

The following extract illustrates CSR as an evasive, dynamic phenomenon that is socially constructed:

*Interviewee 25: They have to examine the CSR partners and the stakeholders and see, every year, you know, are we still meeting those objectives and is it sustainable? I’ve got enough experience in this world to know that things don’t last forever. And objectives change, strategies change.*

Acknowledging the dynamic nature of CSR and the development stages it has gone through over time, the respondent suggests that BED Co should frequently revisit their approach and reflect on their progress. She suggests that, to avoid social actions that may be a result of power relations, organizations should “examine the CSR partners and the stakeholders” because “things don’t last forever. And objectives change, strategies change”. Her argument is in line with previous studies (Berger & Luckmann 1966) that claim that meaning and knowledge are historically and culturally constructed in social processes and action. Even though this thesis does not aim to imply that everything is related to discourse, I argue that CSR is a social construction that is strategically formed to produce reality (Hardy & Phillips 1999) and legitimization through language. Nevertheless, defining CSR following the current trends, interests, values and
principles of social actors does not imply that organizations can always avoid engaging in practices that can conflict between various agendas.

However, to avoid the rigid reproduction of former ‘successful’ CSR agendas, the following respondent suggests a bespoke approach that takes into consideration the dynamic and diverse mixture of stakeholder groups:

*Interviewee 20:* CSR will be different in every geographical area that they deliver it. You can have a model but you're going to have to adapt ... it's got to be an adaptable model every time.

The first part of the extract emphasizes the relation between geographical context and CSR and focuses on the permeable boundaries of the concept. Due to the heterogeneous characteristics of stakeholder groups that are situated in different geographical locations, the production and implementation of CSR should follow “an adaptable model every time”. Even though BED Co operates in a single UK region, evidence from the stakeholder meetings demonstrates a frustration in how to effectively transfer successful CSR actions across the region. The organization’s concerns stems from issues such as socio-economic differences across the population of the region and diverse urban and rural characteristics. While the respondent supports the idea of a core CSR vision that should control the company’s agenda, at the same time she suggests that the commitment to meeting stakeholder interests should pay close attention to the synthesis of the stakeholder pool. In line with this, others (Lockett et al. 2006, p.118) stated that CSR is “not solely driven by rational or experimental practices but also by business, social and political agendas”. Therefore, CSR practice should be driven by a mixture of elements that capture the breadth and depth of environmental parameters.

In this respect, it is essential to review and analyse the internal and external environment of the organization. The following extract suggests that they draw on both experiential learning and stakeholder dialogue:

*Interviewee 24:* So they take out somebody in a key, say, CSR role, and they'll put them out in the community, working for another organization, for three, four months, to get that real-world perspective, rather than just seeing things from a company perspective ... And obviously the stakeholder committee has allowed them to involve themselves with us,
but if you actually remove somebody and put them in a different scenario, they can see it from a very different perspective.

Given the salient relationship between business and society, the respondent suggests that much of the confusion over CSR stems from a failure to distinguish between individual and/or organizational perspectives on the concept. To overcome this misunderstanding, the respondent proposed an approach that mandates CSR as a shared duty. More specifically, she suggests that in order for organizational actors to understand stakeholder perceptions of reality, they should be given the opportunity to experience it. The collaborative learning environment she introduces is consistent with Bowie's (1995) note that comprehensive CSR should rely on the reciprocal duties of stakeholders to the organization and vice versa. Nonetheless, while it seems reasonable to think that stakeholders have responsibilities to organizations, it does not necessarily imply that the former would always be willing to support companies. In this respect, organizations should look to build on strong stakeholder relationships, encouraging others to:

discover and communicate a few simple shared values and visions that form a common ground upon which all ethical and strategic CSR activities can stand, proclaiming them continuously, and demonstrating devotion to these values and visions by actions (not just words), encouraging groups and teams to invent and innovate new CSR ideas that conform to these values and visions, listening to everyone’s ideas, rewarding every attempt to advance these values and visions, and making everyone feel like a winner in these efforts. (Lantos 2001, p.40)

In this respect, encouraging stakeholder dialogue through forums and meetings enables the exchange of ideas, and promotes stakeholder collaboration and the success of CSR implementation. Nevertheless, as the following respondent emphasized, stakeholder engagement should rely on the creation of shared value:

Interviewee 22: I think I’d like more engagement with them, better engagement with them and focusing on our issues not just theirs. At the moment we feel it’s a bit one-way, that they’re gathering our ideas but we’re not getting much back ... one thing I have noticed is that quite a few meetings recently, there hasn’t been as good an attendance than maybe at the start because maybe again people have been questioning their
The first part of the extract demonstrates corporate interaction as a monolithic focus on the organization’s targets. Consistent with past research, the extract presents “a one-way dissemination of information from company to stakeholders” which “is regarded as a relatively weak form of engagement” (Burchell & Cook 2006, p.158). In this respect, organizations dominate the communication process and remain firmly in control of the communication process (Foster & Jonker 2005). Habermas (1984) distinguishes between strategic and communicative actions. He argues that there is a tendency for most individuals and organizations to engage in strategic actions which are driven by egoistic goals. As a result, the respondent testifies that attendance levels at stakeholder meetings have fallen due to stakeholders’ difficulty in identifying the value of the engagement. To overcome similar reactions, Habermas suggested the adoption of communicative actions that look to reach a shared understanding by “the efficiency of influencing the decisions of rational opponents” (p.83). In the same vein, the respondent envisions a democratic framework that adds value to stakeholder participation and regards stakeholders as “informed partakers in the corporate decisions that affect their lives” (Corus & Ozanne 2012, p.2). Therefore, a deliberative stakeholder engagement “highlights the central role of communication in constituting, managing and maintaining stakeholder relationships” (Crane & Livesey 2003, p.40).

The symmetric dialogue suggested above is an ongoing process which has been designed to ensure all parties involved receive and interpret different positions and are also given the opportunity to negotiate their theses when involved in a conversation. The following extract emphasizes CSR as a communicative, dynamic interaction that should take place in a networked society:

Interviewee 24: I would like to think that if you have long-term, sustained involvement with stakeholders, it should be ongoing. It should not just be engagement because an important piece of documentation is due ... We haven’t had a meeting for a while, because pretty much all the documentation has been submitted.

The first part of the extract relates stakeholder engagement to “long-term”, “sustained” and “ongoing” interactions between the organization and
stakeholders. Her argument, synthesized with a sense of cynicism, contradicts any type of ephemeral engagement that is strategically invented to meet instrumental goals. She thus deprecates any engagement organized to support a corporate submission to the regulator by expressing her disapproval of invitations to “engagement because an important piece of documentation is due”. As mentioned earlier in this section, stakeholders should be able to identify the benefits that derive from their interaction with the organization in order to be willing to support them. In the above extract, though, the respondent seems sceptical about the longevity of stakeholder interaction. This is due to her observation that they “haven’t had a meeting for a while, because pretty much all the documentation has been submitted”. Through her scepticism, the respondent outlines her own reality of CSR as:

\[
\text{a vehicle for discussing the obligations a business has to its immediate society, a way of proposing policy ideas on how those obligations can be met, as well as a tool by which the mutual benefits for meeting those obligations can be identified.} \quad (\text{Werther \\& Chandler 2010, p.7})
\]

In this respect, stakeholder interaction should move beyond simply giving attention to stakeholders to a sustainable process through which

\[
\text{corporations involve their stakeholders in decision-making processes, making them participants in the business management, sharing information, dialoguing and creating a model of mutual responsibility.} \quad (\text{Manetti 2011, p.111})
\]

The CSR stakeholder engagement: Lessons to be learnt repertoire has provided insights into how stakeholders would be willing to see BED Co’s role in, and responsibilities to, society evolve in the future. Evidence from the interviews held with stakeholder representatives demonstrates that, although they acknowledge the organization’s efforts to introduce CSR as part of their business, there is stakeholder scepticism over the decision to strategically choose stakeholders, as experts, to help them understand behaviours and guide their instrumental goals. In summary, stakeholders suggested that there should be alignment between what they and organizational actors consider important, and collaborative opportunities to work towards the co-creation of value should be sought.
6.4 Overview of the findings

The overall aim of this chapter has been to gain an understanding of how stakeholders give meaning to CSR and interpret the motives behind CSR organizational initiatives. Drawing on semi-structured interviews with stakeholder representatives, ISF and ESF observations and the literature, this chapter has provided insights to the third objective that looks to:

- examine how stakeholders interpret CSR.

Adopting Fairclough’s critical discourse analysis approach, the first part of the chapter has explored the meanings that stakeholders attribute to CSR. In doing so, two dominant repertoires have emerged and suggested CSR as a contribution to stakeholder welfare and CSR as an instrumental business practice. While stakeholders agree on the historical, social and political influences that shape CSR understanding, they highlight the role of collaborative interactions and support the co-creation of value. Due to the socially constructed nature of the concept, they understand that, to reach a shared understanding between those involved in CSR initiatives, it is crucial to give them the opportunity to influence the decisions of others. This means that the “partners in interaction set out, and manage, to convince each other, so that their action is coordinated on the basis of motivation through reason” (Brand 1990, p.46).

In line with Brand’s argument, the second section of the chapter provided insights into how stakeholders interpret organizational motivations behind CSR practice. Three repertoires emerged and examined the drivers in terms of CSR for political
compatibility, CSR for proactive business practice, and CSR for shared value creation. The analysis suggested that stakeholders mainly understand CSR as an instrumental tool which is employed to strategically serve stakeholder management. Greater emphasis has been placed on the actual intentions of DNOs to voluntarily engage in CSR in the absence of regulatory pressures. On the contrary, respondents acknowledged the opportunities that arise from CSR initiatives to proactively engage with stakeholders and gain support in tackling short-term and long-term challenges. Notwithstanding the instrumental CSR implementation, stakeholders focused on the unique opportunities that may arise through the co-creation of meaningful benefits for the organization and stakeholders. In this respect, deliberative dialogue plays a key role in the negotiations between the parties involved and the decision-making process.

