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Cases on Corporate Social Responsibility and Contemporary Issues in Organizations

Alexandros Antonaras and Paraskevi Dekoulou

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Cases on Corporate Social Responsibility and Contemporary Issues in Organizations

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Detailed Table of Contents

Social value is created when resources, inputs, processes, or policies are combined to generate improvements in the lives of individuals or society as a whole. It is crucial for any organization to be able to demonstrate the value it creates by its very existence. Corporate social responsibility (CSR) has never been more important. Citizens nowadays demand a responsible business behavior from all kinds of organizations, corporations, and their leaders who have become aware of the crucial role of social responsibility in seeking performance excellence and sustainable growth. This chapter introduces the concept of CSR and explains its importance providing the historical background that made it synonymous to sustainability. The benefits resulting from CSR are briefly presented while the main recent developments in the area of CSR and sustainability are analyzed. Particularly, emphasis is given on the 2030 Agenda, the European Directive (2014/95/EU) on non-financial reporting, and the recent trends for socially responsible investments.

The purpose of this chapter is to attempt a short but comprehensive record of the connection between sustainable development and stakeholders, to present the basic theoretical base on the topic, while describing fundamental principles of stakeholder management and means of relative engagement. The core assumption of this chapter is that corporate responsibility is perceived as the responsibility of an organisation to act in the interest of legitimate organizational stakeholders. Although stakeholder engagement is not a new concept, it is accepted as crucial to an organization's sustainability and success. For those reasons, the chapter focuses on the strategic approach of stakeholder management while describing briefly some important steps in implementing stakeholder engagement. The final section of the chapter focuses on the future of stakeholder engagement as well as on related risks that may arise for non-engagers.

This chapter examines how the changes from voluntary to mandatory corporate social responsibility (CSR) reporting influence the quantity and quality of disclosed CSR information. Furthermore, it examines the adaptation level for CSR reports in relation to the requirements of the regulatory regime. To do so, a research agenda is designed through the relative literature in order to make clear the challenges and barriers of the changes of the CSR reporting regime as well as a framework is developed to evaluate the progress of CSR reports within the new regime. This research is based on a scoring and benchmarking methodology which is tested in a sample of 23 Greek firms which systematically publish CSR reports the last five years. It is worth noting that a mandatory regime from CSR reporting has been lately introduced in Greece by integrating into Greek Law (4403/2016) the European Union Directive 2014/95/EU which requires Greek firms with over 10 employees to publish CSR reports on a mandatory basis.

In this chapter, the impact of corporate sustainability practices (CSP) on corporate financial performance (CFP) is investigated in terms of Turkish manufacturing industry. In this context, 16 sustainable companies vs. 21 control companies in 2016 and 16 sustainable companies vs. 24 control companies in 2017 are examined. Thirty-seven financial performance variables within seven groups are used, and non-parametric Mann-Whitney U test is applied. In 2016, four out of seven significant variables point out that sustainable companies perform better than control sample; however, in 2017, three out of four significant variables indicate the opposite. Therefore, the results are mixed, and it is concluded that implementing environmental, social, and governance (ESG) criteria do not have a noticeable positive effect on financial performances of manufacturing industry companies, at least in the short-term.

The purpose of this chapter is to explore, describe, and offer new directions on corporate social responsibility (CSR) communication in the digital age. CSR communication is in a state of flux as organizations adapt to technological transformations and new communication approaches conducive to the digital age. The chapter draws on current strategic communication trends and CSR communication literature to underline new theoretical and practical implications. The chapter explicates the relationship between CSR, strategic communication, and more recent forms of CSR communication via digital platforms. The Bank of Cyprus is considered as a case study to illustrate how one largely structured organization applies current approaches of CSR communication.

The chapter explores how a financial institution can effectively implement environmental CSR strategies that contribute to the wellbeing and sustainable development of the global community. In particular, the case of Piraeus Bank, a leading player of the banking sector in Greece, has been extensively analyzed. The analysis demonstrates that by immediately and effectively responding to environmental and other social issues, Piraeus Bank is fully aware of the imperative need for an organization to integrate CSR notion in its strategy and business activity.

Given that research into attitudes to responsible management in education is still in its infancy, this chapter explored business students' experiences in relation to award-winning corporate social responsibility (CSR) practices of their university and mandatory curriculum on responsible management, based on the United Nations Principles of Responsible Management Education (PRME). Drawing on a qualitative study, focus groups were conducted with 107 students who were asked about their awareness, perceptions, and impact of the ethical, environmental, and social practices that their university implements. The findings suggested strong awareness and pride of its ethical standards, while many students' choice of university was influenced by their institution's sustainability practices. However, while students enjoy an immersive experience in CSR and ethics education, some doubted that this prepares them to face ethical quandaries in the real world. The chapter highlights a number of important orientations for the future development of university curriculum in relation to CSR.

Higher education institutions and universities represent a vital part of any society and are continuously faced with numerous new environmental and social challenges. Universities are moving toward corporatization, which calls for them to be good corporate citizens. In order to meet the expectations of the stakeholders, they need to adopt a social responsibility strategy just like other organizations. This chapter discusses how universities could achieve development, sustainability, and competitiveness through applying university social responsibility (USR). It presents a case study of USR, namely UNIC Mentor Youth Guidance Programme applied by the University of Nicosia in Cyprus. The initiative connects university students to at-risk youth, so that they act as agents of social change and mentors. The chapter describes the benefits, long-term effects, and impact of this particular USR activity, both for the organization itself and the various stakeholders.

The chapter will focus on corporate social responsibility in the education industry, specifically focusing on universities and how they can and are becoming more sustainable in accordance to the environment and the way the University of Birmingham is implementing Goal 12 of the UN's Sustainable Development Goals that will be mentioned in further detail. The fast-paced times of today means that there is constant evolution to create new opportunities and to improve our surroundings, so corporate social responsibility can help identify the needs for specific areas in which to thrive in this space.

Safaricom Limited is a telecommunications company, the largest mobile operator in Kenya, serving over 20 million customers and occupying two-thirds of the market share in the industry. The company strives to push the boundaries of conventional ways of doing business by focusing on value creation to the society, economy, and environment of Kenya by incorporating the top-down, bottom-up approach to integrate the SDGs into its corporate strategy and its corporate social responsibility projects. The mission of the company is transforming lives, and this is evident from its operations and investing resources in sustainable projects.

Employees are rated as the most valuable asset of an organization. Therefore, the care, development, and maintenance of strong staff motivation are essential to achieve the core business goals. In the early 90s human capital had completely different value in the post-socialist countries. Unlike East Germany, in Bulgaria private property and entrepreneurship did not exist during the Soviet period. The education of an entrepreneurship spirit in free people had to start from scratch. The first part of the chapter examines the most important theoretical contributions and basis of the human capital and human capital resource theories. The second part is dedicated to the practical implications of these concepts in a newborn Bulgarian company which has a vision to transform the society it operates in. In addition, the chapter analyzes how these concepts reflect on a broader business audience, thus becoming a role model for multiplication of other companies from the responsible business circle in Bulgaria.

The conventional discourse on corporate social responsibility (CSR) focuses on big companies and tends to neglect small, medium, and family firms. However, scholars state that simply scaling down CSR theories does not capture the variations in CSR choices across companies and contexts. The authors remedy this state of affairs by investigating an Italian family firm in the animal feed industry in light of an integrative framework that combines institutional- and company-level factors explaining the variations in CSR choices. The findings highlight how the company under investigation is committed to ensuring animal welfare by offering healthy and safe animal feed through innovation and certification. In addition, the company is well embedded in the local community and represents a point of reference for the inhabitants. Initiatives ranging from scholarships to university exchange programs to running races contribute to mobilizing human resources and to improving the company's brand awareness.

Employee retention is emerging as a critical issues impact on the competitive advantage. Internal corporate social responsibility (CSR) has been creating so much attention in the minds of employees during the recent years. Thus, the chapter is based on three objectives: First, it explores the relationship between internal CSR and employee retention. Second, it identifies how intrinsic motivation mediates the relationship between internal CSR and employee retention. Finally, it determines the internal CSR activities which the apparel industry should pay more attention to in order to better employee retention. Primary data were collected by using questionnaires, and the results of the study indicated that there is a positive relationship between internal CSR and employee retention. Moreover, intrinsic motivation partially mediates the relationship between the internal CSR and employee retention. The findings of the study identify the internal CSR activities which the apparel industry should pay more attention to in order to develop retention programs in the future.

Foreword

You cannot hope to build a better world without improving the individuals. To that end, each of us must work for his own improvement and, at the same time, share a general responsibility for all humanity, our particular duty being to aid those to whom we think we can be most useful. - Marie Curie

Three decades ago, the publication of "Our Common Future"[1] also known as Bruntland Report introduced the idea of "sustainable development" envisioning a future where humanity takes the responsibility today to ensure that economic prosperity will not come at the expense of future generations.

All these years, many efforts focused to find the right definitions and transfer the concept of "sustainable development" into practice. To meet this end, defining social responsibility and especially as a collective responsibility of organizations, private and public, became a great challenge.

Significant progress has been made, although no single definition is still commonly agreed. A vast network of experts and "standards" or "tool" makers including investors, organizations, coalitions, certifiers and platforms emerged to spur and aid responsible business practices.

In 2003, a survey among 3500 top executives shed light to the gap between business and society and resulted in the need to shift from "doing less harm" which is about compliance with the law to "doing more good" which is about incorporating stakeholders' needs in strategy and decision making. This intentional self-regulation commitment to certain values in order to serve long-term and broader interests are the key materials for the creation of a sustainable business model.

Today, around 400 reporting frameworks for sustainability performance have been recorded by relevant surveys and more companies are reporting on their sustainability performance. Almost 10.000 enterprises globally large and small have endorsed the United Nations Global Compact pledge and report annually how they comply with the ten principles. More executives acknowledge that having a sustainability strategy is necessary to be competitive[2].

Corporate conscience, corporate citizenship and responsible business are few of the synonyms or alternatives for corporate social responsibility. Yet, looking at the different definitions as well as at the one that experts worldwide adopted in the relevant international standard (ISO 26000)[3], it becomes apparent that corporate social responsibility is a culture, is an attitude and a way of thinking. For this reason, it is difficult, if not impossible, to describe it in few words. It is also for this reason that from the very beginning, the focus was on how corporate social responsibility is translated into action. What are the relevant corporate practices and what is among them a "best practice".

By focusing on the lessons that we can learn from best practice we know what it will take to make it real. Learning from given experience, will help acknowledge among else that relying on government to address sustainability issues such as climate change and biodiversity loss, water scarcity and depletion of natural resources, human rights and working conditions is insufficient. It also helps to understand that many solutions lie with business. Business have the resources, financial, human and intellectual to find solutions responding to the increasing expectations of stakeholders. Business have the capacity to learn, create and innovate.

Undoubtedly, the progress achieved so far is still limited. Corporate leaders in sustainability remain a minority, scattered across industries and geographies. The complexity of issues and the lack of common governance standards is discouraging while the legal gap between developed and emerging markets affects cultural barriers and efforts to accelerate collaborative efforts and communicate best practice.

Corporate social responsibility is a long-term investment to ensure sustainable growth for business and society. To face the challenges of today, companies should seek solutions for the future. Solutions that can answer shareholders' demand for growth, employees' need to work for a purpose and societies' expectation to address social, environmental and economic issues.

Looking at best practice from different countries, industries and leaders, it becomes evident that "one size does not fit all", but there are certain elements that differentiate corporate social responsibility from corporate philanthropy or social marketing. Best practice in corporate social responsibility is "innovative", "enduring", and "inclusive". Stakeholder feedback and collaboration is the "key" to build an effective corporate social responsibility strategy and quality education the "door" to a more sustainable future. By presenting several CSR related case studies in a new context this book provides to the practitioners and academicians both the content and insights essential for the new times.

Companies need to build on the experience of the past investing on awareness building and quality education for all. The companies of the 21st century, as Peter Drucker underlined in the 1990s, will succeed due to a workforce that is ready to change the prevailing mindsets of the past.

Corporate social responsibility and sustainability leaders have a privilege and a burden. Share know how, experience and best practice with all stakeholders and multiply positive impacts and value created for all.

Maria Alexiou
Titan Group, Greece

ENDNOTES

1 "Bruntland report", May 21, 1987.

2 D. Kiron, N. Kruschwitz, K. Haanaes, M. Reeves, S-K Fuisz-Kehrbsch and Georg Kell, "Joining forces" Collaboration and Leadership for Sustainability", Jan. 2012, 2015, http://sloanreview.mit.edu.

3 "CSR is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that (1) contributes to sustainable development, including the health and welfare of society; (2) takes into account the expectations of stakeholders; (3) complies with applicable law, (4) consistent with international norms of behavior; and (5) is integrated throughout the organization and practiced in all its relationships.

Preface

The last decades witnessed a vigorous debate over the role of corporations in society and their critical necessity of them being socially responsible. Interest in Corporate Social Responsibility (CSR) is becoming increasingly intense as corporations' stakeholders call for higher performance and ethical standards from businesses. CSR has become part of the corporate fabric and many corporations have developed CSR programmes expecting to harvest the benefits resulting from such initiatives. CSR practices have become a crucial component of business strategy contributing to organisational success and sustainable competitiveness. The benefits of CSR for organisations include, among others, increased profits, customer loyalty, trust and positive brand attitude. An even more significant benefit resulting from CSR practices is that a strong sense of CSR can assist an organisation not only to gain but to sustain business competitive advantage as well as enhance its long-term sustainability. In today's highly competitive and dynamic markets, such an advantage is of strategic importance and thus systematic integration and measurement of CSR is necessitated.