Finally, the third part of the chapter addressed the recommended steps that should be taken by BED Co to respond to the challenges identified in CSR conceptualization and operationalization. They suggested a series of actions that, according to their experience, would foster collaborative opportunities and shared value creation.

The fresh empirical data presented in this chapter provide additional new evidence with respect to achieving the optimum convergence of interests. While the results are in line with Porter & Kramer’s argument that corporate actions aim to achieve social and economic benefits, the empirical findings on the motivating factors of CSR present the role of the political element as the dominant driver. This is in line with the data from the previous chapter which examined organizational actors’ perceptions. Specifically, the re-examination of the elements that consists the initial framework of the convergence of interests that was suggested in the previous chapter is also supported here. Stakeholder perceptions confirm regulatory intervention as the dominant voice in the CSR discourses. These findings trigger the requirement to update the original framework. Also, the findings of both Chapter 5 and Chapter 6 raise concerns over the balance among the elements that support the competitive context. Further discussion on the combined evidence from both chapters will be presented in section 7.2.3 of this thesis.
The following chapter addresses the conclusions driven by this research and presents the contributions made as well as the limitations of this research project.

CHAPTER 7: CONCLUSIONS & IMPLICATIONS

7.1 Introduction

This study investigated the discursive practices that shape the construction of CSR as a meaningful reality. In doing so, emphasis has been placed on organizational and social actors’ perceptions of the conceptualization and practice of CSR. Looking to gain an in-depth understanding of the negotiations between the parties involved, this thesis explored the drivers perceived to influence and shape the co-creation of value. Although research in CSR has flourished in recent decades, the unique contribution of this research lies in the thorough exploration of CSR in the specific analysis context. Furthermore, the single-case study adopted shed light on the multidimensional stakeholder relationships that shape CSR agendas.

This thesis adopted Fairclough’s CDA approach to analyse the data gathered through semi-structured interviews, observations and documentary analysis in relation to socio-cultural, political, economic and organizational factors in the UK electricity DNOs’ context. The findings supported the socially constructed nature of CSR in reality and mirrored the discursive sources of power, dominance and hegemony.

This chapter is a critical reflection of the key research findings, implications and contributions to the literature and practice of CSR. It revisits the key findings of the study in relation to the research objectives. The chapter is structured as follows: first, the chapter addresses how the empirical findings respond to the
formerly under-investigated areas of research. It then introduces the main conceptual contributions of this thesis and illustrates its contribution to current CSR management in the context of analysis. Finally, through critically reflecting on the limitations of this study it presents recommendations for further development. To better understand the findings, ideas and limitations of this research, the chapter addresses the personal reflections of the researcher.

7.2 A critical overview of the research findings

This section provides a brief overview of the research findings and relates them to each of the research questions and objectives that were presented in section 1.3. Looking to respond to previously, under-researched areas on why and how perceived CSR conceptualization and practice support the co-creation of value, this section synthesizes the fresh empirical findings that have been collected through semi-structured interviews, observations and document analysis. In essence, the study aimed to meet the following research objectives:

**RO1:** Explore how organizational actors conceptualize CSR

**RO2:** Understand the motivations behind CSR practice

**RO3:** Examine how stakeholders interpret CSR

**RO4:** Determine how the discursive practices that take place between the actors involved shape the construction of the CSR reality.

To guide this exploratory research and inform its theoretical perspective, social constructionism has been adopted to explain the CSR approach of the selected context of analysis. The evidence gathered primarily contributes to four key areas, all related to the relationships and contributions of the unit of analysis to stakeholders: the construction of a meaningful CSR reality, as this is experienced by organizational actors; the organizational motivations that lie behind CSR practice; stakeholder interpretations of CSR organizational approaches and the perceived motivations that lies behind them; and whether or not the approach taken supports a shared value creation model. Overall, the findings were intended
to revisit Porter & Kramer’s framework and examine its applicability in the examined case context.

The remainder of this section examines how the research findings helped to achieve the research objectives presented above. The next section reviews the first research objective.

7.2.1 Research objective 1: Explore how organizational actors conceptualize CSR

The data in relation to the first research objective were thoroughly presented in chapter 5 and relate to BED Co’s CSR conceptualization. A shift from purely profit-driven behaviour to a socially responsible profile is manifested in both written and verbal testimonials. The findings suggest that the interpretation of CSR is still confused. Emphasis in the analysis has been placed on the language that research participants have used in the CSR discourse to capture their perceptions and interpretations of CSR. Acknowledging the extensive research in CSR to date, the first research objective served to establish a thorough understanding of the socio-political, economic and cultural dimensions that shape the construction of CSR reality in the under-investigated UK electricity DNO subsector. Overall, the findings demonstrate the dominant role of discursive practices in shaping the dynamic and diverse concept of CSR.

The table below summarizes the interpretations and framing of the CSR concept as they have been presented by organizational actors.

**Table 7.1: Summary of the empirical findings of RO1**

<table>
<thead>
<tr>
<th>Repertoires</th>
<th>Themes</th>
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The evidence revealed that CSR is a socially constructed notion that is subject to individual conceptualizations and interpretations. The ambiguity in CSR definition stems from the fact that discourses are affected by personal and professional backgrounds and also the cultural and demographic characteristics of the respondents. Some claim (Carroll 1994; Garriga & Melé 2004; Windsor 2006) that the implication of this is that the spectrum of CSR definitions is enriched by the corporate tendency to come up with conceptualizations that serve corporate goals. In relation to the flexible criteria used to define CSR, the evidence suggests that, if organizations seek solutions that would result in reliable and credible stakeholder relationships, emphasis should be placed on two-way communication that creates mutual benefits. All in all, the fresh empirical findings suggest that CSR has been described as “an ethical obligation to the community”, “an innovative commitment to change” and a “(missed) business opportunity”.

<table>
<thead>
<tr>
<th><strong>BED Co's voice on CSR conceptualisation</strong></th>
<th><strong>Ethical obligation to the community</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>❖ Social and environmental considerations ❖ Stakeholder and customer satisfaction ❖ Managing stakeholder expectations ❖ Acting ethically and fairly ❖ Do the right thing ❖ Be a good corporate citizen</td>
</tr>
<tr>
<td><strong>Innovative commitment to change</strong></td>
<td>❖ Meet the requirement of a dynamic industrial environment ❖ Innovate to succeed in the future ❖ Improve business and processes</td>
</tr>
<tr>
<td><strong>(Missed) business opportunity</strong></td>
<td>❖ Missed opportunity because of misinterpretations ❖ Missed opportunity because of inexperienced decision-makers ❖ Missed opportunity because of inconsistent approach across the organization ❖ Missed opportunity because of a partially successful CSR strategy ❖ Missed opportunity because of an inability to track success or/and failure of the CSR initiatives</td>
</tr>
</tbody>
</table>
The findings of this thesis revealed the organizational impact on society and highlighted the need for organizations to acknowledge stakeholder expectations. Essentially, the results show a commitment to adopting CSR in day-to-day business and acting as a good corporate citizen who seeks to do the right thing and act ethically and fairly. This is in line with Freeman's (1984) research that supports organizations’ responsibility to their stakeholders. At the same time, it contradicts Friedman's (1962) rationale of companies' sole aim being to maximize profit. The phrase frequently used to explain CSR, “doing well by doing good” (Kreps & Monin 2011), captures the goal of the CSR discourse to merge organizational with societal expectations. Brooks (2010) contended that the “straitjacket of economic rationality in the CSR discourse” limits the chances for ethical arguments that do not have a win–win outcome. Once organizations strategically conceptualize CSR according to business priorities (Bondy et al. 2012), CSR is no longer a framework for organizational change (Nijhof & Jeurissen 2010). Therefore, the ‘glass ceiling’ that previous research referred to:

results in opportunism, leaves institutional blockades intact and drives out the intrinsic motivation for engaging in CSR. (p.618)

Nevertheless, evidence suggests that CSR is a strategic business attempt to ensure innovative alertness and risk mitigation. As such, CSR is perceived to be a “source of opportunity, innovation and competitive advantage” (Porter & Kramer 2006, p.2). Interestingly, despite the acknowledgement of CSR as a business opportunity, evidence suggests that CSR primarily targets dominant stakeholders. Broadly speaking, stakeholders are classified according to their contribution to corporate success. In a dynamic and turbulent industrial environment such as that of the electricity industry at the time when this study was conducted, securing the licence to operate through stakeholder satisfaction seems crucial. Accordingly, CSR takes the role of an ‘informal’ insurance that secures corporate reputation, competitive advantage and legitimization (Lozano 2013). However, concerns were expressed about the persistence of organizations in demonstrating CSR commitment as a means to risk mitigation and innovative alertness. This has implications for the selection criteria used to prioritize among stakeholder expectations and the opportunities that arise for stakeholders to express their viewpoints. Considering the relationships of power
and hegemony that dominate the UK electricity industry, there is a clear need to secure equal opportunities for stakeholder groups to raise their voices in a deliberative stakeholder dialogue. Through this approach, mutual benefits will result for corporations, by providing them with the option of proactively identifying areas that could result in unique business opportunities, but stakeholder as well. In line with this argument, the analysis further indicates the failure of the organization to take advantage of the opportunities that CSR can potential offer, mainly because of i) a misinterpretation of what CSR is, ii) ill-qualified CSR decision-makers, and iii) only partially successful CSR approaches. The evidence showed that, while corporate actors acknowledge the power of CSR to create social benefits and support business goals, they raised concerns over the failure of organizations to successfully meet stakeholder expectations while at the same time missing the opportunity to gain competitive advantage. As a result, the findings illustrate a series of challenges that act as barriers to the successful practice of CSR. Respondents suggested that corporate ability to identify the positive but also negative reactions of stakeholders to CSR initiatives would help organizations to better monitor their CSR agendas. This presupposes a closer relation between corporate and social actors that work towards similar goals.