Corporate social responsibility is defined as organisation's initiatives and practices to assess and take responsibility for the impact of its business activity on environmental and social well-being. Contemporary organisations are increasingly integrating in their organisational vision, mission and strategic objectives their strong and continuous commitment to contribute to sustainable development and prosperity of their community. Although CSR is often a concept linked to large corporations, it can also be considered as a strategic choice that can increase the overall value of their supply-chain and at the same time to enhance the competitiveness of SMEs. Organisations that develop socially responsible activities tend to be more competitive, strengthen not only their sales, performance, but also their overall market value, and reinforce their good brand and customer loyalty.

CSR has attracted the strong interest of both academics and practitioners, notable textbooks have been published on CSR and sustainability theories and principles, while there is an increasing body of research highlighting the critical significance of organisations' investment in CSR. However, there is a limited number of case studies elaborating on strategies and policies enacted by contemporary organisations to contribute to environmental and social issues, as well as to economic and financial ones.

The first part of this book sets the framework of CSR, sustainability and stakeholder theory while the second part presents 19 cases from 10 different sectors and 10 different countries (UK, Italy, Cyprus, Greece, Turkey, Bulgaria, Qatar, India, Sri Lanka, Nigeria).

Chapter 1 analyses the fundamental concepts, the historical background and recent developments in CSR; it explains the necessity for contemporary organisations to create and demonstrate social value in response to citizens' increasing demand for responsible business behaviour, and describes the benefits generated by investment in CSR in pursuit of performance excellence and sustainable growth.

Chapter 2 provides a useful description of the critical connection between sustainable development and stakeholders, by presenting the fundamental principles of stakeholder management and highlighting the imperative need for stakeholder engagement as a means for seeking organisations' sustainability and success. The chapter focuses on the strategic approach of stakeholder management, provides guidance on effectively implementing stakeholder engagement and sheds light on the risks that could threaten non-engagers.

Large firms have, either voluntarily or mandatory, disclosed CSR information on an annual basis with the major aim to make their stakeholders aware of their triple-bottom-line performance on financial issues, environmental protection and social equity. Firms' behaviour concerning CSR reporting varies between countries, sectors and size of firms due to the different regulatory regime and the pressure of stakeholders. Chapter 3 discusses how the change from voluntary to mandatory CSR reporting has impacted the quantity and quality of disclosed information and examines the adaptation level for CSR reports in relation to the requirements of the regulatory regime.

Chapter 4 inquires the impact of corporate sustainability practices (CSP) on corporate financial performance (CFP) with the use of 37 CFP indicators. The chapter explores the manufacturing industry in Turkey in 2016 and 2017, and although the implementation of environmental, social, and governance (ESG) criteria has not been found to have a strong and noticeable impact on corporate financial performance, the authors predict a long-term enhancement in the CFP of the sustainable companies compared to the non-sustainable ones.

Chapter 5 provides an interesting analysis of the new approaches toward CSR communication that have been created by the widespread growth of digital communication technologies. Based on the case of the Bank of Cyprus, Cyprus' largest bank, the chapter describes how a large and profitable financial institution utilises technological advancements and current trends in strategic communication to effectively organise, co-create and promote its CSR activities both internally and externally.

Chapter 6 also explores CSR concept in the banking sector and describes the environmental CSR strategies implemented by a leading player of the banking sector in Greece. The chapter analyses how a financial institution that complies with all corporate social-environmental performance indicators, has developed and implemented a CSR strategic plan contributing to five out of the seventeen United Nations Sustainable Development Goals and achieving successful stakeholder engagement.

Chapter 7 focuses on a rather critical and unexplored issue, attitudes to responsible management in education, which is still in its infancy. Since universities are facing an increasingly intense competition at a global level, they are required to reinvent themselves in response to new challenges and opportunities. The implementation of socially responsible initiatives, could be a powerful source of competitiveness. The chapter investigates students' experiences in relation to award-winning CSR practices implemented by their University and mandatory curriculum on responsible management, based on the United Nations Principles of Responsible Management Education (PRME).

Since higher education institutions and universities are undeniably considered as a vital part of society, they are expected to respond to an increasing number of environmental and social challenges, while their corporatization confirms their requirement to act as good corporate citizens. With the aim of meeting stakeholders' expectations, higher education institutions are required to get engaged in CSR like the other organisations. Chapter 8 discusses how these organisations could achieve growth and sustainable competitiveness through integrating CSR in their corporate strategy. It focuses on UNIC Mentor Youth Guidance Programme, an initiative that connects university students to at risk youth by giving them the opportunity to act as mentors and agents of social change. Chapter 8 analyses the benefits and the impact of the specific CSR activity not only for the University but also for the other stakeholders.

Chapter 9 is also dedicated to CSR in the education industry, and explores how the University of Birmingham is becoming gradually more responsible towards the environment by implementing Goal 12 of the UN's Sustainable Development Goals. Its positive engagement in local and national community in combination with the fact that it is an internationally established institution for teaching and research, have enabled the University to formulate a positive impact on sustainable development. The University has focused on six sustainability areas: travel, waste and recycling, carbon and energy, sustainable food, nature and wildlife, sustainable procurement. The Institution's vision is to pursue sustainability to not only protect the environment, but to also create jobs, enhance social well-being, improve technology innovation and help local community in export opportunities.

Chapter 10 presents the success story of Safaricom Limited, the largest mobile operator in Kenya and the first organisation in Kenya that has integrated Sustainable Development Goals in its operations. The organisation has transformed its business model to adopt nine out of the seventeen SDGs by giving priority to the areas of health, education and economic empowerment, and has implemented significant projects in conjunction with other partners, with the aim of enhancing the welfare of Kenyans in the before-mentioned areas.

Employees are considered as the most valuable asset of contemporary organisations, since the acquirement and retention of highly-skilled, strongly motivated and satisfied staff members significantly contributes to the achievement of organisational goals. Based on the critical importance of human capital for the effective implementation of organisational strategies, Chapter 11 discusses the application of human resource theories in a newly established Bulgarian company whose vision is to enhance the local community it operates in.

Chapter 12 is dedicated to green energy innovations and electric vehicle development aiming to fulfill distribution and production sustainability needs by Grupo Bimbo, the largest bakery products company in the world. Grupo Bimbo, originated in Mexico, has one of the most extensive distribution systems in the entire globe. Although it has presence in 32 countries in the Americas, Europe, Asia and Africa, most of its revenues come from sales in Mexico and the United States. The chapter studies Grupo Bimbo's CSR initiatives and strategies to increase its distribution efficiency in Mexico, while contributing to alleviate global warming and carbon-reduction constraints by producing its own electric vehicles and power them with in-house wind-generated energy.

The next chapter highlights the growing importance of Non-Profit Institutions (NPIs) for both developed and developing countries, the complicated and multidimensional managerial approach required as well as the need to safeguard their role as providers of social value through goods and services for citizens and communities. Chapter 13 describes a three-dimensional model that could be implemented for managing NPIs in the optimum way by securing both their economic and social mission; "professionalization", civic engagement and accountability that entails corporate social responsibility, transparency and nonfinancial disclosure, morality, ethics and public trust, and which are presented as the three pillars of the suggested approach.

The necessity of managing the social side of business, which is still at in its formation stage in the State of Qatar, is discussed in Chapter 14. Although there seems to be some developments in some areas such as government, employees, sporting events and product development, other crucial ones such as environment, anti-bribery and anti-corruption measures have been neglected. The chapter analyses the role of different formal and informal CSR organisational initiatives in raising the awareness of the importance of managing the social side of business, but underlines that more combined effort is required for the realisation of the national vision of the country for 2030. Although many studies have confirmed the strong positive association between CSR and corporate social performance (CSP), managers in Qatar remain unconvinced about the benefits of a CSR strategy.

Chapter 15 highlights CSR's close relationship with environmental sustainability and explains the underlying principles of environmental sustainability from a marketing perspective. In response to increased consumer concerns regarding unethical and irresponsible business activities and to the growing trend for customers to become more environmentally aware and demand eco-friendly products, companies are increasingly expected to engage in environmentally sustainable business practices. Based on empirical evidence, the chapter reveals the perceptions and experiences of managers of four large companies and four SMEs located in Cyprus, about environmental sustainability.

Chapter 16 focuses on the maritime sector and highlights the necessity for shipping companies to invest in socially responsible activities. The concept of CSR is highly related with a wide range of business activities such as waste reduction, adoption of environmentally efficient machinery, creation of social benefits for employees, maintenance of safe working conditions with equal promotion opportunities. Due to the significant potential environmental risks associated with maritime activities, but also due to the fact that the shipping industry deals with 90% of global trade, the maritime business attracts increased public attention; this brings about an imperative need for shipping companies to be socially responsible and accountable, although the sector seems to be a latecomer in CSR initiatives.

Chapter 17 puts emphasis on today's companies mandate to bring business and society back together and place social impact in the heart of their activities. Nowadays, customers do not just admit that they value CSR, but they are also demonstrate it through their buying decisions. The solution for companies lies in the notion of shared value, which includes generating economic value in a way that also creates value for society by addressing its needs and wants. Companies are required to adopt policies and practices that can improve their competitiveness in parallel with enhancing the economic and social conditions in the communities in which they operate. Based on the case of Lidl Hellas, this chapter explores how innovative CSR approaches could be implemented for minimising the negative impact of a crisis generated by the loss of trust and credibility and restoring a company's reputation.

Chapter 18 confirms that engaging in CSR is not only an 'obligation' for large companies, but also SMEs are required to contribute to the improvement of economic, environmental and social welfare. This chapter discusses CSR choices for SMEs in different institutional settings. Based on the case of an Italian family firm in the animal feed industry, it explains how the specific company ensures animal welfare by offering healthy and safe animal food, but also how the company contributes to the overall well-being of the local community and has become a point of reference for the local inhabitants. By implementing various CSR initiatives ranging from university exchange programs to running races, the company managed to significantly reinforce its brand awareness and highly motivate its employees.

Chapter 19 is dedicated to the internal aspect of CSR and its association with the critical managerial issue of employee retention. Moreover, it explores how intrinsic motivation mediates this relationship and determines those internal CSR activities that could foster employee retention in apparel industry in Sri Lanka. Due to extremely high staff turnover in that industry, companies are required to reinforce their internal marketing through their constant engagement in CSR activities in order not only to retain their existing employees in the long run but also to attract new highly-skilled staff members.

The target audience of this book includes CSR and sustainability professionals, academics and university students who want to learn from the experiences of organisations in different countries and wish to upgrade their understanding on CSR and sustainability.

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Cases on Corporate Social Responsibility and Contemporary Issues in Organizations has been a rather demanding task which has taken over twelve months from conception to final production and has required the assistance of many highly skilled professionals.

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Last but not least, we would like to thank our families for their continuous support.

The Editors

Chapter 1
Fundamental Concepts of Corporate Social Responsibility and Sustainability

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EXECUTIVE SUMMARY

Social value is created when resources, inputs, processes, or policies are combined to generate improvements in the lives of individuals or society as a whole. It is crucial for any organization to be able to demonstrate the value it creates by its very existence. Corporate social responsibility (CSR) has never been more important. Citizens nowadays demand a responsible business behavior from all kinds of organizations, corporations, and their leaders who have become aware of the crucial role of social responsibility in seeking performance excellence and sustainable growth. This chapter introduces the concept of CSR and explains its importance providing the historical background that made it synonymous to sustainability. The benefits resulting from CSR are briefly presented while the main recent developments in the area of CSR and sustainability are analyzed. Particularly, emphasis is given on the 2030 Agenda, the European Directive (2014/95/EU) on non-financial reporting, and the recent trends for socially responsible investments.

A CHANGING BUSINESS ENVIRONMENT

In today's turbulent business conditions, organizations are striving to identify tools and techniques that will enable them not only to survive but to gain competitive advantage as well (Antonaras et al, 2009). Traditional thinking implies that organizations exist to create economic value by taking a resource or set of inputs, providing additional inputs or processes that increase the value of those inputs, and thereby generate a product or service that has a greater market value at the next level of the value chain. On the other hand, social value is created when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole. It is crucial for any organization to be able to demonstrate the value it creates by its very existence. Shareholders demand it from for-profit

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organizations, while in the case of not-for-profit organizations, citizens and donors want to see the impact of their funding and donations (Antonaras et al, 2011).

Corporate social responsibility (CSR) has never been more important. In recent years, the impact of corporations upon our world has become undeniable (Chaffee, 2017). Citizens nowadays demand a responsible business behavior from all kinds of organizations (for-profit and not-for-profit), corporations and their leaders who have become aware of the crucial role of social responsibility in seeking performance excellence and sustainable growth (Antonaras et al, 2011).

The last decades witnessed a vigorous debate over the role of corporations in society (Basu and Palazzo, 2008). Interest in CSR became intense as shareholders, consumers, activists, governments, and society in general called for higher standards of business.

SHIFTING TOWARDS CORPORATE SOCIAL RESPONSIBILITY

The shifting towards a more responsible way of doing business was thought to be a simple and very easy step. For many years, CSR strategies have been espoused by the international business community, in a great number of sectors of the economy, such as banks, retail organizations and public and private service providers. Progressively more and more businesses appreciate the role of CSR and wish to engage in positive social actions and communicate these to their stakeholders. (Antonaras et al, 2017)

Although many organizations have already tried to adopt this new approach, only few are those that have managed it successfully. This is mainly due to the fact that before applying CSR activities it is necessary for an organization to reform its corporate strategy, without eliminating its existing cultural elements. Crafting a CSR strategy is not a goal that can be accomplished from one day to another. It requires very precise planning, overall participation, well-managed operations and definitely continuous evaluation. Moving from the stage of simply doing profitable business to providing products or services in a responsibly profitable manner might be highly expecting.