Given the three repertoires presented above, research objective 1 has been achieved by exploring the conceptualization of CSR in the specific case context.

7.2.2 Research objective 2: Understand the motivations behind CSR practice

The evidence presented in section 5.2 addressed the second research objective, which explored the CSR drivers. The findings suggest that overall the key motives that support CSR revolve around an interest in achieving business standards, securing corporate political activity, building organizational resilience and supporting a two-way learning platform. Data were collected through semi-structured interviews, observations and documentary analysis. Essentially, participants represented the voice of the organization. While one would expect that they would look to highlight a highly socially responsible profile of supporting pure philanthropy, the vast majority of them described CSR as a means to support instrumental goals. This was evident in almost all of the repertoires and themes, as the following table illustrates:
Table 7.2: Summary of the empirical findings of RO2

<table>
<thead>
<tr>
<th>BED Co's voice on CSR drivers</th>
<th>Business standards</th>
<th>Corporate political activity</th>
<th>Building organizational resilience</th>
<th>(Two-way) learning platform</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▶ Improved business standards (Improved reputation and image identity, social acceptance and business capabilities)</td>
<td>▶ Meet political pressures</td>
<td>▶ Adaptability to current and future challenges and turbulences</td>
<td>▶ Stakeholder collaborative learning</td>
</tr>
<tr>
<td></td>
<td>▶ Marketing advantage</td>
<td>▶ Gain political legitimacy</td>
<td>▶ Improved capability</td>
<td>▶ Industrial collaborative learning</td>
</tr>
<tr>
<td></td>
<td>▶ Future business opportunities</td>
<td>▶ “Substitute” government policies, capabilities and resources</td>
<td>▶ Collaborative relationships with stakeholders</td>
<td>▶ Licence-to-operate</td>
</tr>
<tr>
<td></td>
<td>▶ Structural framework that supports stakeholder engagement and management</td>
<td>▶ Forward thinking</td>
<td>▶ Risk mitigation</td>
<td>▶ Pragmatic legitimacy</td>
</tr>
</tbody>
</table>

The data suggests that CSR stakeholder engagement can be rather beneficial when looking to meet business goals such as securing legitimacy and gaining a licence to operate. This is in line with past research (Johansen & Nielsen 2011; Podnar & Golob 2007) that argued about stakeholders increasingly expecting to identify elements such as accountability, legitimacy and ethical conduct in corporate initiatives. As a response, stakeholders would be willing to “support the responsible companies or punish the irresponsible ones” (Podnar & Golob 2007, p.335). Such approaches have implications for the effectiveness of stakeholder engagement and stakeholder dialogue. Johansen & Nielsen (2011) argued for
more explicit, two-way communication that would enhance corporate legitimacy. Therefore, efforts to promote collaborative planning in local communities could support a shift “from confrontation to collaboration” (Bell et al. 2005, p.467). In the same vein, they argued that stakeholders are more likely to accept corporate decisions as “differences and disagreements are negotiated and overcome” (p.467). Within this study, respondents reported that CSR commitment could be influenced by the senior leadership team and the board of investors. Their commitment is possibly related to the benefits that result from a socially responsible business identity such as improved reputation, attracting future investors and employees and supporting business success. The findings confirm previous academic research (Eisenegger & Schranz 2011; Ellemers et al. 2011; Fombrun et al. 2000; Laplume et al. 2008; Sen & Bhattacharya 2001; Sen et al. 2006; Sisodia et al. 2007) that emphasizes the ability of organizations to manage stakeholder needs as a means that “unlocks additional potential for value creation and builds sustainable competitive advantage over time” (Harrison et al. 2010, p.58).

Furthermore, evidence suggests CSR as a means to respond to regulatory pressures and gain political legitimacy. In a highly regulated industry such as the UK electricity industry, the need to respond to political pressures is of high priority for organizations. This thesis acknowledges the changing role of the government in promoting CSR and encouraging organizations to adopt. However, the freedom the regulator allows to companies to determine their social responsibility is questionable. While this thesis does not advocate abolishing the motivating role of Ofgem regarding CSR stakeholder engagement, it questions the levels of ‘voluntary’ engagement with the concepts. Bearing in mind that, fundamentally, CSR is a voluntary action (Barnett 2007; Carroll 1979; Manne & Wallich 1972; Steiner 1975), this thesis argues that at an industrial level corporate social responsibility has been replaced with corporate political responsibility. Clearly, this implies that the likelihood of CSR remaining a priority for organizations is highly dependent on the ranking the notion has on the political agenda. Past research (Aaronson & Reeves 2002; Fox et al. 2002) argued that CSR has become a priority in political agendas in accordance with other governmental actions intended to meet challenges such as globalization and economic turbulence. Albareda et al. (2008) pointed to the changing role of the government, which has moved from being traditionally held as a dominant actor to being a
regulator with a “dependent role vs the company’s dominant role” (Albareda et al. 2008, p.348). Similarly, Beck (2000) stated that the governmental movement towards business ethics and responsibility is a result of weakened governmental capacities. These overlap with the arguments of this thesis that, due to the power that the UK electricity industry has gained in the post-privatization era, CSR has been a useful framework that has provided the basis for collaborative action between corporations, the government and society. This collaboration has implications for relations of power and the exercise of control over less powerful actors. This thesis thus argues that more democratic collaboration for the creation of shared value is needed.

In exploring the motivations that drive CSR engagement evidence, it is apparent that building organizational resilience is a dominant motive. When examining these issues through resource dependence theory, it can be seen that adopting CSR initiatives can support organizational learning and capabilities development. CSR is therefore a risk-mitigating tool that supports organizations to respond to current and future challenges. With energy classified as a high-priority issue in political agendas, it is imperative for companies to not only do the right thing but also publicize a socially responsible business identity. The implications of corporate exposure to stakeholders presuppose successful stakeholder engagement. As a result, a balanced combination of proactive and reactive CSR actions that aim to build resilience could enhance corporate “ability to establish trust-based collaborative relationships with a wide variety of stakeholders, especially those with non-economic goals” (Sharma & Vredenburg 1998, p.735).

The argument reflects concerns that stakeholder communication has the power to co-construct meaningful realities that support organizational legitimacy (Christensen & Cheney 2000; Christensen & Cheney 2011; Meyer & Rowan 1977; Schultz et al. 2011).

Additionally, the unique opportunity that arises from CSR engagement and supports a two-way learning environment was also found to be a motivating factor. The evidence demonstrated that CSR stakeholder engagement has the potential to mutually benefit the parties involved and build consensus.
Nevertheless, this thesis argues that the structure of the communication channels and the decision-making process depends on relations of power and hegemony. The findings suggest the regulator has a dominant role in shaping the construction of CSR reality. Ultimately, organizations look to gain legitimacy by meeting social needs and responding to political pressures. Thus, the role of stakeholders and their participation in CSR discourse is imperative to the effectiveness of CSR agendas.

Overall, the data analysis revealed the interrelated nature of CSR drivers (figure 7.1). The evidence revealed that there are clear connections between them and that these motivate the conceptualization of CSR. Therefore, the second research objective has been achieved by thoroughly examining the motivating factors that shape CSR in the examined case context.

7.2.3 Research objective 3: Examine how stakeholders interpret CSR

Preston argued about the demand for a:

    rigorous and comprehensive conception of both the corporation and society; … these conceptions must be articulated in comparable or at least translatable terms. (1975, p.434)

In line with this, the third research objective looked for rich, verbal stakeholder interpretations regarding the conceptualization of CSR and the motivations that drive business to engage in socially responsible actions.

Research data were collected through semi-structured interviews with stakeholder representatives, observation data and meeting minutes. As far as CSR conceptualization is concerned, the analysis revealed two contradictory repertoires that presented CSR as a “contribution to stakeholder welfare” and also as “an instrumental business practice”. In addition, the repertoires that explained the perceived CSR drivers were “political compatibility”, “proactive business practice” and “shared value creation”. Tables 7.3 and 7.4 present the repertoires and themes that emerged from the data analysis and provide answers to the third research objective.
Table 7.3: Summary of the empirical findings of RO3 (a)

<table>
<thead>
<tr>
<th>Stakeholders’ voice on CSR conceptualisation</th>
<th>Contribution to stakeholder welfare</th>
<th>Instrumental best practice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>❖ Voluntary contribution</td>
<td>❖ Good/ proactive public relations</td>
</tr>
<tr>
<td></td>
<td>❖ Business philosophy that drives ethical decision making</td>
<td>❖ Marketing and branding</td>
</tr>
<tr>
<td></td>
<td>❖ Listen to customers</td>
<td>❖ Enhanced corporate reputation</td>
</tr>
<tr>
<td></td>
<td>❖ CSR as a two-way deliberative communication</td>
<td>❖ Creative way of being profitable</td>
</tr>
<tr>
<td></td>
<td>❖ Educative process</td>
<td>❖ Favours quality stakeholder-business relationships</td>
</tr>
</tbody>
</table>

Paramount in the findings has been the strong polarization among the discourses that illustrated CSR either as a contribution to stakeholder welfare or as an instrumental business practice. In particular, CSR was constructed as an ethical responsibility that organizations should fulfil to meet stakeholder expectations. The findings illustrated how CSR discourse described organizations’ commitment to socially responsible actions as a philosophy embedded in company values. This is in line with past research (Carroll 1979) that discussed the “Philosophies of social responsiveness”. These philosophies, amongst others, concentrate on the accommodation and the proaction philosophies. The accommodation philosophies refer to the organization’s tendency to address social issues because such issues exist rather than because organizations are driven by economic or business goals in general. Similarly, the proaction philosophies emphasize a proactive anticipation of social issues that might occur and development of strategies to address the issues. In both cases, organizations recognize taking action as ‘the right thing to do’. However, Levinas (1991) is concerned with the subjectivity of responsibilities. Similar to Foucault’s (1979, p.202) argument about the “reality of the fiction of the individual”, Levinas argues that reflexivity is realized only through making “an ideality correspond to the dispersion of aspects and images, silhouettes and phases” (p.100). Therefore,
this thesis argues about the reciprocity in creating what was hitherto considered an ethical obligation. Likewise, listening to customers could prove a useful learning process for organizations when planning their CSR strategies. A major area of concern relates to the findings that illustrate stakeholder cynicism regarding CSR conceptualization as a reputational tool.