Traditionally, organizations were interested in short-term profitability, operating for a general nonspecific purpose. In other words, their vision was based solely in quantitative perspectives like maximizing the shareholder wealth, without taking into consideration the other stakeholders of the organisation like employees, suppliers, and society at large. However, with the new thinking there is a need for achieving long-term profits while accomplishing specific, responsible strategic goals in a systematic way. Companies now face the challenge of providing products or services that are important and useful to their customers by fully utilizing their resources (including their employees) in a way that treats all stakeholders with dignity and respect. After all, CSR is about a company owning its impacts on individuals and communities.

The shift to Corporate Social Responsibility has to do with the passage from shareholder relationships to stakeholder management. The existed hierarchical and authoritarian leadership systems are being transformed to shared-powered and more democratic management systems. There is no longer competition in the way it has been known until today, but collaboration and participation through teamwork. Employees and employers establish better relationships based on mutual trust and responsibility and the overall enterprise is responsible even towards its competitors. As it is understood, the shifting towards CSR requires a multi-dimensional evolution and change in the internal and the external environment of the corporation.

The most important is the understanding that business is not separate from society as it was believed but is integral to it since they have a symbiotic relationship. The long-term viability of the corporation depends upon its responsibility to the society of which it is part. At the same time, the well-being of society depends upon profitable and responsible enterprises.

CSR is not a "nice-to-do" thing. It is a "have-to-do" thing.

DEFINING CORPORATE SOCIAL RESPONSIBILITY

CSR has been for years the subject of a considerable number of inquiries and debate between academics and practitioners (Ibrahim et al. 2006). A great number of private and public organizations have developed extensive CSR programmes intended to enjoy the abundant benefits resulting from CSR practices, especially stakeholder goodwill and competitive advantage. Organizations are regarded as key drivers in the process of creating a better world, and are required to exhibit considerable CSR (Friedman and Miles, 2006). They are spending millions into various kinds of CSR strategies in an effort to strengthen their reputation, improve relationships with stakeholders and gain a competitive advantage (McDonald and Rundle-Thiele, 2007). The term includes respecting human rights, fair treatment of the workforce and customers, being good corporate citizens of the communities in which organizations operate in, as well as conservation of the natural environment (EFQM, 2004).

The idea of corporate social responsibility (CSR) began in the early part of the twentieth century. As a result it has been defined numerous times and according to Dahlsrud (2008) there are over thirty seven definitions. According to Lee (2017) "the core idea behind CSR is that business are now increasingly expected to fulfil social expectation that go above and beyond what is required under the law of the customary expectation of profit-marking". The report "Our Common Future", also known as the "Brundtland Report", issued by the United Nations World Commission on Environment and Development (WCED) constitutes the first worldwide sustainability initiative that took place back in 1987.

The European Commission (2011) has defined CSR as the responsibility of enterprises for their impact on society. The international standard ISO 26000 (2010) defines CSR as "the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour", integrated throughout the organization and practised in all its relationships. According to ISO 26000, socially responsible organizations are expected to contribute to sustainable development, including the health and the welfare of society, to take into account the expectations of their stakeholders, and to be in compliance with applicable law and consistent with international norms of behaviour. Business Dictionary (2017) defines CSR as "a company's sense of responsibility towards the community and environment (both ecological and social) in which it operates". The UN Industrial Development Organisation claims that CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders (UNIDO, 2017). It is the economic, social and environmental performance, combined with the voluntary nature and the consideration of stakeholder relations which describe the comprehensive scope of CSR (Lund-Durlacher, 2015).

One of the best-known CSR models is Carroll's (1999) CSR pyramid, which presents company's social obligations as comprising economic, legal, ethical and philanthropic responsibilities: (1) businesses are economic entities driven by a profit motive, (2) businesses comply with government laws and regulations, (3) businesses take into consideration what stakeholders consider to be fair and moral, and finally (4) businesses are expected to be actively engaged in programs to promoting human welfare and goodwill (McDonald and Rundle-Thiele, 2007). Another widely accepted CSR model is the Triple Bottom Line notion, according to which the following three CSR dimensions can be identified: (i) responsibility for financial success, (ii) responsibility for natural environment, and (iii) responsibility for social prosperity (Marrewijk, 2003). Dahlsrud (2008) proposed a CSR's five-dimension model that entails: (i) the environmental dimension related to the natural environment, (ii) the social dimension related to the relationship between business world and society, (iii) the economic dimension concerning socio-economic and financial aspects, (iv) the stakeholder dimension related to stakeholder groups, and (v) the voluntariness dimension related to actions not prescribed by law.

Friedman and Miles (2006) and Fassin (2008) consider CSR as a mean to achieve optimum economic outcomes, maximize profits and shareholder value. However, CSR also constitutes an ethical obligation and focuses on the satisfaction of social demands (Garriga and Melé, 2004; UNIT, 2011). It can be defined as a commitment on the part of organizations to handle the social impact of their action and enhance community well-being business (Groves et al., 2011; Kotler and Lee, 2005).

Despite all the different definitions of CSR there are three points for which there is consensus. The first concerns the voluntary nature of social responsibility and the fact that the responsibility does not replace the law compliance. The second refers to the close relationship with the concept of sustainability, and the third refers to the fact that CSR is a strategic choice of the business and not just a secondary causal choice.

The role of CSR is constantly changing as societal needs shift, legislation and policies change, and expectations from the public evolve (Troup, 2017). CSR is no longer a philanthropic afterthought or about installing low energy light-bulbs, but an approach to embed more forward thinking and responsible business practice into how a business produces and delivers its goods and services. It's about being 'able to sustain' your business responsibly, with one eye on 'new' external risks and the other on future consequences of your decisions PwC (2014)

It is clear that the concept of CSR is still evolving (Asrar-ul-Haq et al., 2017) and is now linked with sustainability. CSR has traditionally been seen by businesses as the design and implementation of activities aiming to reduce their negative impact and focusing on the triple P (planet – people –profits) or more recently on the 4 main areas/pillars, namely society, environment, human resources and market or customers. In practice, the last two pillars constitute the economic dimension of sustainability, with the other two dimensions being the social dimension and the environmental dimension. It is well known that our planet faces multiple and complex challenges in the 21st century that demand a whole new level of human initiative. If we continue on the current path – with intensifying climate change, depletion of vital natural resources and rising inequalities among people – we not only threaten future prosperity, but risk a reversal of the progress in human development that we have seen so far (UN Global Compact, 2017). The world's population is expected to grow to nine billion by 2050 and demand on global food systems (UN Global Compact, 2016), transportation and entertainment services intensifies every year.

BENEFITS RESULTING FROM CORPORATE SOCIAL RESPONSIBILITY

Increasingly more and more companies have begun to incorporate ethics and CSR in their strategic planning and objectives, and according to Antonaras et al (2011) the organizations that implement ethical frameworks will certainly have better chances in attracting a greater interest of consumers and investors. This comes as no surprise as a review of the literature identified a number of studies on the positive effect of CSR programs. Galbreath (2010), Homburg et al. (2005) highlight a positive association between CSR and customer satisfaction, while a research by Maignan and Ferrell (2004) identified a positive relationship between CSR and customer loyalty. Studies by Barone et al. (2000) and Creyer and Ross (1997) confirmed that customers are willing to actively support organizations which are committed to environmentally-friendly practices or ethics (Maignan and Ferrell, 2004). In the retail environment, CSR leads to customer loyalty, and emotional attachment to the business. According to Sen et al. (2006), customers aware of an actual corporate philanthropy initiative, have more positive attitudes to the company, stronger identification with the company, stronger investment intent and greater intent to seek employment with the company, than those unaware of such initiative.

A number of other studies have examined the combined impact on consumers of multiple CSR programs. Murray and Vogel (1997) investigated the effect on consumers of combined programs of socially responsible business practices and found that CSR programs resulted in improved attitudes towards the business, beliefs about the company's honesty, consumer responsiveness, pro-employee attitudes, as well as increased support for the firm in labour or government disputes. Therefore, CSR programs can enable a business to achieve loyalty among stakeholders, achieve new market penetration easily, generate positive publicity, and goodwill. A study by Sen and Bhattacharya (2001) supported that a company's efforts in multiple CSR domains have a positive effect on company evaluations by customers as well as a direct effect on the attractiveness of the company's products. Researchers have considered the impact of CSR on myriad factors, including loyalty, word of mouth, attitudes, intentions, emotional attachment, and brand identification. In a study by Luo and Bhattacharya (2006) Fortune 500 companies were investigated, finding a direct link between CSR and customer satisfaction.

Another significant advantage of CSR is that it enables an organization to gain and to sustain competitive advantage in today's highly dynamic and competitive markets. Porter and Kramer (2006) state that if corporations were to analyse their prospects for social responsibility they would discover that CSR can be more than a cost or a charitable deed; it can in essence be a source of innovation, opportunity and competitive advantage. A sustainable competitive advantage would be the attainment and maintenance of a differentiated and superior market position; a position which would result in a superior value for the organization's stakeholders, including the shareholders. Various studies conducted over the years point out to the competitive advantage enjoyed by companies as a result of their CSR. Sen et al. (2006) concluded in their study that when consumers are aware of the CSR activities of an organization that knowledge increases the consumers desire to purchase from that organization and it makes it more attractive as a place to work and in which to invest.

HISTORICAL BACKGROUND: FROM CSR TO SUSTAINABLE DEVELOPMENT

The environmental degradation that characterizes contemporary societies since the second mid of the nineteenth century was accompanied by a growing awareness of different economic agents about the urgency of changing the high patterns of consumption of natural resources. The urgency of change, heralded by political power, international agencies and later, the private sector and citizens movements, was translated between other facts, by formulating a set of studies aimed to understand and minimize the effects caused by high growth industrial and consumer society.

In 1972, the Club of Rome, led by Dennis Meadows, publishes the popular report "The Limits to Growth," which marks the origin of the debate on sustainable development. The mark left by this report, set as the first milestone of sustainability, it's related with the main conclusion: insufficient sustainability in the current economic model is a consequence the plundering of natural resources, predicting even the extinction of the human race in case, that the different economic agents do not alter their behavior in order to control pollution levels and high rates of consumption the ecological, among other factors.

That same year, the history of sustainability is also marked by the Stockholm Conference, which introduced the agenda of international politics of environmental concerns.

In 1976, OECD publishes the Guidelines for multinationals companies (revised in 2000), a set of businesses recommendations in the form of a manual of good business practices voluntary.

The social perspective of sustainability is addressed in later years, by the International Organization of Labour Office, which develops in the 1977 the Tripartite Declaration (revised in 2000). It establishes a set of recommendations of conduct for multinationals companies, employees and governments, focusing on issues such as promoting employment, equal opportunities, working conditions, health, safety and labor relations.

But only in 1987 that the concept of Sustainable Development is defined in the report by the Brundtland Commission as "development that meets the needs of the present without compromising the ability of future future to meet their own needs".

In 1992, the so-called Earth Summit, the concept of sustainable development is integrated in the world politics, being, however, stressed the economic and environmental dimension. Only in the Social Summit in Copenhagen (1995) is including the social dimension. Resulting form the Earth Summit arise two relevant documents, Agenda 21 and Rio Declaration, which are guiding international county policies on these issues.

The assumption of the private sectors contribution to the achievement of the objectives of sustainable development is materialized in 1995 with the creation of the World Business Council for Sustainable Development, an institution that brings together hundreds of international companies from 30 countries with the aim of promoting discussion and sharing of experiences about the change to the traditional management sustainable management model, i. e., the one who leads the company activity managing, in a balanced way, economic, environmental and social entrepreneurship aspects.

The European Union has played a role in promoting development sustainable, adopted in 1997 in the Amsterdam Treaty. An important year for the environmental sustainability of the Earth, considering that in this year was signed the Kyoto Protocol, an important milestone which was fixed goals to be achieved by industrialized countries as regards the reduction of emission of gases causing the greenhouse effect.

In March 2000, the Summit of the European Commission, known as the Lisbon Strategy, launched the appeal for the integration and consideration of social responsibility within business, in particular as regards the equality opportunities, lifelong learning, social inclusion and sustainable development.

In the same year, the Millennium Declaration of the United Nations is drafted and approved for the Millennium Summit, reflecting the concern of 147 heads of state that signed the treaty in the largest gathering of world leaders of all times. The fight between the inequalities verified between the north and south, and the existents social imbalances are the foundation of the eight main targets identified and named as the development goals of the millennium, which were supposed to be achieved by the year 2015:

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;
5. Improve maternal health;
6. Fight the VHS / AIDS, malaria and other diseases;
7. Ensure environmental sustainability;
8. Develop a global partnership for development.

In 2001, the Gothenburg Council of the European Commission approves the Sustainable Development Strategy, based upon the pillars of economic, social and environmental. Thus, the European Commission portrays its concern about the liability social three key documents:

- 2000 Social Policy Agenda, due from the European Council conclusions from Nice;
- 2001 Employment and Social Policies: A framework for investing in quality, due from the European Councils of Nice, Lisbon and Stockholm;
- 2001 Green Paper: Promoting a European framework for corporate social responsibility

The Green Paper focuses mainly on promoting social responsibility in enterprises by the European Union. The European Commission "appeals to the business European community to demonstrate publicly their commitment to the sustainable development objectives, economic growth and more and better jobs, as well as to step up its commitment to CSR, including cooperation with other stakeholders". As a concept increasingly widespread within small and medium enterprises (SME's) and large companies, the Green Paper reflects the urgency for the social responsibility be taken by micro enterprises.

The major options and policies of the European Union for the period 2007/2013 were defined in a Communication in 2004, Building our Common Future, where development sustainable emerges as a priority.

There have been some initiatives undertaken by the European Union under social responsibility, namely the creation of the European Multi-stakeholder Forum on CSR. This forum aims to bring the business, organizations, unions and civil society to develop some recommendations by discussion and debating the issues related to social responsibility.

In October 2010 the "renewed EU strategy 2011-14 for Corporate Social Responsibility" was launched with a new broader scope for CRS, totally focused on companies' commitments, and embracing other very new CSR standards such like ISO 26000 and Global Compact Initiative. CSR is "the responsibility of enterprises for their impacts on society".

To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of:

- Maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large: enterprises are encouraged to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative products, services and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs.
- Identifying, preventing and mitigating their possible adverse impacts: large enterprises, and enterprises at particular risk of having such impacts, are encouraged to carry out risk-based due diligence, including through their supply chains.

Guidance is provided by internationally recognized principles and guidelines in particular the recently updated OECD Guidelines for Multinational Enterprises, the Ten Principles of the United Nations Global Compact, the ISO 26000 Guidance Standard on Social Responsibility, the ILO Tri-partite Declaration of Principles Concerning Multinational Enterprises and Social Policy, and the United Nations Guiding Principles on Business and Human Rights.

RECENT DEVELOPMENTS

Non-Financial Reporting and the Directive 2014/95/EU

In PwC's 17th Annual Global CEO Survey, 74% of 1,344 CEOs agreed that measuring and reporting their total impact (financial and non-financial impacts) contributes to the long-term success (PwC, 2014) of their company. It is clear that sustainability reporting enables organizations to consider their impacts of wide range of sustainability issues, enabling them to be more transparent about the risks and opportunities they face (GRI, 2018).

According to GRI (2018) sustainability reporting can help organizations to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. A sustainability report is the key platform for communicating sustainability performance and impacts – whether positive or negative. Sustainability reports are released by companies and organizations of all types, sizes and sectors, from every corner of the world. The internal and external benefits for companies and organizations that issue sustainability reports can be summarized in Figure 1.

On October 2014, the European Parliament and the Council of the European Union adopted the Directive 2014/95/EU requiring large companies to disclose certain information on the way they operate and manage social and environmental challenges. The disclosure of such information helps investors, consumers, policy makers and other stakeholders to evaluate the non-financial performance of large companies and encourages these companies to develop a responsible approach to business.

The Directive 2014/95/EU lays down the rules on disclosure of non-financial and diversity information by large companies and amends the accounting directive 2013/34/EU. Companies are required to include non-financial statements in their annual reports from 2018 onwards (2017 data). The Directive applies only to large public-interest companies with more than 500 employees. This covers approximately 6,000 large companies and groups across the EU, including listed companies, banks, insurance companies and any other companies designated by national authorities as public-interest entities (European Commission, 2018).

Figure 1. Internal and external benefits of reporting

Under Directive 2014/95/EU, large companies have to publish reports on the policies they implement in relation to environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery, and diversity on company boards (in terms of age, gender, educational and professional background) (European Commission, 2018).

The Directive 2014/95/EU gives companies significant flexibility to disclose relevant information in the way they consider most useful. Companies may use international, European or national guidelines to produce their statements – for instance, they can rely on:

- The UN Global Compact
- The OECD guidelines for multinational enterprises
- GRI Standards
- ISO 26000

In June 2017, the European Commission published its guidelines to help companies disclose environmental and social information. These guidelines are not mandatory and companies may decide to use international, European or national guidelines according to their own characteristics or business environment (European Commission, 2018).

The 2030 Agenda for Sustainable Development

Our planet faces multiple and complex challenges in the 21st century. The world's population is expected to grow to nine billion by 2050 and demand on global food systems intensifies every day (UN Global Compact, 2016). Climate change is one of the major challenges of our time and adds considerable stress to our societies and to the environment. The 2016 WHO Report "World Health Statistics" shows that many countries are still far from universal health coverage as measured by an index of access to 16 essential services. Every year, among others, hundreds of thousand women die due to complications of pregnancy and childbirth; more than 5 million children die before their fifth birthday; and more than 4 million people die due to air pollution caused by cooking fuels.

2015 was an important year for the future of CSR and sustainability. A new set of global Sustainable Development Goals, now known as "SDGs", were agreed and are expected to shape the next 15 years of policies, programs and funding. On 25 September 2015, the 193 Member States of the United Nations adopted the 2030 Agenda for Sustainable Development. A set of 17 aspirational Sustainable Development Goals (SDGs) with 169 targets and many more sub-targets are expected to guide the actions of governments, international agencies, civil society, organizations and other institutions over the next years. These ambitious 17 Goals (see Figure 2) of the 2030 Agenda is a global vision for people, for the planet and for long-term prosperity. They integrate the three dimensions of sustainable development – economic, social and environmental, while at the same time no one goal is separate from the others, and all calls for comprehensive and participatory approaches (Antonaras and Kostopoulos, 2017). The 2030 Agenda for Sustainable Development is as relevant to developed as it is to developing nations and it charts a plan for the future – shifting the world onto a sustainable and resilient course and leading to transformation. Also, the new 2030 Agenda commits the international community to act together to achieve the Goals and transform our world for today's and future generations (Antonaras and Kostopoulos, 2017).

Figure 2. Sustainable development goals
(UN, 2018)

Implementation and success will rely on countries' own sustainable development policies, plans and programmes, and will be led by countries. The Sustainable Development Goals (SDGs) will be a compass for aligning countries' plans with their global commitments. Nationally owned and country-led sustainable development strategies will require resource mobilization and financing strategies. All stakeholders including governments, civil society, the private sector are expected to contribute to the realisation of the new agenda. Over the next years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind (UN, 2018).

Socially Responsible Investments

According to PwC's 17th Annual Global CEO Survey, 75% of CEOs agree that satisfying societal needs and protecting the interests of future generations is important (PwC, 2014) for their businesses. Companies' leaders seem to realize that dealing with sustainability is now demanded not only from customers and employees but from investors as well.

In the beginning of 2018, Larry Fink (2018), the CEO of Blackrock (one of world's largest asset management companies), send a letter to the CEO's of the companies that Blackrock has invested in, highlighting the importance of focusing on sustainability. The message was simple. Blackrock will continue investing in these companies provided they put sustainability issues on the top of their agendas. According to Fink "a company's ability to manage environmental, social, and governance matters demonstrates the leadership and good governance that is so essential to sustainable growth, which is why we are increasingly integrating these issues into our investment process". More specifically, he claimed *"…society increasingly is turning to the private sector and asking that companies respond to broader societal challenges. Indeed, the public expectations of your company have never been greater. Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate. Without a sense of purpose, no company, either public or private, can achieve its full potential. It will ultimately lose the license to operate from key stakeholders*" (Fink, 2018).

The financial industry is witnessing a consumer-driven phenomenon as today's shareholder activists and venture capitalists are increasingly investing in financial assets that could be considered as socially responsible investments (Camilleri, 2017). Leading asset management firms around the world have started exploring or implementing Sustainable, Responsible and Impact investing (SRI). Just a few years ago, institutional investors with SRI investing criteria were very few. Today, SRI is an investment discipline, used by many institutional investors, and considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact. According to the US SIF Foundation's 2016 Report on US Sustainable, Responsible and Impact Investing Trends, as of year-end 2015, more than one out of every five dollars under professional management in the United States – ($8.72 trillion or more) – was invested according to SRI strategies (USIF, 2018)

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Chapter 2
Stakeholder Management:
Sustain License to Operate Through Stakeholder Engagement

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EXECUTIVE SUMMARY

The purpose of this chapter is to attempt a short but comprehensive record of the connection between sustainable development and stakeholders, to present the basic theoretical base on the topic, while describing fundamental principles of stakeholder management and means of relative engagement. The core assumption of this chapter is that corporate responsibility is perceived as the responsibility of an organisation to act in the interest of legitimate organizational stakeholders. Although stakeholder engagement is not a new concept, it is accepted as crucial to an organization's sustainability and success. For those reasons, the chapter focuses on the strategic approach of stakeholder management while describing briefly some important steps in implementing stakeholder engagement. The final section of the chapter focuses on the future of stakeholder engagement as well as on related risks that may arise for non-engagers.

INTRODUCTION

Almost half a century after Milton Friedman's famous quote in 1970 that *"there is one and only one social responsibility of business - to increase its profits"* lots have changed. Nowadays, the rules of the game have transformed in fundamental ways and people expect and often demand more from business than simply maximize their profits. Moreover, especially due to the global financial crisis of recent years, there are growing calls from government and civil society for corporations to become partners in supporting a more inclusive sustainable economy and environment and according to several surveys, these expectations will be increased more. Not only the continuous development of non-financial rating agencies and the strong progression of indexes and investment funds based on ESG (Environment, Social, Governance) criteria, but new mandatory regime on non-financial reporting through EU Directive

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2014/95/EC, as well as national laws that widening the scope of the Directive and affected legal entities create the need for new practices in the justification of corporate performance.

Indeed, for several years, companies have been trying to focus on strictly financial information provided to their shareholders by attempting to explain their decisions in managing risks and opportunities leaving out the management of intangible assets that takes into account the societal aspects on risks and opportunities and the way those contribute to business performance. The latest evolution shows that shareholders are not anymore the only stakeholder of a firm but many other groups are actively interact with it both internally and externally.

Saying differently when engaging in Corporate Social Responsibility and Sustainable Development strategically, companies accept a range of responsibilities that go far beyond economic performance. In order to do so businesses should acquire a good knowledge of its own essential issues and the capacity to confront them with those of stakeholders.

To that end, this chapter is attempting a short but comprehensive record of the connection between sustainable development and stakeholders, to present the basic theoretical base on the topic, while describing fundamental principles of stakeholder management and means of relative engagement. Core assumption of this chapter is that corporate responsibility is perceived as the responsibility of an organisation to act in the interest of legitimate organizational stakeholders. Although stakeholder engagement is not a new concept, nowadays accepted as crucial to an organisation's sustainability and success. For those reasons the chapter focus on the strategic approach of stakeholder management while describes briefly some important steps in implementing stakeholder engagement. The final section of the chapter focuses in the future of stakeholder engagement as well as on related risks may arise for non-engagers.

BACKGROUND

"We don't have plan B because there is no planet B. We have to work and galvanise our action", said UN Secretary-General on November 15, 2016 at his press conference during the COP22 for Climate Change taking place in Marrakech, Morocco. This was not the first time that the UN Secretary-General Ban Ki-Moon repeat the same message towards governments, businesses, civil-society, NGOs and stakeholders in general. Almost two years later on April 24, 2018 French President Emmanuel Macron delivered a rare address to US Congress in which he stated that "there is no planet B", taking the lead in climate change battle, with the U.S. absent. When US President Donald Trump announced that the United States would drop out of the Paris Agreement for Climate Change, President Macron immediately launched a campaign called "Make Our Planet Great Again".

Presented in July 2017, "Make Our Planet Great Again" is actually France's Climate Plan containing a series of ambitious and innovative measures to embed the objectives of the Paris Agreement in public action and to involve all actors in this global fight. According to the plan, France is speeding up its commitment to achieve energy and climate transition on its own territory, within the European Union and at the international level. France is well-known for leading fights for human rights but nowadays more than ever is determined to lead (and win!) this battle on climate change.

The Paris Agreement signed by 190 countries around the globe on December 12, 2015 in Paris. It builds upon the United Nations Framework Convention on Climate Change (UNFCCC) and – for the first time – brings all nations into a common cause to undertake take ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. More analytically, the Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

However, climate change is not the only global threat, our planet face nowadays. Extreme poverty and hunger, increased inequality, non-access to health, water and affordable energy, civil war conflicts, luck of justice and weak institutions are among the greatest global challenges. As an effort to change that reality UN took the initiative to launch an ambitious plan under the title "Transforming our world: the 2030 Agenda for Sustainable Development", which is officially adopted by 193 countries on September 25, 2015 during the United Nations Sustainable Development Summit.

"The 2030 Agenda" is a universal plan of action for people, planet, prosperity, peace and partnership. A collective journey, where no one will be left behind, consists of 17 Sustainable Development Goals and 169 targets that are interconnected and interrelated. The new plan builds on the Millennium Development Goals and complete what these did not achieve. Historically, In September 2000, building upon a decade of major United Nations conferences and summits, world leaders came together at United Nations Headquarters in New York to adopt the United Nations Millennium Declaration, committing their nations to a new global partnership to reduce extreme poverty and setting out a series of time-bound targets - with a deadline of 2015 - that have become known as the Millennium Development Goals.

Sustainable Development Goals are integrated and indivisible and balance the three dimensions of sustainable development: the economic, social and environmental. Since the first United Nations Conference on Environment and Development in 1992 - known as the Earth Summit, it was recognized that achieving sustainable development would require the active participation of all sectors of society and all types of people. Agenda 21, adopted at the Earth Summit, drew upon this sentiment and formalized nine sectors of society as the main channels through which broad participation would be facilitated in UN activities related to sustainable development. These sectors of society are officially called "Major Groups" and include the following sectors:

- Women
- Children and Youth
- Indigenous Peoples
- Non-Governmental Organizations
- Local Authorities
- Workers and Trade Unions
- Business and Industry
- Scientific and Technological Community
- Farmers

The role of that "Major Groups" was reaffirmed two decades later during the Rio+20 Conference, where its outcome document "The Future We Want" highlights the importance of effectively engagement of these nine sectors of society in sustainable development movement.