The findings of this thesis also illustrate CSR as an instrumental practice that supports PR and marketing purposes. In this context, CSR is defined as a means to serve business interests. Furthermore, the findings of this thesis emphasized CSR as economic growth for organizations, which is prioritized to the advantage of financial stakeholders. Therefore, CSR discourse is predominantly conceptualized as business success. It is worth noting at this point that a wealthy organization could make a significant contribution to stakeholder welfare. In line with previous research (L’Etang J.L. 1996; L’Etang J.L. 2006), this thesis suggests the systematic evaluation of the conceptualization of CSR as a collaborative process between the parties involved. While the evidence revealed a systematic participation of recipients in the decision-making process, at the same time there are traces of miscommunications over diverse interpretations of what is or is not CSR.

Because this thesis concentrates on stakeholder interpretations of the conceptualization and motivating factors behind CSR practice, table 7.4 summarizes the repertoires and themes that illustrate stakeholder perceptions of CSR drivers.

Table 7.4: Summary of the empirical findings of RO3 (b)

| Stakeholders’ voice on CSR drivers | Political compatibility | Political pressures/ Legislation | Multi-faceted notion dependent on political, economic and social | Relations of power and hegemony between public, private and civil sectors | Dependent on time and political agendas |
The evidence showed that stakeholder representatives considered regulatory pressures as the dominant driver that forces DNOs to engage with CSR. In particular, the findings suggest that government legislation and incentives promote CSR implementation. However, as the evidence reveals, the outcomes are twofold. On one hand, regulatory pressures motivate organizations to formalize and structure their actions on societal welfare. Historical evidence demonstrates that the absence of political pressures decelerates CSR practice. In contrast, though, there are concerns over the freedom that governmental intervention allows to organizations. One major concern is the insufficiency of Ofgem’s CSR experience. At the same time, the power they have to shape the CSR concept and set the criteria that characterize a successful CSR agenda raises concerns over relativistic interpretations. This is consistent with Weber’s (1978) and Dahl’s (1961) studies on common treatments of power in the CSR management and business ethics literature. They describe power as the capacity or ability of one actor to exert influence over others. This thesis suggests that

<table>
<thead>
<tr>
<th>Proactive business practice</th>
<th>Proactive CSR planning</th>
<th>Commitment to change</th>
<th>Resource and time dependent</th>
<th>Prepare stakeholders for future changes and challenges</th>
<th>Multi-faceted business opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared value</td>
<td>Win-win</td>
<td>Mutual benefits</td>
<td>Value-creation</td>
<td>Competitive advantage</td>
<td>Perceived benefit values</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Strategic illustration of legitimacy, legality, and short-term and long-term gains</td>
<td></td>
</tr>
</tbody>
</table>

- 210 -
Habermas’s conception of deliberative democracy should not exclude the Ofgem–BED Co communication effort. In this respect, I argue that greater democratic accountability that can tolerate power asymmetries is required in the negotiations between organizations and the regulator.

The findings also suggest proactive business planning as a key motive that drives CSR. Data revealed that CSR stakeholder engagement has the power to proactively prepare both organizational and social actors for the future changes and challenges that they may face. As such, CSR stakeholder engagement helps the company to listen to stakeholders and gain first-hand understanding of their concerns and perceptions. At the same time, organizations have the opportunity to proactively distribute information about future business threats that may affect stakeholders and planned actions. This approach is in line with previous research (Roome et al. 2006) that claimed that:

*CSR is not a realm of isolated companies but has become part of a broader social and business movement that includes companies, policy makers, knowledge institutes (universities and consulting companies), business associations and sections of the investment community.* (p.78)

At this point it is worth noting that this thesis considers CSR as the fundamental framework that facilitates stakeholder engagement planning. Hence, while the terms are used interchangeably, evidence shows that CSR functions as the foundation of stakeholder engagement planning. Therefore, CSR is a multifaceted business opportunity that can support strategic business planning.

Finally, the co-creation of value has been presented as a motivating factor that supports CSR practice. Respondents reported that the race to conceptualize and practise CSR is driven by the mutual benefits that derive from it. As the evidence demonstrated, the co-creation of value can be achieved through a collaborative environment where clusters provide the necessary means for all actors to negotiate and synchronize their theses in an environment of transparency, honesty and integrity. Whatever the diverse CSR interpretations that sometimes hinder CSR practice, this thesis argues that the diversity of actors, interests, experiences and guidelines that participate in CSR practice contributes to
development. The evidence suggests that CSR is moving through a transformational period during which organizational and stakeholder responsibilities and roles are being negotiated while looking for the win–win outcome of the engagement. As a result, the findings confirm past research that indicated the need for power imbalance identification and mitigation as an attempt to legitimately engage with powerless stakeholders (Greenwood & Van Buren 2010).

Given the identification of the conceptualization of CSR and the perceived motivations that drive CSR practice, as they have been reported by stakeholder representatives, the third research objective has been met.

7.2.4 Research objective 4: Determine how the discursive practices that take place between the actors involved shape the construction of the CSR reality

The combined results from the first three research objectives serve to explore the negotiated CSR collaborative actions. The fresh empirical data reveals that Porter & Kramer’s (2002) framework of shared interests requires revision.

As discussed throughout this thesis, while both organizational and social actors acknowledge the vital role of CSR (Du et al. 2010), participants seem to struggle to attribute a coherent meaning to the concept. The findings showed that, in a highly regulated industry such as the UK electricity industry, organizations do not function in isolation from the regulatory guidelines. This research demonstrated that the corporate ability to design a successful CSR agenda is related to the construction of shared meanings between corporations, civil society stakeholders and the regulator. The evidence shows that both organizational and social actors interpret CSR as a combination of social and instrumental goals. They acknowledge the socially constructive nature of the notion and agree that CSR is shaped by internal and external factors which are dominated by relations of power.

Figure 7.3 below illustrates the convergence of interests on a three-dimensional coordinate system as they resulted from this thesis. The highlighted area
demonstrates the fact that CSR has an important influence on the organization’s CSR performance. The core idea of the revisited framework is that it is only when organizations achieve simultaneous social, economic and political gains that CSR is perceived to be successful. The data indicated that the dominance of the regulator drives the shaping of the concept and balances conflicting interests within the ambiguous and dynamic CSR concept. In contrast to the original framework, this thesis suggests that, while CSR planning is a mixture of social and business goals, the entire process is driven by a race to meet corporate political obligations. While Porter & Kramer acknowledged the role of governmental laws and regulation when looking to create shared value, they did not consider the dominant role of regulatory pressures in controversial industries. Nonetheless, they suggested that the achievement of competitive advantage is a combination of four elements (factor conditions; related and supporting industries; demand conditions; context for strategy and rivalry) that equally support the final destination. However, evidence demonstrates that, in contexts such as that of the UK electricity industry, companies are not given the option to ignore regulatory pressures. In this way, shared value creation is no longer a result of business-driven and philanthropic benefits but a process that is highly dependent on regulatory guidelines. For this reason, the original framework has been revisited and constitutes the main conceptual contribution of this thesis.

**Figure 7.1:** A convergence of interests revisited
Porter & Kramer (2002) noted that understanding the link between philanthropy and competitive context helps companies identify “where” they should focus their corporate giving. Understanding the ways in which philanthropy creates value highlights “how” they have achieve the greatest social and economic impact through their conditions. (pp.63–64)

To better address the “ways in which philanthropy creates value”, this research revealed that competitive advantage is a fluctuating and constantly shaped concept that depends on political circumstances and consists of a blend of three elements: factor conditions, demand conditions and related and supporting industries elements. As the findings reveal, the ‘context for strategy and rivalry’ element initially introduced by Porter & Kramer is not of equal weight with the rest of the elements, but holds a dominant position in promoting and supporting CSR. Figure 7.2 illustrates the revisited framework as a see-saw and demonstrates the role of political conditions and drivers in shaping competitiveness.

**Figure 7.2:** The elements of competitive context revisited

![Diagram of competitive context](source: Author’s conceptualization)
In overview, the new revisited framework illustrates CSR as a concept that stands at the nexus of proactive and reactive social and economic interests that are dominated by political influences. Before addressing the limitations of the findings, the next section discusses the implication of the research for past studies.