Following a similar process, businesses around the world, also recognize the importance of these "Major Groups" broadening further the stakeholders, including local communities, volunteer groups and foundations, migrants and families, older persons and persons with disabilities, as well as groups that they have no voice, such as future generations and the environment.

Nowadays stakeholders perceived as an equal participant to governments and businesses, regarding sustainable development. 21st century businesses are increasingly working with stakeholders to understand their views and incorporate them into strategic decision-making processes. However, why this greater emphasis on the value of 'partnership' approaches is increasingly necessary in order to solve complex sustainability challenges?

The models of business-as-usual, in almost all sectors, face new challenges due to crisis in governance around the world, rapid globalisation, climate change, increasing urbanisation and a revolution in technology as well as intense competition for raw materials and natural resources. The new business environment, forces all companies, including millions of SMEs belonging to the supply chains of bigger corporations, to become more accountable to, and more transparent with their stakeholders.

We are in the midst of a transformative change in the way we organize our societies, run our businesses, and live our lives. It is in our hands to turn the myriad of interconnected risks we face into opportunities both in our professional and personal life. According to the Global Opportunity Report for 2018, which is being released for fourth continuous year, DNV GL, the United Nations Global Compact and Sustainia, some of the world's biggest challenges can be turned into sustainable business opportunities. In addition, the 2018 report focuses on the renewed efforts required to ensure four of the 17 UN Sustainable Development Goals do not miss their 2030 targets. In total, the Global Opportunity Reports (for 2015, for 2016, for 2017) identify 55 markets that demonstrate the business opportunities inherent in all 17 Sustainable Development Goals.

In order to realise when a challenge is becoming a global risk, three major conditions must occur. First, the risk should have the ability to break down an entire system as opposed to only affecting individual parts or components of it. Secondly, the risks have to be global in reach, which means they are significant enough to make headlines everywhere. Third, a risk must be felt by multiple stakeholders as well as being both timely and actionable.

At the same time according to the Global Opportunity Reports Series, opportunities are avenues of action for systemic change that stakeholders in business, politics, finance, and civil society can choose to pursue when addressing global risks. They create value for societies and the planet, not just for individuals or businesses. An opportunity is different from a single business solution, because it creates systemic change via multi-stakeholder collaboration. The biggest opportunities can be found at the intersections of traditional markets, which requires collaboration and cooperation across sectors and fields. Generally, opportunities are sustainable. We define sustainability as it was originally phrased in the Brundtland Report: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

STAKEHOLDER THEORY

In 1984, R. Edward Freeman originally detailed the Stakeholder Theory (1984) of organizational management and business ethics that addresses morals and values in managing an organization. The theory has become a key consideration in the study of business ethics and has served as a platform for further study and development in the research. Scholars around the globe have published over 36,000 articles and books using Stakeholder Theory. According to Freeman (1984), the stakeholder concept was originally defined as "those groups without whose support the organization would cease to exist". Defining the term Freeman states that: "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives".

Freeman's now-classic definition is certainly one of the broadest definitions in the literature, for it leaves the notion of stake and the field of possible stakeholders unambiguously open to include virtually anyone according to Mitchell et al (1997, p.856). In contrast, Clarkson offers one of the narrower definitions of stakeholders as voluntary or involuntary risk-bearers: "Voluntary stakeholders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stakeholders are placed at risk because of a firm's activities. But without the element of risk there is no stake" (1994: 5).

According to Eden and Ackermann (1998) stakeholders are those "People or small groups with the power to respond to, negotiate with, and change the strategic future of the organization". As Bryson (2004) states this is a somewhat restrictive definition because it excludes those who are affected, but who do not have any power to respond to or negotiate with an organisation. Bryson prefers a more inclusive definition, which extends to all stakeholders who are affected by a change; this wider definition is more compatible with notions of democracy and social justice.

Between the broad and narrow are many other efforts to define what constitutes a stakeholder. Narrow views of stakeholders are based on the practical reality of limited resources, limited time and attention, and limited patience of managers for dealing with external constraints. In general, narrow views of stakeholders attempt to define relevant groups in terms of their direct relevance to the firm's core economic interests as stated by Mitchell et al (1997).

In contrast, the broad view of stakeholders is based on the empirical reality that companies can indeed be vitally affected by, or they can vitally affect, almost anyone. However, it is very demanding and complex for managers to apply. Mitchell et al (1997) state also that the idea of comprehensively identifying stakeholder types, then, is to equip managers with the ability to recognize and respond effectively to a disparate, yet systematically comprehensible, set of entities who may or may not have legitimate claims, but who may be able to affect or are affected by the firm nonetheless, and thus affect the interests of those who do have legitimate claims.

According to the AA1000 Stakeholder Engagement Standard, stakeholders are those individuals, groups of individuals or organisations that affect and/or could be affected by an organisation's activities, products or services and associated performance with regard to the issues to be addressed by the engagement (2011).

STAKEHOLDER MANAGEMENT

Following the original development of Stakeholder Theory in 1984, Freeman publish the "Stakeholder Theory of the Modern Corporations" in 2001 trying to replace the notion that managers have a duty to stockholders, with the concept that managers bear a fiduciary relationship to stakeholders. The ability to manage in a strategic way those relationships with stakeholders as well as their expectations while implementing at the same time strategic business objectives is describing as stakeholder management. Stakeholder management is a strategic framework of core elements that act as an umbrella that includes (and further analysed below):

- Commitment and Integration of the Stakeholder approach within organizational strategy and operations management
- Stakeholder Identification and Analysis
- Stakeholder Engagement Plan and Implementation
- Stakeholder Communication, Review and Improvement

Effective stakeholder management uses a combination of these core elements in order to assist decision-making process based on acquired information regarding stakeholders concerns and demands, while at the same time provides valuable insights on the strategic directions that guides an organization towards the achievement of its business objectives. Effective stakeholder management is used to generate support for business initiatives and projects, to anticipate obstacles and barriers during implementation phase, to identify potential risks and as stated before to transform those risks into business opportunities.

As Ackermann and Eden points out, one of the most important tasks during strategy making is the management of the interface between the many (often-competing) demands of an organization's different stakeholders in relation to its strategic goals (2011, page 1).

Although recognized difficulties, stakeholder management increases organisation's knowledge and contributes to the retainment of the license to operate. It enables better management of risks and avoidance of crises. It also enables better understanding of the complex operating environments, including market developments and cultural dynamics due to geopolitical differentiations. Moreover, it equip the organisation with learning and opinions from stakeholders, resulting in product and process improvements on the one hand and on the other hand, it educate and sensitize stakeholders to improve their decisions and actions that will have an impact on the organisation and on society. Furthermore, it contributes to the development of trust-based and transparent stakeholder relationships, leading to more equitable and sustainable social development by giving those who have a right to be heard, the opportunity to be considered in decision-making processes. Finally, stakeholder management allows the pooling of resources (knowledge, people, money and technology) to solve problems and reach objectives that cannot be reached by single organisations.

Nowadays, an increasing number of businesses are called to get involved with issues previously outside of their scope. Even more in most of the cases they are being asked to assign a strategic focus in those issues that are becoming recognized as critical factors to long-term business success. In order to do so, companies are seeking new ways of managing the relations with their stakeholders and engaging with them in order to respond to these challenges.

Modern businesses is expected not only to operate responsibly, but to became transparent about the impacts of their policies, decisions, actions, products and associated performance in general. In addition, they are obliged either due to strengthening of relative legislation, either due to market requirements, to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions, products and performance.

In conclusion, stakeholder management is about how an organisation governs, sets strategy and manages its overall performance including both financial and non-financial key performance indicators (KPIs). Stakeholder management also relates on the way that an organisation:

- Establish a strategy based on a comprehensive and balanced understanding of and response to material issues and stakeholder issues and concerns;

- Set goals and standards against which the strategy and associated performance can be managed and judged, and
- Disclose credible information about strategy, goals, standards and performance to those who base their actions and decisions on this information.

Adoption of specific principles is decisive for good management of stakeholder relations and for creating trust and mutual respect that allows for open and constructive dialogue and offers opportunities for collaboration between business and stakeholders on several issues. According to the AA1000 AccountAbility Principles Standard (2008) those three foundation principles are: 1) The Foundation Principle of Inclusivity, 2) The Principle of Materiality and 3) The Principle of Responsiveness.

In addition, there is another one principle that although is not included in the AccountAbility Principles Standard (2008), it remains key to providing sustainability assurance, since it refers to the extent to which these three principles have been achieved. To that end the fourth principle is The Principle of Completeness

In more detail, the foundation principle of "Inclusivity" refers to the commitment of an organization to be accountable to those on whom has an impact and who have an impact on, and to enable their participation in identifying issues and finding solutions. It is about collaborating at all levels, including governance, to achieve better outcomes. It is very important to clarify that by accepting accountability to its stakeholders does not mean that an organisation has to do everything that a stakeholder requests, nor that it lose the ability to make its own decisions. Inclusivity requires a defined process of identification, engagement and participation that provides comprehensive and balanced involvement and results in strategies, plans, actions and outcomes that address and respond to issues and impacts in an accountable way.

The principle of "Materiality" relates to the determination of the most relevant and significant issues for an organisation and its stakeholders in order to make good decisions and actions towards sustainability performance of the organisation. An organisation and its stakeholders need to know what issues are material meaning what issues influences or is likely to influence, decisions and behaviours of both. To determine what is material requires a materiality determination process that is designed in order to ensure that comprehensive and balanced information is input and then analysed. An organisation needs to include the right types of information from the right sources, covering a specific period. Such inputs include extra-financial information such as non-financial data, sustainability drivers and their impact on stakeholders and information from stakeholders themselves.

The principle of "Responsiveness" refers to how an organisation demonstrates the way that responds to its stakeholders and is accountable to them. This may include establishing policies, objectives and targets, governance structure, management systems and processes, action plans, stakeholder engagement, measurement and monitoring of performance or assurance. An organisation's responses to the material issues may not include the views of all stakeholders. The best approach during the development of the strategies, plans, actions that respond to the material issues is stakeholder participation. In general, a responsive organisation should respond to its material issues and to its stakeholders in a comprehensive and balanced manner. However, the way in which an organisation responds to an issue often depend on the maturity of the issue as well as the maturity of the organisation.

Lastly, the principle of "Completeness" is described as the understanding and management of stakeholder views, needs and performance expectations and perceptions on material issues.

STAKEHOLDER APPROACH INTEGRATION

According to the global report of the 2018 Trust Barometer performed by Edelman, it becomes clear that nowadays we are navigating within a polarized world where trust is in crisis and a battle for truth has started due to fake news. Within that increasingly interconnected nature of the world, it seems that voices of authority such as Journalists, CEOs and Board of Directors regain credibility (page 28). To that end, according to the report, it becomes clear that businesses are expected to lead on change rather than waiting for government to impose it (page 29). For 21st century businesses, building trust is expected to be the job one for CEOs. To that end integration of stakeholder approach within organizational strategy and operations management are now arguably more important than ever before.

Stakeholders as derived from the results of the report expect from business leaders to invest in jobs, protect consumers, improve quality of life, innovate, promote equal opportunities, safeguard privacy, drive economic prosperity and provide solutions for future generations (Page 33). In other words they are expecting businesses to become part of the solution towards global threats such as global warming, use of natural resources, reduce inequalities and other threats that are included in the 2030 Agenda of the UN and the 17 SDGs. Correctly recognized that in this shared-power world, no one is fully in charge, no organisation "contains" the problem (Kettl, 2002).

Figuring out what the problem is and what solutions might work are actually part of the problem, and considering stakeholders is a crucial aspect of problem solving (Bryson and Crosby 1992; Bardach 1998). Said differently, we are moving into an era where networks of stakeholders are becoming at least as important, if not more important, than markets and hierarchies (Powell 1990). Global problems solving is a shared responsibility of Governments, businesses and societies, while solutions to be followed should create shared value. However, according to Porter and Kramer (2011) companies often continue to view value creation narrowly, optimizing short-term financial performance in a bubble, while missing the most important stakeholder needs and ignoring the broader influences that determine their longer-term success.

Porter and Kramer have developed and promoted the shared value model (SVM) as a comprehensive framework to address the problems they identify with how CSR and corporate philanthropy are understood and practiced by corporations. The concept of shared value is the basis for an overarching framework to guide thinking about the relationship between business and society (Porter and Kramer 1999). Porter and Kramer (2011) emphasize that companies must take the lead in bringing business and society back together. This suggestion made in 2011 is totally aligned with the results of the Global Report of 2018 Trust Barometer. In other words, the efforts should focus on the creation of economic value in a way that also creates value for society by addressing its needs and challenges. Porter and Kramer (2011) suggest also that Businesses must reconnect company success with social progress underlining that shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success. It is not on the margin of what companies do but at the center.

This new movement of shared responsibility for shared value can give rise to the next major transformation of business thinking. To that end, CEOs as well as BoDs should look at decisions and opportunities through the lens of shared value. This will lead to new approaches that generate greater innovation and growth for companies and greater benefits for society. (Porter and Kramer, 2011)

Ian Davis, the former Global Head of McKinsey & Co, writing in the Economist emphasized the need for CEOs of modern large corporations to take the opportunity to 'restate and reinforce' this relationship between business and society to help secure the billions invested by their shareholders over the long term, arguing that there is a new social contract (2005).

Towards that direction, the role of the CEOs and BoDs in convincing employees, investors and clients that engagement with a broader set of stakeholders is worthwhile is extremely crucial. Even if an organisation has the appropriate capabilities and organizational culture to allow meaningful engagement to develop, without the approval and active leadership through both words and deeds of a CEO, it is unlikely to be successful.

In order to measure if CEOs and other senior management are playing an appropriate leadership role to develop a situation where their organisation can successfully develop meaningful stakeholder relations management, Canfield University (2009) has develop a checklist of issues to help managers assess and understand the maturity level of the tone at the top within their organisations ("How to do Corporate Responsibility' Series #2, page 38).

As Aakhus and Bzdak pointed out, if business and social value are visualized as two different circles, the argument is that these two circles can and should be made to overlap through corporate strategy that brings its philanthropic and CSR activities into alignment with the core activities of the company's value chain (2012).

The fundamental strategic challenge for corporations pursuing stakeholder management not as marketing strategy but as operational one at the core of the organisation through SVM is to recognize that: "Corporations are not responsible for all the world's problems, nor do they have the resources to solve them all. Each company can identify the particular set of societal problems that it is best equipped to help resolve and from which it can gain the greatest competitive advantage" (Porter and Kramer 2006, page 92). Thus, philanthropy and CSR can play a strategic role for a company, if two principles are followed in disciplining philanthropic decision-making: "1) focus on the areas where social and economic interests intersect, and 2) apply your distinctive corporate resources, not just your money, to solving social challenges" (Porter 2003, page 4).

The United Nations Environment Programme – UNEP, presented in 2005 the stakeholder engagement framework consisted of five stages, where the first refers to strategic thinking. The key principle at this stage is materiality. It is very important for a company before entering in the engagement process to clarify the reasons for the engagement, the relative stakeholders and the main aims that wants to be achieved at the end through the engagement. A strategic approach to stakeholder engagement ensures that the organisation is able to understand and respond to the full range of material issues and challenges facing it, not just on those arouse from the risk assessment and because of a crisis. In addition, the organisation is capable to understand that the stakeholders are subject to business impacts. Furthermore, the organisation identifies and addresses the stakeholders with significant potential to influence the organisation.

STAKEHOLDER ANALYSIS AND MAPPING

In order to do business sustainably, companies must have good knowledge of all the actors gravitating around their sphere of activity. Identifying stakeholders is the first step, after which companies must establish a hierarchy between them, to identify the relevancy of their modes of interaction. This practice is an integral part of Corporate Social Responsibility (CSR) policies.

Because inclusion of stakeholders become of high importance for modern businesses, stakeholder analyses should be included as a necessary part of the stakeholder management as a strategic management process. Mapping stakeholders means identifying the expectations and powers of each rights bearing group. This helps establish political priorities whilst keeping a wider vision of possible interactions between groups.

"Business success – and certainly survival - depends on satisfying key stakeholders according to their definition of what is valuable" (Bryson 1995: 27; Moore 1995). If key stakeholders are not satisfied, at least minimally, according to their criteria for satisfaction, the normal expectation should be that something would change (Bryson 2004: page 25). What is being said does not imply that all possible stakeholders should be satisfied, or involved, or otherwise wholly taken into account, only that the key stakeholders must be, and that the choice of which stakeholders are key is inherently political (Stone 1997), has ethical consequences (Lewis 1991) and involves judgment (Vickers and Vickers 1998).

According to Bryson (2004), at a minimum, stakeholder analyses should help managers figure out who the key stakeholders are and what would satisfy them. Ideally, the analyses will help reveal how ways of satisfying those key stakeholders will also create shared value and advance the common good. Beyond that, Bryson (2004) argues that competently done stakeholder analyses would appear to be a potentially 'smart practice', which Bardach (1998) defines as a 'method of interacting with a situation that is intended to produce some result. Stakeholder analyses are smart because they are generally easy to understand; do not need to be time- and resource-intensive, particularly when matched against the costs of potential failure; and would seem to go hand in hand with the 'craft' of creating public value (Lynn 1996: 89 – 108). Bryson (2004) recognizes that stakeholder analyses in practice may be hard to implement for a variety of reasons, but that should not diminish their status as a potentially smart practice.

One of the most important tasks during stakeholder analysis and mapping for every business that incorporates the whole approach within its management strategy is the creation of value for all, while share experiences and lessons learned with partners, through constructive dialogue and transparent communication with relevant stakeholders based on a breakdown of issues. In addition, businesses should find out ways to better understand stakeholder expectations and the concerns of various actors, while conciliating individual expectations and constraints on both sides. Moreover, stakeholder analysis and mapping should focus in continuous support of the CSR strategy, plans and actions of the company, while strengthening community development and progress. The logic behind the process is that a company wishing to engage with stakeholders should choose those that are the most pertinent and/or have most impact on their core business. Often, the first step consists in identifying all of them, then establishing a hierarchy or grouping based on the risks, categories and expectations involved.

There are various approaches for introducing stakeholders such as direct vs indirect, internal vs contractual, local vs global, economic vs social, public vs private, etc. Some categorize stakeholders based on their expectations or based on dialogue tools used to each group. Clearly identifying stakeholders and establishing a hierarchy of priorities based on their expectations does not always save a company from other problems that might not have been raised. Hidden dangers may always occur during the analysis and mapping process, as sometimes there knowledge for each stakeholder may be limited. In addition, the process may raise internal problems of resources (availability, HR, time constrains, etc.) and the claims of those from hierarchy who wish (or even not) to participate in the formulation of analysis. In addition, some legislations and/or standards require actors to dialogue with all or at least with some specific group of stakeholders.

There is no generic list of stakeholders for all companies or even for a single company as these will change over time, on those who affect and are affected depends on the industry, company, geography and the analysed issue. Changes in the business environment and new business strategies will often mean a new set of stakeholders. Level of responsibility, influence, proximity, dependency, representation are among different dimension that a business can consider when identifying stakeholders.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement can be understood as practices that the organisation undertakes to involve stakeholders in a positive manner in organisational activities. According to Phillips (1997), the involvement of stakeholders in a mutually benefiting scheme that marks a person or group as a stakeholder and merits them additional consideration over and above the consideration due to any human being.

As elaborated by the OECD (OECD, 2001b; 2009), stakeholder engagement can be understood as involving three processes. These entail information/notification, consultation and participation. The purpose of stakeholder engagement is to help identify the most important issues to the organisation and to set out an understanding of those issues that has been informed by stakeholders. As a level forward, the whole process of engagement should be translated by the organisation into decision-making both within and outside of the company and why not to be used as a strategic tool for strengthening business performance. This also contributes to accountability whether it is part of voluntary effort or compliance with relative regulatory framework.

Engagement is an interactive process of exchanging information and views, listening to and learning from stakeholders with the aim of building trust and understanding on important issues of mutual interest. Stakeholder engagement has evolved as the role of business in society has changed over time. Historically, engagement tended to be more reactive or focused on risk mitigation. As the corporate social responsibility movement has grown, stakeholder engagement become proactive and directly linked with the assumption that can enhance the sustainability and profitability of the organization.

A primary objective of corporate stakeholder engagement is to generate a better understanding of stakeholder perspectives on key issues and, consequently, build relationships with key individuals. Paul Nutt's book "Why Decisions Fail" (2002), perform a detailed analysis of 400 strategic decisions concluding that half of those decisions 'failed', meaning that they were not implemented, or implemented partially or implemented but produced poor results, due to decision makers failure in attending interests and information held by key stakeholders. Bryson emphasize that failure to attend to the information and concerns of stakeholders clearly is a kind of flaw in thinking or action that too often and too predictably leads to poor performance, outright failure or even disaster (2004, page 4).

Frooman, (1999) raises three key questions namely 'Who are the stakeholders?', 'What do they want?', and 'How are they going to try to get it?". According to Ackermann and Eden, understanding what a stakeholder wants (their interest base), and how they are likely to work towards achieving it (their power base) can help define a wider set of ideas for possible management actions (2010, page 188).

For deepening further to stakeholder engagement, it is worth it to identify the major benefits that may arise for modern businesses, under the presupposition that engagement is being made as a sincere effort that can improve relations between the company and its stakeholders. By investing in building true and honest relations both sides may diffuse existing tensions and make it easier to solve potential problems that may arise. Greater transparency in stakeholder engagement processes can be an attractive draw for capital, particularly from impact investors and sustainable funds.

In addition, by collaborating with stakeholders companies can pool resources to achieve a common goal or even to assist on the effectuation of the 17 SDGs and their 169 targets. Moreover, by engaging with stakeholders a company can improve its visibility and reputation, while economic stakeholders, such as customers, investors and employees may view this engagement as a differentiating factor in the market. Better, internal engagement can identify areas in which the company can become more efficient. In general, working with stakeholders can lead to a more stable operating environment and reveal critical information that is important for company decision-making process.

Although, engaging with stakeholders requires time, resources and knowledge that sometimes companies may not have. As of CSR, also for stakeholders engagement there is no one-size-fits-all approach. Engagement should be tailored fit for each company aligned to the capacity and maturity level of both sides. Stakeholder engagement can be characterized at a number of levels from passive/no engagement to empowering stakeholders to take decisions. A key difference between the low levels and the high levels of engagement is the degree to which businesses pool resources (knowledge, human resources, operation capacities, finances or influence on others) in order to achieve a shared objective. In general, the more fundamental the transformation is that a company and its stakeholders want to make happen; the more important it is to work together closely and make the best use of each other's resources. Moreover, it is not only work together, but also collaborate and partner with stakeholders. For such advancements, it is crucial for a company to set clear and specific strategic objectives whether that relationship imply only to systemic changes, or at the same time at the social maturity of the issues examined.

Despite the obvious challenges of stakeholder engagement, the outcomes of best possible practice in stakeholder engagement clearly justify the necessary efforts. It is of great importance to ensure that the company and its stakeholders have the organizational systems and skills to engage successfully in a productive relationship. Engagement process is likely to involve a variety of people with different levels of expertise, confidence, experience and maturity. The abilities of stakeholders to engage also require attention and may need strengthening. This might, be due to language, literacy, disability or cultural barriers, problems of distance, or lack of time, or gaps in their knowledge about a specific issue. In order to anticipate those potential barriers,

OECD in its "Best Practice Principles on Stakeholder Engagement in Regulatory Policy" suggests that the individuals within the business units that are dealing directly with stakeholders or are moderating the discussions with them should have first of all knowledge of relevant approaches to stakeholder engagement and of sustainability issues as well as of the issues which are the subject of engagement. Moreover, special internal skills are also needed in order to effectively facilitate dialogue and other engagement processes, as well as for all the activities that lead up to and follow engagement. It might also be useful, especially at the initial stages of the engagement process to have an external facilitator that will advise on how to organize the stakeholder engagement activities, to ensure that the principles of the AA1000SES standard are being met, and to evaluate the outcomes of the overall project.

Stakeholder engagement requires receiving constant proactive approach, while at the same time utilizing existing organizational knowledge on stakeholder's expectations. A systematic approach to stakeholder engagement requires the development of a relevant action plan. The process of stakeholder engagement consists of discrete phases representing the key procedures for planning and implementing stakeholder engagement. Most importantly, stakeholder engagement requires integration within organizational structure, active participation of human resources, while positively affects organizational culture and learning.

More analytically, stakeholder engagement should owned by the senior management of an organisation, promoting the understanding of the importance for creating relations between the organisation and its stakeholders as a process that bring unique, difficult to replicate and immense value to the organisation. It is vital for an organisation to recognize that reporting process of the engagement should be directly given to CEO, rather to senior managers of other divisions such as public affairs and marketing, if a CSR department is not in place. Stakeholder engagement should be embedded within the organisation with nominated individuals having the necessary support and tools to carry out the task; while at the same time will be able to transmit the appropriate skills and knowledge to all involved within the organisation.

Human resources skills development on stakeholder management is also very important for the staff of the organisation to ensure that they stay up-to-date towards fast changing business environment and society's necessities regarding engagement. In addition, use of talented staff from diverse, varied and alternative backgrounds will strengthening internal stakeholder management capacity in addressing issues derived from unfamiliar environments. Those involved with stakeholder engagement should have excellent communication and negotiation skills and for that reason, appropriate training should be provided to support and promote the objectives listed above. It is important to emphasize that stakeholder engagement is an iterative process where learning from action should be continually fed back to improve that action. Acquired lessons learned, experiences and knowledge is advised to captured and shared across the organisation, to guarantee the integration of advances are retained and relevant activities are shared and transmitted to all involved staff.