### 7.3 Implications of the research for the literature

This thesis contributes to knowledge by studying the perceived conceptualizations and motivations of CSR, from both the organizational and stakeholder perspectives. This has been the first time that research was conducted on CSR in the UK electricity industry. Therefore, the unique contribution of this research is the conceptualization of CSR in the specific context. While generalization was not the end goal of this thesis, the conclusions drawn may prove a useful tool for other UK DNOs. Following Flyvbjerg's (2006) argument that “*formal generalization is overvalued as a source of scientific development, whereas ‘the force of example’ is underestimated*” (p.12), this thesis is an in-depth investigation into the ‘force’ of BED Co’s CSR approach. Therefore, this thesis engaged with many actors and employed several methods to collect rich empirical data that explain conceptualizations of and motivations for CSR.

At the same time, this research contributes to the literature by revisiting, examining the applicability of, and updating Porter & Kramer's (2002) framework of the convergence of interests. The data collected served to inform, re-examine and develop the original framework. Accordingly, the modified framework supports the decision-making process in a highly regulated and controversial industry. The updated framework is a reflection of the organizational actors’ and stakeholders’ perceptions of the role of CSR in the co-creation of value. In this respect, this thesis embraced a critical discourse approach to explore the socio-political, economic and cultural underpinnings of the data and offer multiple interpretations of the findings. Overall, this is the first empirical study to critically examine CSR in the UK electricity industry. Therefore, this study makes an original conceptual contribution.
7.4 Implications of the research for the research methodology

This thesis provided insights into how the use of language shapes CSR as a meaningful reality. Aiming to critically uncover the socio-political, cultural and economic dimensions of CSR, it explored the construction of discourses through the textual, discursive and social levels of Fairclough’s framework. Therefore, this research contributes to the research methodology by applying CDA in the CSR discourse practice. Considering the dialectic relationship between language and the society this thesis argues about the power of language to construct tight, instrumental realities. Fairclough’s CDA approach demonstrated that genres and discourses support the legitimization of CSR and enables actors’ negotiations when looking to frame and inform the CSR dialogue. Therefore, this thesis contributes to the research methodology by demonstrating the critical role of discursive practices to an organization’s transition towards social responsibility.

7.5 Implications of the research for CSR management

Further to the conceptual implications and the research methodology contribution, this study contributed to the literature on CSR management. Considering that the main focus of this research has been the investigation of the CSR practices of the specific case context, the revised framework presents a unique tool for managers and decision-makers in the electricity industry. This, therefore, represents the main practical contribution.

The main focus of this research was BED Co’s CSR approach, and the new framework presented in figures 7.3 and 7.4 enhances our understanding of organizational CSR management. In combining the repertoires and themes that emerged from the analysis of the data obtained through organizational and stakeholder actors, the findings suggest what CSR management is. To elaborate, the revisited framework addresses the perceived challenges and opportunities of CSR stakeholder engagement activities and aims to help decision-makers enhance or/and re-conceptualize their current approach. As a result, the key managerial implication of this research is that BED Co’s decision-makers may
improve their current CSR approach by considering the suggested areas of focus addressed by the new framework. The recommendation combines organizational and stakeholder insights into how to effectively achieve the creation of shared value creations through CSR stakeholder engagement.

7.6 Limitations and future research
This study is subject to two interrelated limitations, relevant to the research strategy and the data collection.

As already discussed in Chapter 3, a single-case study has been selected as the most appropriate design strategy for seeking answers to this study’s research question and achieving the research objectives. In principle, the single-case study is justified by the research aim of understanding how BED Co co-creates CSR with its stakeholders. This is to say that, while the research adopts a single-case study, it emphasizes the multiple dimensional relationships that construct CSR reality. However, there are a number of limitations to be considered.

First, the production of non-general knowledge should be examined. As Ragin (1987) argued, case studies may prove a valuable means to understand complexity over generality. In this regard, while the findings of this research provide insights into BED Co’s CSR approach, they might not be representative for the transmission and supply electricity companies. In addition, keeping in mind that DNOs operate at a regional level, one could argue that stakeholder needs might differ from one region to another. Thus, findings might be geographically and demographically dependent. Further to this, given the subjective nature of the concept, some aspects of CSR might be dependent on the participants’ and researchers’ personal interpretations. Since no other study exists to confirm the nature of interdependencies, the findings require examination through further research. Additionally, considering that BED Co operates in the UK, findings might not be transferable to non-UK organizations. This could be the case because of i) the special segmentation of the UK electricity market, ii) the monopolistic conditions under which DNOs operate, iii) Ofgem’s role in shaping the CSR arena, and finally iv) the transformational stage through which the UK energy market was moving at the time that this research took place. Thus, findings might not apply to CSR management either at a national or international
level. Finally, the research was undertaken in an organization which only recently introduced CSR into its business. Considering that CSR is dependent on socio-political influences, a longitudinal study could track any potential changes over time. In addition, acknowledging the lack of CSR experience of the unit of analysis, further research in other electricity organizations with greater experience of CSR could confirm the authenticity of the interpretations and the transferability of the arguments.

Furthermore, as the research aimed to gain an in-depth understanding of the processes that shape CSR conceptualization and operation, data have been collected only from those parties participating in CSR discursive events. Therefore, the study relies on a limited data set, collected through 31 interviews, 3 observations, and a documentary analysis including corporate documents published between 2008 and 2015. In addition, the study intentionally excluded the voices of stakeholders who did not, for any reason, receive attention during the CSR decision-making process at the time of the empirical research. In that sense, to meet the objectives of this research, CSR was examined merely through the lens of actively involved organizational actors and stakeholders. Therefore, more extensive research is particularly needed to explore the perceptions of stakeholders and employees who were not collaborating in the CSR decision-making process.

The following section is an illustration of the future research agenda, as this was formed after the completion of this research project.

7.7 Proposals for further research

Drawing on the findings and limitations of this research project, this section considers a future research agenda that may improve existing knowledge. The conceptualization in the revisited framework (see figure 7.4) highlights the dominant role of political forces in attributing meaning to CSR and shaping organizations’ ability to gain competitive advantage. Furthermore, the framework illustrates that competitive advantage is a fluctuating and constantly shaped concept that is dependent on political circumstances and consists of a blend of factor conditions, demand conditions and elements of related and supporting industries. Overall, the evidence revealed the need for a deliberative CSR
stakeholder approach that considers the needs and expectations of businesses and stakeholders accordingly. Consequently, further research is required in three main areas.

First, this is the first research examining CSR in the UK electricity context. The revisited framework aims to support CSR decision-makers in the examined case context to better address the areas that could facilitate shared value creation. As a result, further investigation is required in understanding whether

- the revisited and updated framework positively supports CSR decision-makers when looking for solutions in effectively managing CSR stakeholder engagement
- the revisited and updated framework positively supports CSR decision-makers in other companies rather than just BED Co, when looking for solutions in effectively managing CSR stakeholder engagement
- the interpretations and conclusions reached by critically reflecting on empirical data gathered from organizational and stakeholder actors represent the institutions’ CSR perspectives
- the interpretations and conclusions reached by critically reflecting on empirical data gathered from organizational and stakeholder actors serve as a tool for decision-makers when they look to translate ‘words’ into ‘actions’
- the identification of the supporting factors that, according to this research, can improve CSR stakeholder engagement accurately corresponds to the requirements of shared value creation.

Overall, further empirical research is required to explore the applicability and usefulness of the new conceptualization.

Second, this research adopted a social constructionist approach to unveiling the construction of CSR as a meaningful reality. As a result, emphasis has been placed on the social, political and economic factors that may influence discursive practices when attributing meaning to the concept. Considering that the aforementioned elements are subject to change over time, it could be argued that the research findings presented in the thesis might not be applicable if at least
one of them changes. Accordingly, a longitudinal research could increase understanding of the extent of socio-political and economic influences on CSR.

Third, this research was limited in the sense that it considered the voices of only those actively involved in CSR at the time that this research took place. As a result, it inevitably excluded organizational or/stakeholder actors that could have potentially added value to the research findings. It could thus be argued that this could be a barrier to effectively addressing different factors that affect CSR stakeholder engagement. Therefore, future research could expand further and amplify the spectrum of different perceptions and interpretation that shape the conceptualization of CSR.

The next and final section is a reflexive representation of my research experience and its implications as a novice qualitative researcher.

7.8 Research reflections
This section is a personal statement, disclosing my reflections on the research experience, and also my role as a novice qualitative researcher. More specifically, this section is structured as follows: first, I will elaborate on the initial premise of this research and my involvement and progress throughout the different stages that this research entailed; furthermore, the section will illustrate the concerns and challenges I had to confront during my studies; last but not least, it will reflect on the ‘rewards’ of the PhD journey, at a personal and professional level.

My interest in conducting an in-depth investigation into CSR was the result of a number of factors, such as my educational background, my personal interests and also a series of unpredictable circumstances. In 2011, I completed my master’s studies in Finance and submitted my dissertation in business ethics. That was the first time I came across notions such as CSR, sustainability and business ethics. My dissertation findings formed the foundation of a conference submission on the role of ethical and responsible training of accountants in professional behaviour. My interest in academia was further triggered though my involvement with the conference delegates. As a result, I started considering the
possibility of pursuing a PhD as personal development step. Further to this, the opportunity to apply my personal interest in philosophy to empirical research in CSR appealed to my passion to critically explore the construction of ‘reality’.

I started my doctoral studies in 2012 and gradually came across secondary sources of information that helped me obtain a better understanding of CSR. Direct interaction with CSR decision-makers provided me with the opportunity to gain a thorough understanding of their perceptions of CSR conceptualization and practice. Listening to people representing the voices of the departments or the organizations they had been working for supported my premise that our personalities and beliefs are shaped by socio-economic and cultural factors. Having worn the hat of a qualitative researcher while conducting this research, I see myself as a knowledge ambassador who directly interacts with participants to elicit data, make sense of them and contribute to knowledge. In this respect, my role as a qualitative researcher and the “closeness to data made key insight possible, instead of leading to bias or loss of perspective” (Patton 2002, p.48). At the same time, not having any prior interaction with the participants or the industry as a whole helped me enter the research with an open mind and the excitement of exploring a world that was totally new to me.