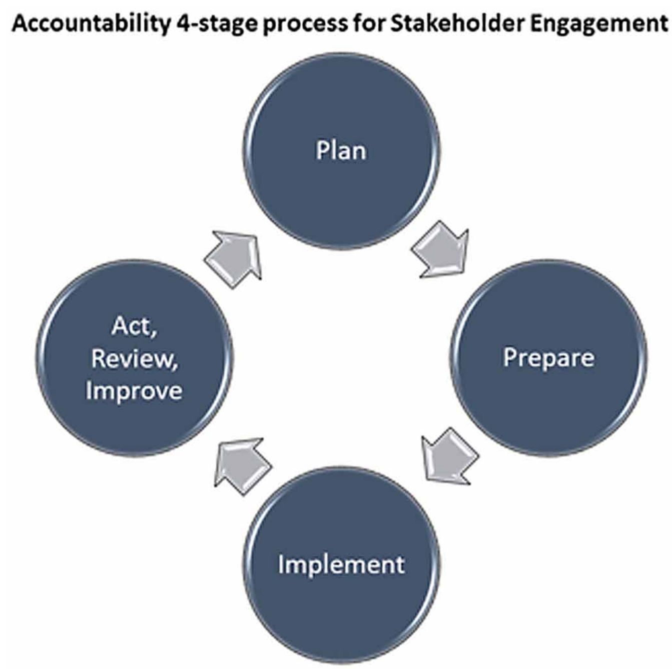
The development of a stakeholder framework is the most advanced level of stakeholder engagement in a way that become strategic choice of an organisation. Such a strategic path may include input from geopolitical trends, stakeholder views and analysis of their relative influence, alternative approaches to work with stakeholders and scenarios to assess the influence of both sets of issues in immediate and longer term planning of the organisation. As Kaptein and Wempe (1998: page 132) assume that stakeholder engagement from a "proactive" management approach turned into "normative". According to the "Model of stakeholder engagement" of Greenwood (2006), the management of stakeholders would be understood as strategic in nature when an organisation attends to or is responsive to the needs of the stakeholders with the aim of furthering the organisations goals.

STAKEHOLDER ENGAGEMENT IMPLEMENTATION

According to the A1000SES stakeholder engagement process includes four stages: Plan; Prepare; Implement; and Act, Review and Improve (see Figure 1).

Once an organisation has identified stakeholder engagement as a strategic choice necessary for the implementation of business aims and having established the purpose, scope and stakeholders for the engagement, the owners of the engagement need to ensure that there is a quality stakeholder engagement process in place. The first step in the stakeholder engagement process is the identification of the reasons for stakeholder engagement in accordance with organisation's business strategy and priorities. Organization staff engaging in the process should have a very clear idea of why the engagement is necessary, what the organisation would like to achieve from this process, what are the possible outcomes, what issues are negotiable and which are the red lines beyond, which those are involved, are not allowed to go.

Figure 1. Accountability 4-stage process for stakeholder engagement



Essential for proper planning of the stakeholder engagement process is the linkage of the aims of the engagement with the material issues have already identified as internal organizational process. Those material issues should be verified or even validated through the engagement process by stakeholders, without hesitation or restriction about the level of importance for the organisation. Issues could be broad on narrow and could be or even not affected directly or indirectly by the organisation. In addition, stakeholders identification is equally important step during planning but is worth not to forget that engaging with all stakeholders or on all issues is neither possible nor desirable. Also, stakeholders are not of equal importance for an organisation and therefore, both stakeholders and material issues should be prioritized to ensure that time, resources and expectations are well managed.

The main criteria to be used for identifying the critical stakeholders and for grouping all stakeholders in relevant to their significance categories, so as to enable the development of effective stakeholder engagement plans are stakeholders' "dependence" on an organisation meaning how much the organisation influence each stakeholder" and Stakeholders' "influence" on organisation, meaning "how much the stakeholder may influence the organisation. Using these two criteria and a rate from 0 to 5 it is possible to rank stakeholders included in the list and group them in 4 distinctive categories:

1. Those who are a low priority and can identified as "crowd" that the organisation needs to keep informed generally
2. Those who have an influence on the organisation but less dependence from the organisation and thus should be both informed by the organisation and involved in the engagement process
3. Those who depend on the organisation and should be treated fairly and

4. Those who both depend on the organisation and can influence the organisation operations and thus can be identified as the "critical stakeholders".

Other dimensions that a business unit can consider when identifying stakeholders are:

- **Stakeholders' Responsibility**: People to whom the organisation has, or in the future may have, legal, financial and operational responsibilities enshrined in regulations, contracts, policies or codes of practice.
- **Stakeholders' Proximity**: The people that the organisation interacts with most, including internal stakeholders, those with longstanding relationships, those a business unit depend on in its day-to-day operations, and those living next to production sites.
- **Stakeholders' Representation**: The people that are through regulatory structures or culture/ tradition entrusted to represent other individuals; e.g. heads of a local community, trade union representatives, councilors, etc

Stakeholders may have conflicting or adverse interests, but still they have some needs and expectations that are critical to be understood at an early stage. Carefully mapping stakeholder needs and expectations as part of the of the engagement process is providing the opportunity to select the best approach for each stakeholder group and elaborate solutions to specific problems or work against existing stereotypes and prevailing perceptions that may be an obstacle to build consensus on specific issues and partnerships where and when necessary. Moreover, during planning phase for an effective stakeholder engagement an organisation should estimate required resources not only for the engagement process itself, but also for the implementation of the needed actions that will arise as a result from the process. Therefore, a key point in planning the engagement is to clarify which expectations an organisation has the capabilities and willing to meet and which ones are red lines due to several reasons.

The resources for the engagement process itself will include the financial, human (including capacity building) and technological resources required by those carrying out the engagement, as well as the stakeholders invited to participate. Any financial support should be designed in such a way that it does not represent a potential conflict of interest. Engagement process is likely to involve a variety of people with different levels of expertise, confidence and experience. Each case of engagement is different and each particular group of stakeholders require different approach, depending also on the characteristics and capabilities of this group and on their interest and level of maturity of the issues selected for engagement.

During planning phase, the development of an engagement plan documents the engagement process. According to AA100 SES (2011) the plan should contain at a minimum the mandate, purpose and scope, as well as owners of the engagement with their roles and responsibilities. Engagement plan should also contain the methodology for identifying, profiling and mapping stakeholders, the pre-engagement activities, the engagement methods and the boundaries of disclosure. Moreover, indicators meaningful to the organisation and its stakeholders for the quality of stakeholder engagement based on the requirements of AA1000SES (2011) shall be established. For both the plan and indicators, stakeholders shall have the opportunity to provide input.

The communication to stakeholders about the scope of engagement and about the expectations from them should be clear and informative. Any briefing material should be comprehensive, balanced, and provided to stakeholders before the engagement takes place in order to help them prepare accordingly. The actual engagement could take many forms and depending on the method selected for collecting information and feedback from stakeholders. For meetings and other forms of direct interaction, all participants should mutually agree the terms of reference for the engagement process. Yet importantly is to ensure robust documentation of the engagement process and its outputs because this will enable the systematic integration of the results into our management and decision-making processes and the future engagement with stakeholders, as well as the provision of feedback to them.

It is important to report back to stakeholders in an inclusive and consistent way so that all participants receive timely feedback not only after the completion of the engagement activities but depending on the method of engagement at regular periods throughout the engagement process. Moreover, communicating the value and impact of stakeholder engagement should go beyond providing feedback to the individual stakeholders, who participated in specific engagements.

The last phase of the engagement process concerns the review and learning process that should follow every engagement action in order to embed the results in our business processes, operations and priorities and to design the structure and contents of future engagement cycles. Stakeholder engagement is a continuous process, not an event or a one-off exercise. The assessment of the engagement process and its outcomes should be communicated in an appropriate manner within the organisation towards all those involved in the process.

As stakeholder engagement is a cyclic and continuous process the completion of one engagement process initiates a new round of engagement on the same material issues or on different ones that present new opportunities for the organisation and have become business priorities in the meantime, or with a new set of stakeholders.

THE FUTURE OF STAKEHOLDER MANAGEMENT

Our world today is facing unprecedented challenges such as climate change, income inequality, migration, poverty, terrorism, and a resurgence of political risk, etc. As an answer, UN launched in 2015 the “2030 Agenda” and the 17 Sustainable Development Goals (SDGs). During the same year first universal climate agreement adopted at COP21 in Paris. Towards all those initiatives businesses are critical partners in meeting global policy goals, while at the same time are facing a massive transformation of their external environment due to a variety of factors such as collapse of public trust in both government and business as already mentioned according to recent surveys. That crisis in trust as well corporate scandals have led to the increase of regulatory context regarding disclosure of non-financial information and to a hyper-transparency on everything a company is saying and doing.

More than ever before, companies are facing competitive pressure to create value not only for themselves but also to the societies in which they operate. Towards that need stakeholder engagement is one of the primary tools companies have to ensure that their activities are inclusive and benefit society. Corporations, from now on, need to set as their primary target the integration of stakeholder engagement within their organisation, philosophy and learning culture in order to use meaningful stakeholder management as a strategic choice. Saying differently, by engaging external actors strategically businesses focus on building social license at all levels, through a deep understanding of stakeholders’ emerging needs following a proactive response to them. A proactive approach is fundamental for those businesses want to transform their management models in order to safeguard sustainable development.

Sustainable Development is perceived as a universal challenge in which businesses, governments, civil society, and citizens all have complementary roles. According to Grayson at al. (2018), business leadership in sustainable development is central to developing and maintaining the kind of markets and economies that the environment and society need to thrive. Today's corporations have unparalleled scale and reach, touching thousands of suppliers and billions of consumers across hundreds of countries. They are the most global set of actors in existence with both the ability and responsibility to drive greater sustainability across markets and society. In order to do so modern businesses need to become open to change and transformation in a way that meet not only their but also societies' needs. Saying differently should not only create value for their shareholders, but also for their stakeholders.

Donaldson T. and Preston L. (1995) covers the fundamental confusion over the terminology of stakeholder theory (conceptualized by Edward Freeman in 1987) and purpose of stakeholder engagement, which still exists until today, summarizing the four main streams of thinking on stakeholder engagement. The authors argue that better stakeholder engagement will increase company valuations, either in terms of profitability, long-term stability, or via an improved reputation and an enhanced social license to operate. Enright at al. (2016) considers it self-evident that if a company does not understand and capture the views and needs of its stakeholders that business will ultimately fail.

In addition, according to the authors, stakeholder engagement can be considered as essential driver to understanding change in the external environment and translating this change into strategic decisions. As Enright at al (2016) adds measurement of stakeholder engagement impacts and benefits at the company level is essential, but that measurement will need to incorporate broader concepts of shared value and indirect impacts—an effort that is still in its infancy in most companies.

CONCLUSION

The need for mutual value creation for both businesses and societies was the aim of this chapter under the scope that in order to see wide transformation to business models towards sustainability, a strategic stakeholder management and relative engagement is essential. Consequently for proper facilitation of stakeholder engagement prior planning and preparations are equally important as the engagement itself, while relevant increase of capacity building of staff involved in the process is necessary. Top management commitment is also key to unlock willingness to participate from both company's staff and different stakeholders.

Finally, the aim of the above chapter was not to convince businesses that alone can or should solve the world's problems. Actually, the aim was to underline that businesses could be part of the solutions development towards global threats through collaborations with their stakeholders. That collaboration makes a business more resilient to future shocks because it has better reflexes of the changing external environment. Concluding with emphasis, stakeholder relationship management provides companies the opportunity to shape the society's future or at least to create the desirable conditions for doing so.

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Chapter 3

The New Framework for the Compulsory Publication of Sustainability Reports:
Evidence From Greek Companies

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EXECUTIVE SUMMARY

This chapter examines how the changes from voluntary to mandatory corporate social responsibility (CSR) reporting influence the quantity and quality of disclosed CSR information. Furthermore, it examines the adaptation level for CSR reports in relation to the requirements of the regulatory regime. To do so, a research agenda is designed through the relative literature in order to make clear the challenges and barriers of the changes of the CSR reporting regime as well as a framework is developed to evaluate the progress of CSR reports within the new regime. This research is based on a scoring and benchmarking methodology which is tested in a sample of 23 Greek firms which systematically publish CSR reports the last five years. It is worth noting that a mandatory regime from CSR reporting has been lately introduced in Greece by integrating into Greek Law (4403/2016) the European Union Directive 2014/95/EU which requires Greek firms with over 10 employees to publish CSR reports on a mandatory basis.

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INTRODUCTION

CSR reporting offers a common language for business community to make a clear and transparent debate with financial community in particular and other stakeholder groups in general (Nikolaou & Evangelinos, 2010). Several large firms have, either voluntarily or mandatory, disclosed information on an annual basis primarily to inform their stakeholders on their triple-bottom-line performance on financial issues, environmental protection and social equity. The behavior of firms to CSR reporting varies among countries, sectors, size of firms, quantity and quality of information due to the different regulatory regime and the pressure of stakeholders (Kolk, 2003; Perrini & Tencati, 2006).

The necessity for CSR reporting is usually examined through the costs and the benefits for firms and their stakeholders. On the one side, different stakeholders groups strive to gather appropriate CSR information in order to make safe decision making by avoiding potential financial risks which are accrued from environmental and social problems (Franks *et al.*, 2014). For example, financial community needs CSR information to eliminate potential financial losses either from physical and social risks (Herweijer *et al.*, 2009). It is known that financial performance of many industry sectors are vulnerable to climate change effects (e.g. floods and droughts) such as agricultural (Smit & Skinner, 2002), sport (Wolfsegger *et al.*, 2008), mining (Ford *et al.*, 2010) and tourism sector (Moreno & Becken, 2009). These potential environmental and social risks could bear high adaptation costs for firms which might be reasonably transferred to financial stakeholders (e.g. insurance companies, banking sectors and investors) who could obviously face these risky conditions by gathering ex ante suitable CSR information in order to make safer decision making and eliminate their potential financial losses. This is a significant reason which explain the voluntary movement of some sectors (e.g. mining industry) to offer CSR information in order to legitimate their operation and gain the social license to operate as well as to reduce themselves' and their stakeholders' risks (Moffat & Zhang, 2014).

On the other side, a large part of literature puts emphasis on the positive influence of CSR practices on corporate financial performance (Paul & Siegel, 2006). Particularly, several helpful techniques have been suggested to examine such positive influence which are drawn CSR information from annual reports and CSR reports (Gamerschlag *et al.,* 2011). The basic idea of these techniques is based on designing positive screening criteria and composite CSR indexes to evaluate the CSR performance and ranking firms with better CSR performance in order to facilitate the decision making of stakeholders.