As I was interested in gaining a holistic understanding of the conceptualization and practice of CSR and recognize the enabling and prohibiting factors that shape the notion, I adopted critical discourse analysis (CDA) to analyse my data. More specifically, I used Fairclough’s CDA approach and followed the three-dimensional framework he introduced to make sense of the dominant repertoires that emerged, as well as examining the socio-political, economic and organizational contexts that shape CSR.

Since this was my first attempt to qualitatively analyse data using CDA, I faced a number of challenges. To begin with, I found it challenging to identify, understand and decide on the CDA approach that fitted my philosophical position and the research aims and objectives. The first year of my doctoral studies formed my initiation into CDA. Reflecting on the ‘progression’ stages I went through during the three years of my studies, I can see how I moved from a descriptive application of Fairclough’s approach to an ability to critical analyse and interpret
data. Having a genuine passion for challenges, I classify this as being amongst the toughest but most worthwhile and rewarding challenges I have experienced.

To conclude, I consider the PhD experience to be a life-changing process that opens one’s eyes to multiple realities that are often overlooked. Always looking for new challenges, I consider the completion of this journey to be the beginning of a new era, full of new adventures and opportunities to further develop my horizons of knowledge. In this respect, the completion of this PhD thesis is my own Ithaca.
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Appendix 1: Invitation Letter

Date: ...

Subject: Research on the role of CSR in the electricity industry

Dear [name of participant]

I am writing to you regarding a research I am conducting with the British Electricity Distributor Company (BED Co). For clarification of my background, I undertake my doctoral research and work as an Associate Lecturer at the Manchester Metropolitan University Business School.

My research entitled, “Corporate Social Responsibility (CSR): A Critical Case Study in the UK electricity industry” examines how UK electricity organizations understand and practise CSR and how the latter is shaped through the relationship with stakeholders. Up to date, I have met with and interviewed a number of people working for BED Co as well as stakeholders that have collaborated with the company on sustainability and CSR actions. Aiming to find out about your understanding and interpretations of CSR as a key corporate actor, I would like to invite you to participate in my research.

I appreciate that you are very busy and I would be most grateful if you would be willing and able to meet with me for an interview sometime in the coming weeks. Before you agree to the interview I would like to inform you that your anonymity will be maintained at all times and no comments will be ascribed to you by name in any written document or verbal presentation. Nor will any data be used from the interview that might identify you to a third party. In addition, the interview will be contacted at a place and time convenient to you and should take no longer than an hour.

I look forward to hearing from you and thank you in advance for your kind assistance in my research.

With kind regards,

Konstantina Skritsovali
Appendix 2: Consent Form

CONSENT FORM for the research “Corporate Social Responsibility: A Critical Case Study in the UK Electricity Industry”

*Please tick in the box if you agree with the following:*

1. I confirm that I have read and understood the objectives of the study and have had the opportunity to ask questions.

2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.

3. I agree to take part in the above study.

4. I agree to the interview being audio recorder.

Respondent:

[Signature]

[Date]

Name:

Position:

All confidential issues discussed during the interview will not be published prior to obtaining written consent from the respondent. The data obtained will be used for academic purposes only.

Respondents’ and organizations’ details will not be disclosed without permission.
Appendix 3: Interview Guide

CSR Understanding (Personal)

1) What is the role of the energy industry in the society?
2) What does CSR mean for you? Why do you think it like that?
3) Do you think that your current view is different than you initial understanding of CSR? (If yes, would you like to tell me about the difference and why do you change your view? Who/what influence you to change your view?)
4) Does this standpoint reflect the company’s view and if not how do you reconcile this?

CSR Understanding (Organizational)

1) What does CSR mean to BED Co?
2) Is there a specific terminology that BED Co has established for CSR? Why do you use the CSR term you choose?

CSR Initiatives

1) What does it take to implement CSR initiative? If you were to prioritise issues in CSR, what would it look like? Why?
2) Would you like to share about your CSR initiative in this area? Why do you want to do it?
3) You mentioned about these [example of CSR projects]. What do you think of those projects? Do you think it is (in-) sufficient? Why?
4) What do you think is/are missing from your current CSR initiative? Why?
5) Who do you think is (are) able to influence the way CSR is implemented in this area? Why? Would they do it? Why?

Stakeholder Communication

1) What is the relevance of the term stakeholder communication in your company?
2) What in your opinion gives stakeholders power?
3) What challenges have arisen in your company when communicating with stakeholders?

CSR future

1) Do you think CSR will be practised differently in the future? Why? If different, what will be the main differences be? Why?
2) Apart from your connection to CSR nowadays, in the future, what kind of cooperation would you expect or look for? Whom would you like to have it with? Why? What kinds of benefit are you expecting of it?

3) What key issues face your company with regard to CSR over the next 5-10 years?
## Appendix 4: Interview index

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<th>Date of Interview</th>
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<td>05/12/2014</td>
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<td>2 Change Programme Director</td>
<td>02/10/2014</td>
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<td>3 South Operations Director</td>
<td>21/11/2014</td>
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<td>4 Regulation Director</td>
<td>10/12/2014</td>
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<td>5 Head of Health &amp; Safety</td>
<td>20/12/2014</td>
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<td>6 CSR Manager</td>
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<td>7 Internal Communication Manager</td>
<td>04/12/2014</td>
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<td>8 External Communication Manager</td>
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<td>9 Vulnerable Customers Manager</td>
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<td>11 Asset Manager</td>
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<td>12 Regional Delivery Manager</td>
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<td>13 Low Carbon Projects Manager</td>
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<td>14 Future Networks Customer Delivery Manager</td>
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<tr>
<td>15 Portfolio Management Office Analyst</td>
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<td>16 Design Engineer</td>
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<td>17 Transformation Project Manager</td>
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<tr>
<td>18 Sustainability Consultant</td>
<td>20/11/2014</td>
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<tr>
<td>Stakeholder groups</td>
<td>Role</td>
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<tr>
<td>Educational Network</td>
<td>Regional Director</td>
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<td>Educational Network 2</td>
<td>Tutor</td>
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<tr>
<td>City council</td>
<td>Affordable Warmth Officer</td>
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<tr>
<td>County council</td>
<td>Programme Coordinator</td>
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<tr>
<td>Regulator</td>
<td>Head of department</td>
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<tr>
<td>Energy NGO</td>
<td>Manager</td>
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<td>Energy NGO</td>
<td>Senior Manager</td>
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<tr>
<td>International NGO</td>
<td>Emergency Officer</td>
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<td>Environmental group 1</td>
<td>Planning officer</td>
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<tr>
<td>Environmental group 2</td>
<td>Reserve Manager</td>
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<td>Charity</td>
<td>Senior Development Executive</td>
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Appendix 5: Data collection chart

<table>
<thead>
<tr>
<th>Data collection sources</th>
<th>Quantity</th>
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<tbody>
<tr>
<td>BED CO Employees</td>
<td>18</td>
</tr>
<tr>
<td>Stakeholder representatives</td>
<td>13</td>
</tr>
<tr>
<td>Observations</td>
<td>3</td>
</tr>
<tr>
<td>Documentation analysis (15 organizational reports)</td>
<td></td>
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<tr>
<td>Documentation analysis (8 committee minutes)</td>
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<tr>
<td>Documentation analysis (1 website)</td>
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Appendix 6: Sample of coded organizational interview

Date: 10\textsuperscript{th} December 2014
Duration: 48’

| (0:00) What is the role of the company in the society? | My own view is that our role should be focused on what is the wider social benefit that we could provide related to our core business. I don’t think we just have a role to do anything that any group might require of us, but I do think that there are a number of areas that we need to think about what our impact is on the communities that we serve and that we work within and make that impact as positive as possible. We have a number of social objectives as a company and we have a CSR approach and we dedicate resources to that we use a number of different measures to benchmark ourselves and others and find what the right things to do are. So overall, I think our role is to be a responsible corporate citizen, to play our part in society and to see our role as being at the heart of the community within which we serve and operate rather than seeing our customers as the visitors that makes us money and all we need to do is do the minimum for them. |
| Wider social role with set priorities |

| (7:20) Which are the benefits that result from stakeholder engagement? | Energy has become a very political issue, so it’s really important to us that one, relate what we are doing as a business to our stakeholders’ wants and needs to get further from that to actually show the way of our planning and developing our business is steered by the feedback we are receiving and the engagement that we have with our stakeholders, cause I think that gives a lot more credibility to |
our business and a lot more justifications our activities, and it enables us to be robust in a highly politicised debate where we can receive challenge, we have attend various select committee hearings for example in a number of enquiries by politicians into issues not to put us in the media spotlight. I think we are able to demonstrate that we act in a very responsible manner and discharge our duties very efficiently and do so in a good way. So I think that makes us robust as an organization and prevents us be off track by various political external forces and that's because the track that we are taking is very well-justified track because of that stakeholder engagement. Energy as a political issue and actions taken

| (9:37) Exposure through stakeholder engagement | In one respect this sort of stakeholder engagement is a risk management technique. Because we act in this way, being quite stakeholder driven, that gives us a strength as an organization. It enables us to have a plan, for what we want to do and move forward and to stick to that plan. CSR stakeholder engagement a risk mitigation tool |
| (12:30) CSR drivers | A lot of our CSR strategy comes from our board of investors. We are owned by two infrastructure funds, and both of those funds sell to a wide range of stakeholders the opportunity to invest in our business. And they find that in their marketing that a strong ethical focus is a marketing advantage. So actually, there is a very strong drive from our owners to say that we really want you to excel in this area; this is good for us and therefore that's where this for. Board of investors’ support |
And what we are now doing, is trying to take the engagement with our stakeholders towards what we see as a next level of that, which is actually to say, as we continue to improve our business and we come up with new challenges either challenges about improvement in performance or challenges about our role and how it will change in the future, we are now looking to say, how we are going to use our engagement with our stakeholders to actually help us solve some of those problems, or find new solutions to some of these challenges as well. So, I think that’s where we are looking to develop our stakeholder engagement to a next level, I’m not sure we’re honestly quite there but that’s our aspiration for it.

CSR aspiration & stakeholder engagement

What we’ve done is we do an assessment of all the different stakeholders and we’ve highlighted a whole range of different issues that stakeholders raise with us and that we’ve identifies as being issues in the business. And then we do the score mechanism. We have an internal scoring mechanism that we have to score business risks and quite the same kind of logic to stakeholder engagement issues and business issues. And we score issues in terms of the impact on the business and the priority for us and we score issues in terms of priority for stakeholders. Then we look at the mapping of that and that gives us a ranking on issues. So, we are looking to prioritise those issues that have a high impact and have a high level of stakeholder concerns. So those are the key issues when you have to prioritise to ensure that we’ve got engagement with our stakeholders.
stakeholders. And then test that mapping that we do with our panel of stakeholders.

### Setting priorities

**CSR drivers (17:45)**

I think leading organizations saw them as a means of securing competitive advantage and that set a benchmark for others who were looking to improve that performance to assess and to fall it. So I think one of the great strengths of the CSR approach is that, organizations that have been looking to say how they could improve their selves, how they’d match the performance of the best in class have seen that there’s a correlation between those companies that take CSR or stakeholder engagement very seriously and whereas that they are very successful. I think, that kind of benchmarking and that kind of leadership by example some of the strongest performance companies is one of the reasons why this is gaining momentum.

**CSR drivers / Securing competitive advantage**

### (19:10) Role of regulator

Ofgem set a requirement that we needed to undertake stakeholder engagement in producing a business plan and then they created an incentive. The incentive said that the strongest business plans that they would be very well justified would be capable of what they called “fast tracking”. So, this A period that we are looking at could be a shorter process of the creating that business plan would be and some financial rewards available to companies who went through that fast tracking process. So the more well-justified a business plan they see the less regular scrutiny to put it under. There are small financial rewards available. I think probably the
reputational benefit of receiving an award is bigger than the money because there’s no huge amounts available but nevertheless there’s an incentive there as well.

**Incentives and rewards**

<table>
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<tr>
<th>20:00 Political driver</th>
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| So, that’s been a deliberate encouragement by Ofgem to say a stakeholder engagement needs to be put in your forward planning.

**Regulatory deliberate encouragement**

<table>
<thead>
<tr>
<th>21:45 Focus and concerns of political driver</th>
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| But they’ve been seen as the leaders, but the feedback we’ve had from Ofgem is that all companies are significantly improved in their stakeholder engagement and CSR approach. What they are now looking for as our next and not seen from any company yet is using stakeholder engagement to solve the big problems of the industry. That’s the challenge they’ve set up now which is a significant challenge actually. I think what their aspirations for what companies might do are not necessarily consistent with the potential rewards and offer but we’ll see what we can get to now.

**Taking the lead towards solving industrial problems**

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<tr>
<th>25:06 What were the main differences between your submission and the winner’s? Did you get the feedback?</th>
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| Ofgem judge this annual submission with their external panel. They have an external panel which changes every year. So, it’s quite hard to forecast what issues we’ll play well with the panel. What WPD have been very successful in doing is coming up with examples and things that they’ve done that played well with the panel. It was interesting the feedback that we’ve had, that this year we had a very broad portfolio activity; we tried to share the breadth of what we’ve done. Feedback we’ve had was “Well, last year we wanted you to do it in breadth. This year we are more interested in a deep
dive into two or three issues. And this particular issue that you have is a really interesting project. If you approached it in a much more detail unless on breath of the activities that you do, you’d probably have done much better”. They were referring to a project that we run in Stockport which is about helping customers improve their energy efficiency. WPD had a smaller number of projects that they’ve deeper dive in. So to some extend it’s not about the content of the CSR program, it’s more presentation and what happens to be the particular interests of the particular members of the panel on that year and how your project’s reflect against them. It is quite subjective. In Ofgem’s defence I would say that the first couple of years of this program were much more focussed on companies getting in place the right infrastructure and the right processes for stakeholder engagement using that Assessment process.

(30:05) How do you understand CSR?

From my perspective, I think it is the process by which we think about and develop our role as a corporate citizen. So, think about what is your role in society, what contribution can we make to society, and how then do we go through our role as assessing that role and thinking about improving it. **CSR as a good corporate citizenship**

(34:09) Where do you see CSR stakeholder engagement heading in the future?

In the future I think it’s going to continue to have a very significant role in our business. I think for two reasons. We talked about the political spotlight and the media spotlight on our business. I think to enable our business not to be blind of course by that and to get the benefits of a robust, consistent, clear strategy for a lot of people I think this CSR is really important. From that perspective I
think will continue. But also I think one key thing for us to consider and we are actively considering is that we expect our role to change in the future as a business. If they have a problem. So we have historically been a sort of an invisible business. Going forward I think we are going to see a big change in the manner in which people consume their energy in this country. As we move towards a lower carbon economy and we stop using fossil fuels for our transport and for our domestic heating in particular, then you will see a huge gross in peoples’ electricity consumption. Even their energy consumption may go down. If a lot more peoples’ energy is been consumed as electricity but also people start to produce their own electricity whether that’s through photovoltaic on the roofs of their houses or little gas boilers that can be combined power heaters and make their own electricity or the fact that they may have home storage or an electric vehicle that has an electric battery in it, which some of the time could be used to export electricity back into the grid. So all this interaction with the energy consumer and the grid that they are connected to will become a lot more dynamic. And in fact this might mean not calling our consumers of electricity but prosumers of electricity which is sort of a producers and consumers. They may be making their own electricity part of the time and consuming in another part of the time. So our relationship with prosumers will be very different, very dynamic, which means that we have a completely different role to play in our own engagement, our own society, we may need to change and be more prevalent.
Appendix 7: Sample of coded stakeholder interview

Date: 21\textsuperscript{st} January 2015  
Duration: 52' 06''

| (0:01) What do you think is the role of energy organisations in society? | “ ... regarding a CSR perspective, it’s about educating people. I think it’s educating current bill payers, future bill payers, regarding what they do and where electricity comes from, effectively, and also how we use our electricity and how we should be, possibly, more responsible in using our electricity, so probably multi-faceted to a certain extent”

\textit{responsibility of DNOs to the society} |
|---|---|
| Obviously, one of the things that I’ve very passionate about, and one of the reasons I got involved with BED Co, was to do with an ageing workforce. So, not only are they trying to communicate what their product is and what it means to a consumer, but it’s also about trying to raise people’s awareness, that we need engineers, we need technical people, to maintain the infrastructure.

\textit{Multi-faceted CSR dimensions} |
| (4:25) How did your collaboration with the company start? | Initially by making contact with BED Co’s CSR manager and then we met other people, and then I was asked to be on the stakeholder group. But initially it was just a couple [employees] who signed up to be our ambassadors and then it sort of expanded from there really. So, the way we run the programme, is that we’ve got some key partners, who tend to work with us on a more strategic level, and then other volunteers who are just individual volunteers

\textit{Description of stakeholder relationship} |
<table>
<thead>
<tr>
<th>Time</th>
<th>Question</th>
<th>Answer</th>
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<tr>
<td>5:40</td>
<td>How has this collaboration evolved across the years?</td>
<td>We’ve recruited quite a lot more volunteers from BED Co. They’ve been involved in quite a lot of big events, and smaller events as well. They’ve developed their in house resources regarding … this is very specific to my field, but they’ve developed resources that they can then use with schools regarding electrical resources that they can build circuits, and all the bits and pieces. <strong>On-going CSR developing process</strong></td>
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<td>12:30</td>
<td>What are the opportunities that result through stakeholder engagement?</td>
<td>Being on the stakeholder panel, it was quite obvious that all the different external stakeholders brought a very different perspective to that meeting. And I think they must have got quite a lot out of that, because we were all experts in our own field and I come from a corporate background. And you get stuck in this corporate bubble, but you only speak corporate speak, and you talk about your customers, but you don’t necessarily talk to your customers because they’re this customer that’s over there. So I think it’s been, obviously, it must have been a very worthwhile exercise for them to have a very different perspective really. And certainly for me, it was just very interesting to meet different, diverse people, and listen to their perspective, because we dive down into the minutiae, to a certain extent, about distribution networks and whatever, that I’d never really got involved in before, so that was quite interesting. <strong>Stakeholder acknowledgement of power relations</strong></td>
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We tend to get very good feedback on any intervention because they’re just really interested in meeting somebody different, somebody who talks about a different career, and a different day to
So the kids do love meeting the ambassadors, and, as a whole, absolutely, we can see that we’re having a big effect. So some of our key employers who take apprentices, are seeing a significant increase in the number of apprenticeship applications, but again is that down to £9,000 a year fees, or is that down to lots of volunteers raising people’s expectations and awareness of engineering? It’s very difficult to track isn’t it?

But I think, informing your people about opportunities and where the jobs are, and interesting, exciting jobs that safeguard our future, is always going to be a good thing isn’t it?

**Shared-value creation through CSR initiatives**

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<table>
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<tr>
<th>(21.00) What does CSR mean to you?</th>
<th>It’s about a company looking outwards, looking at their responsibilities regarding their local community, the safety of what they do, the perception of what they do, And I think you have to be careful how you handle that sometimes. What people spend and how it drips down through the economy, how people are educated et cetera, et cetera, if you’re responsible with your land and your image, I’m sure it’s multi multi-faceted. I think, for me, it more distils down to that education bounded thing.</th>
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<td>(22.02) Why do organizations engage in CSR?</td>
<td>I think you’re naïve to think that you can go and do your thing without consulting anybody else, basically, because I think the outside world always influences what big organisations do, whether it be directly or indirectly if that make sense. And one of the things we’ve touched on is employee of the future, and I think you can’t just shut your doors and ignore the general population, and then expect a stream of</td>
</tr>
<tr>
<td>(23.14) What are the benefits for the organization?</td>
<td>Raising the profile. It depends what they do, regarding what industry and business they’re in, but it could directly increase sales. I’m not naïve to think that lots of companies are involved in collaborations with schools and other people, purely out of the goodness of your heart, a lot of PR comes out of it, and absolutely, they’re doing work with schools, which is really great, inspiring about engineers, and it has knock on repercussions that you’re raising kids’ awareness, but also they may feel far most positive to a company than maybe their parents do, because of the way they’ve worked together over the years. So it’s, within CSR, there’s certainly win-win situations, and raising the awareness of people regarding what somebody does, it helps create a pipeline for future employees. I think if people are more receptive about a company, maybe they have open days, they invite you in, then maybe the local population might not be as anti-planning.</td>
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| (25.18) Why is there such an interest in CSR nowadays? | I think, they’ve always thought, but I think it wasn’t bounded, it wasn't called CSR. I think as we’ve obviously evolved over the years, more legislation has come into place regarding operations within different fields, so things like pollution and all those sorts of, noise levels, and all those sorts of constraints, and I think also, in the modern age, maybe as a society, we feel slightly more |
empowered that we can stand up against the big boys and complain. So maybe they think we have to be more on side, I don’t know, by playing nicely with the community rather than just doing what they want to, which maybe with less legislation, they probably did years ago.

(27:10) Which are the areas that require further consideration? I think as with all large companies you end up getting, not silos, because people do talk to each other, but you bound people’s responsibilities, and sometimes … and then you have several people doing parallel jobs, with slightly different boundaries, but I think the way I work, because I have my own business, and I have the advantage that we’re a lot smaller, that I can do that synergy, I can build links when I see that it would be beneficial, yeah?

(Socially constructed nature/Political driver)

So sometimes I think BED Co, they like doing their … so their careers stuff, and maybe their education involvement are slightly different offers, so they will do activities with schools, but they probably don’t want to do a careers talk with it at the same time, because that’s … somebody else is slightly responsible. I don’t know if you’ve come across that? And sometimes I think, well if you’re not careful you end up missing tricks. Because this person over here, has the opportunity to meet these guys’ targets, and vice versa, but if you’re not thinking of the multi layers of opportunities, then you end up doing more than you should.

(Missed opportunities)

(29:34) What might bring a fresh perspective in the organization? So they take out somebody in a key, say, CSR role, and they’ll put them out in the community, working for another organisation, for three, four months, to get that real world perspective, rather
than just seeing things from a company perspective. Cause obviously companies get involved because they have their own objectives, but I can see slightly different objectives, and different issues, 'cause I work in a different field, and sometimes those issues can cause, not friction, but it can prevent us actually doing something that’s strong, or effective

**Multiple realities / Interaction**

<table>
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<tr>
<th>(32.30) So it’s about people being able to express their interests in and out of the organization</th>
<th>Finding out about needs and wants, and taking it back into the organisation to change slightly how they work. And you don’t really get anywhere, because when you have such a big organisation, different people have different jobs and different roles, they don’t like standing on each other’s toes et cetera. And that’s what I’m saying about getting above those to that slightly higher management level that maybe has the view over all those departments, and creating some sort of plan from that perspective, rather than lower down. <strong>Dialogue/Collaborative environment</strong></th>
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<tr>
<td>(33:40) Did you express your concerns to the stakeholder meetings?</td>
<td>At the external stakeholders’ meetings, it isn’t appropriate really to talk specifically about that, ‘cause we’re discussing things that obviously went into the proposal ... it was very much the company going through their future plans. There was brainstorming for that bit, but it was very much within a structure, ‘cause they obviously had an objective for it, which is fair enough, absolutely. It wasn’t the forum for us to talk about our own links with the company, and develop those plans. And I think, for me, because I look after 830 volunteers over 70 different companies across region, I cannot spend the time deep delving with everybody really.</td>
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What we just talked about then, regarding actually lumping those sections together, and maybe changing how they actually engaged with young people, wasn’t in the remit of the stakeholder panel meetings really, we were looking at other things. We were looking at more from a customer perspective, so the company’s customer perspective, it wasn’t from a, how they organise themselves and how they do their work, perspective.

**Structured one-way communication**

(37.10) How could dialogue improve CSR?

I would like to think that if you have long-term sustained involvement with stakeholders, it should be on-going, it should not just be engagement because an important piece of documentation is due. And it should have the opportunity to break off into different groups, depending on which way the discussion go really. We haven’t had a meeting for a while, ‘cause pretty much all the documentation has been submitted. And whether it continues, I’m not quite sure, you see. I think it depends, it’s very easy to pull a group together and call them a stakeholder group. I think it depends, again, what your objectives are for that cluster. If it’s for general improvement and running of the business, and to find out issues, then that’s one thing, whereas the terms of reference of this stakeholder group, I believe, was purely to do with submissions to the regulator and whether it continues I don’t know.

**Stakeholders looking for benefits /Cynicism**

(40.53) Does the regulator play a motivating role?

I’m not sure they would have run it at all without that pressure. Can I say that? But that’s not to say that they’re not very keen on engaging, they are, but I think possibly, and this is only my
opinion, their hand, not was forced, but they wanted to do everything they could to get their green light on that submission, and I don’t want to say they had to be seen to be doing something. ‘cause that implies that they didn’t value what we did, ‘cause I think they did extremely value what we did, but you do have to play the game.

### Political pressures

#### (44.08) What is your contribution to the meetings?

The External Stakeholder Panel, is just a channel of communication in between the community and the company, so it’s basically a forum where people have the opportunity to exchange ideas.

### Learning platform

#### (44.59) How do you expect CSR to be practised in the future?

I think it’s only going to get stronger, purely because people now, and we’re breeding the next generation to feel that they have more and more choices than we ever had before, I think people are becoming far more demanding as a customer. I think regarding employers, I know they quote large numbers of unemployed, but I think employers always want the best of the pick, so I think it’s going to be more competitive over the next generation of young people. And I think that means, that from a CSR, whatever you band under CSR, must get more visible and stronger as we go forwards really. I think people are always looking, probably more closely, certainly at the bigger companies, than we ever have before

### Raising awareness impact on future CRS performance

#### (46.10) What are the challenges?

Getting your story straight, and making sure that you are doing what you say you’re doing. As an example, people like Tesco’s are having a bit of a problem at the moment aren’t they? And they’ve always built a lot of their brand on customer goodwill, and that
they were the cheapest and you can count on Tesco’s … Tesco’s name was the housewife’s friend, and all that, every little helps … and I think as people grow and they have more of a public image, you have to be very careful, ‘cause that public image can be damaged quite quickly, if you’re not careful, really. So the more you put out there, the more there is for people to sniff around isn’t there, really?

*Words VS actions*
Appendix 8: Sample of coded report message

Publication: Corporate Social Responsibility Statement

Signed by: Chief Executive Officer

“2011 has hugely significant year for British Distribution Company. The completion of the purchase transformed the business into an integrated distribution network operator which owns, operates, manages and maintains the electricity network for the region [success identification]. A key focus now is on creating a corporate social responsibility (CSR) framework that applies to our new business and strongly reflects our view on the world [CSR as good corporate citizenship]. This document shows that we’re well on the way to doing that [proof of actions]. It puts a clear focus on our four areas of commitment: engaging our people; protecting our environment; being serious about safety; supporting our communities [CSR dimensions]. There will be plenty more stakeholder engagement between now and July 2012 [stakeholder engagement commitment], when we report fully on our approach to CSR, as the basis of a meaningful, long-term commitment on responsibility from British Distribution Company”.

As a distribution network operator with a single and total focus on the region, we are able to ensure that the revenues we receive from businesses and households stay in the region [regional specific actions/societal welfare]. And between 2010 and 2015 we are investing £1.4 billion in our network. British Distribution Company is a new company with a long heritage. We bring the best of the CSR legacy of past ownerships them [CSR expertise]. Now, with our clear focus on one form of energy and one region, we can balance the continuity of 100 years with a set of innovative ideas for the century ahead. Our recently published Strategic Direction Statement of Autumn 2011 sets out how we’ve been working to this end [accompanied documents]. In our 2011 Stakeholder Review [accompanied documents], we talked about the changing expectations and needs of our customers [commitment to listen to stakeholders], focusing on network reliability and environmental and social governance. As we move towards full and detailed reporting on CSR [CSR reporting], it’s clear that, at British Distribution Company, we are switched on to our corporate social responsibilities and committed [CSR commitment] to ensuring we have a positive
impact on our stakeholders from a social, environmental and economic perspective [shift to new roles and responsibilities].

“People want to see British Distribution Company engaged in two-way communication [stakeholder expectations for two-way communication/relationship with stakeholders], as a company that protects their environment, takes a serious approach to safety and supports their communities”.