The above mentioned reasons testifies proactively corporate strategies for CSR practices and disclosures aiming mainly to improve the relationship with stakeholders groups which directly or indirectly could affected from negative impacts of firms. However, another significant drift for CSR disclosures is their mandatory character which have been lately dispersed in various countries. In this field, a considerable attention of scholars has been paid on making comprehensible the ways of firms to address these challenges and the contents of mandatory CSR reporting. In this sense, some limited case studies have been conducted to examine the effects of mandatory character of CSR practices on CSR disclosures (Criado-Jiménez et al., 2008; Noronha *et al.*, 2013).

To this debate, the scope of this book chapter is twofold. Firstly, it examines the influence on the quantity and quality of disclosed CSR information as result of the change from voluntary to mandatory regime of CSR reporting. Secondly, it evaluates the degree of compliance of CSR reports with regulatory requirements. Thus, a research agenda is designed by utilizing the key findings of the relative literature mainly to make clear the potential challenges and barriers from the changes on the character of CSR reporting as well as to design a robust framework to evaluate the progress and degree of compliance of

CSR reports. Certainly, an application for tested the research agenda and suggested framework will be conducted in a sample of 23 Greek firms. The measurement technique is based on scoring/benchmarking technique approach.

The rest of the book chapter is classified as follows. The second section describes some important aspect of current theoretical background regarding mandatory vs voluntary regime in CSR reporting. The third section describes the framework of analysis and fourth includes the results of the case study analysis. Conclusion and discussion is analyzed in the final section.

THEORETICAL BACKGROUND

As a matter of fact, a great part of CSR reporting literature focuses on evaluating the degree of quality and quantity of disclosed CSR information through published CSR reports. Before analyzing the content of CSR reports, an initial task for various scholars is to outline the clear content CSR accounting and reporting (Nikolaou & Evangelinos, 2008; Soderstrom *et al.,* 2017). Some substantial criteria for classify CSR accounting and reporting techniques are their emphasis on different aspects of sustainability, their financial and non-financial character of information and the formal and informal type of book-keeping technique (Nikolaou & Evangelinos, 2010). In relation to the first criterion (the emphasis of CSR accounting/reporting techniques), there are three general type of techniques which focus on environmental (e.g. environmental accounting, environmental management accounting), on social (e.g. social accounting) and on triple bottom line aspects (e.g. sustainability accounting. An indicative example for the first type (environmental) of accounting focus on measuring the flows of materials and environmental impacts of firms (De Beer & Friend, 2006). Additionally, Gray (2001) provides a variety of terms and definition for CSR accounting techniques by emphasizing on social issues, while Mathews (1997) lists a set of CSR accounting techniques/definitions with emphasis on environmental and social aspects. Finally, sustainability/ triple-bottom-line accounting techniques have been suggested to facilitate firms to disclose information regarding economic, environmental and social aspects (Milne & Gray, 2013).

According to second criterion (the measurement units), many CSR accounting techniques are presented in the relevant literature. This criterion is considered very significant since several scholars have suggested both types of information necessary in order to have a complete measurement for corporate social performance (Nikolaou & Evangelinos, 2012). In this sense, social accounting techniques could be classified in three common categories: a) techniques with financially disclosed information (e.g. environmental full cost accounting techniques), b) techniques with information in non-financial terms (e.g. eco-balance) and c) techniques with disclosed information in mixed terms (e.g. eco-efficiency). Some indicative examples for the first category is the environmental management accounting and eco-balance techniques which put more emphasis on recording environmental information mainly in non-financial terms (e.g. water amount, wastewater production, energy savings). The second category of techniques focus on estimating full cost of corporate environmental damages either on firms or on society. The final category includes CSR accounting techniques which record information in both financial and non-financial terms.

The last criterion focus on the formal and informal way which is utilized to record CSR information. This former implies that social and environmental information are recorded to the conventional financial and management accounting statements by following the classical techniques of General Accepted Accounting Principles (Nikolaou, 2006). Although this trend seems to have a slowly progress in environmental and social accounting (Gray, 2002), nevertheless its considerable merit is due to its assistance which provides to the relevant debate by delineating a common and reliable language for business community and financial stakeholders which is primarily suitable for them to make safer decisions (Mathews, 1995).

Actually, some significant contributions of CSR reporting techniques are the recording, disclosing, communicating and filling the information gap (asymmetry information) between firms and stakeholders by providing necessary and vital information (Nikolaou *et al.*, 2013). A classical strategy of firms in CSR reporting is to disclose relevant information through CSR reports in an annual basis. Essentially, the majority of firms prepare stand-alone reports to inform stakeholders for their performance at least in three separate set of information in relation to financial, environmental and social performance of firms.

However, an interesting and perpetual activity of scholars is to examine the quality and quantity of disclosed information in CSR reports. To evaluate such information, various techniques have been suggested which could be classified in two general categories such as: a) content analysis and g) scoring/benchmarking techniques (Hammond & Miles, 2004; Guthrie & Abeysekera, 2006). The content of CSR reports is analyzed (mainly the amount of information) by using various coding measurement systems (e.g. number of words, number of lines, and numbers of pages). The scoring/benchmarking techniques recommend measurement scale to evaluate the level of quality and completeness of the content of CSR reports (mainly the meaning of information) very useful to make compares among firms and sectors. The lack of regulatory regime to prepare CSR reports, several techniques are based on popular sustainability (e.g. GRI) guidelines (Adams & Zutshi, 2004).

In addition to the positive comments for usefulness of CSR reports, a variety of noteworthy concerns have been seemed in the current literature regarding the quality of CSR disclosures. The first concern arises from the motivations of firms to disclose CSR information and the second focuses on the trend of some firms to publish more qualitative reports. Basically, this is controversial debate through mandatory versus voluntary regime for CSR reporting. On the one side, many empirical and theoretical studies identify that firms publish voluntarily CSR reports mainly to gain legitimation for daily operation (Deegan, 2002), to improve their accountability for CSR strategy (Parker, 2005) and to meet the needs of stakeholders (Sweeney & Coughlan, 2008) who have considerable influence on firms operation. Some studies have explained the voluntary strategy of firms for CSR reports due to their positive relationship with corporate financial performance either as increasing profits or as better shareholder value (Godfrey, 2009).

On the other side, the debate concentrates on mandatory regime for firms to publish CSR reports. Some studies have been identified a positive relationship between published CSR reports and regulatory regime for CSR reporting (Mobus, 2005). The mandatory regime for CSR reporting could play a critical role in firms' behavior to publish excellence CSR information only in the case where they have no alternative option to avoid complying with such regulatory requirements (Criado-Jiménez *et al.,* 2008). Peters & Romi (2013) examines the influence of mandatory regime of CSR disclosures on strategy of firms to disclose environmental sanctions and identifies that this is only an option for firms which operate in environmental sensitive sectors (e.g. mining industry, chemical). da Silva Monteiro & Aibar Guzmán (2010) identified that the new accounting standards which have been enacted to facilitate corporate book-keeping regarding environmental information might explain a rapid growing of corporate environmental disclosures in Portuguese companies.

Consistently, Eccles (2015) points out that a regulatory regime for CSR practices would result in a more reliable information system for stakeholders. Furthermore, Hąbek & Wolniak (2016) conducted a survey in seven European countries regarding the quality of CSR disclosures. They found that European countries (e.g. France and Netherlands) with a formal regulatory regime for CSR reporting they have also better quality CSR reports with complete and excellence information. In reverse, Crawford & Williams (2010) consider that these countries offer CSR reports with lower quality and for this reason they move to a mandatory regime for CSR disclosures in order to correct this failure of the market (as usual made from economies with less-liberal features), while countries with more liberal characteristics (e.g. USA) seem to have better quality for CSR disclosures without requiring a tight regulatory regime. In the Asia, the findings seem to be positive for the relationship between CSR disclosures and mandatory regime. For example, Hung *et al.* (2013) identified that the mandatory character of CSR disclosures in China has offered a successful tool for decreasing the information asymmetry, while seem that ownership of firms would play a critical role in the quality and quantity of CSR disclosure in China mainly when there is less dependent from Government. Vormedal & Ruud (2009) examine how societal, political and regulatory features of Norway affect the quality of CSR disclosures. They identified that only 10% of 100 largest Norwegian firms are comply with the legal requirements on environmental reporting. They explain the less degree of corporate response as the absence of well-organized official requirements in Norway such as the weak political and social wish to impose CSR reporting in business community and the non-appearance of a well-designed governmental monitoring system for CSR reports.

Undoubtedly, a growing awareness has been lately observed for developing a mandatory regime for CSR reporting in variety of countries in different continents such as Argentina, Austria, Belgium, Brazil, Denmark, China, France, Germany, Greece, India, Indonesia, Italy, Malaysia, the Netherlands, Norway, Portugal, Spain, Sweden, and the United Kingdom (Reider-Gordon, 2013). Similarly, a number of institutional documents have been published to facilitate and encourage further countries to enact a mandatory regime for CSR reports. An indicative example is the European Union Directive 2014/95/EU which offers a specific guideline in order large firms to disclose environmental, social, employee issues, human rights, anti-corruption and bribery issues. Another significant example is the Program for Environment of United Nations (UNEP) which offer a lists of successful examples from global economy regarding the mandatory and voluntary regime for CSR reporting (KPMG, UN., & GRI, 2010). This is a good tool for modern economies to reorient the basic economic and social goals in order to drive firms to make innovations and improve their competitiveness.

However, there are some diverging views regarding the regime of CSR reporting. For instance, some scholars face the mandatory character of CSR reporting with a great skepticism. Fallan & Fallan (2009) point out that CSR reporting is valuable to address the heterogeneous requirements of different groups of stakeholders which could be only achieved through a voluntary regime which create appropriate conditions for firms to select freely the most innovative means to complete such needs. Thus, they consider redundant further regulations for CSR disclosures. UNEP (KPMG, UN., & GRI 2010) lists some pros and cons regarding mandatory regime of CSR reporting. Some essential arguments favor in mandatory regime are the incompleteness of current voluntarily disclosed CSR reports, the growing needs for comparability among firms, the demand for bad news disclosures from various stakeholders groups, the necessity to correct market failures (e.g. asymmetry information for CSR disclosures), the global tendency for standardisation of disclosures, the elimination of the free rider problem (only some firms to make complete disclosures) and finally the equal treatment of investors. Although many managers have considered very risky for firms position to disclose bad news, Reimsbach & Hahn (2015) identify that the self-reporting of negative information has not a significant influence on investors' behavior. Some criticisms emphasize on the knowledge gap between regulators and firms who enact regulations without having sufficient information for the actual condition of the general sector or for the single firm. Another criticisms are the lack of motivations for firms to make innovations in disclosing CSR reports as well as limited the prospects of firms to build a competitive advantage in relation to other firms. Finally, the regulatory regime seems to have a slower adaptation with respect to modern challenges and certainly central-defined regulations will not fit on all types of firms.

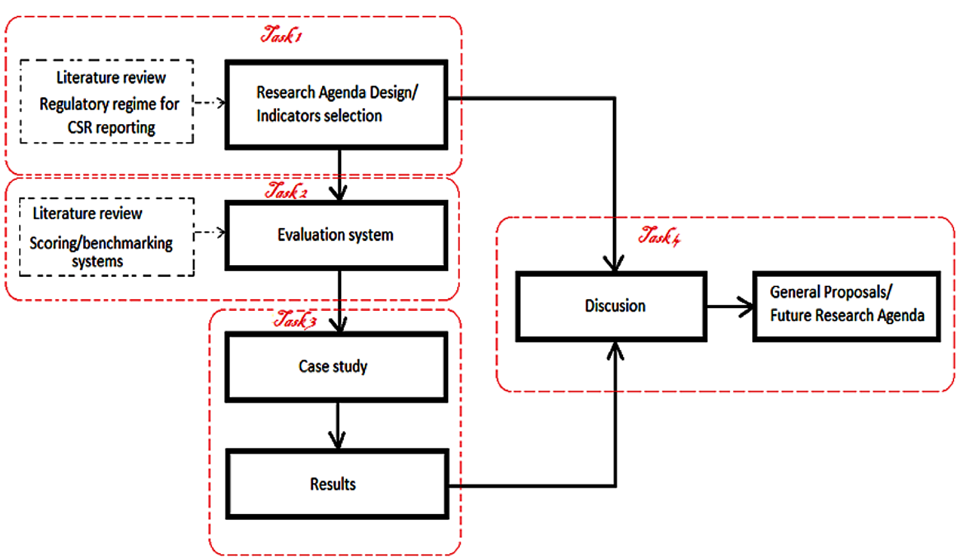
METHODOLOGY

Research Framework: Research Agenda

A research framework is developed to evaluate the degree of CSR reporting after the transformation of the regime of CSR reporting from voluntary to mandatory character. As analyzed above, one significant tendency for CSR reporting is the transition from the voluntary to the mandatory context mainly to assure a transparent, a reliable, a standardized and a common way through which firms be able to inform completely their stakeholders for their CSR status. The suggested research framework is classified in four sequential tasks (Figure 1) as follows:

1. The first task focuses on developing the procedures which facilitate the selection of appropriate indicators which will evaluate the degree of adaptation of CSR reports. It is based on the literature of mandatory CSR reporting and the EU directive for non-financial disclosures. Ending up by developing a preliminary research agenda regarding mandatory regulatory regime of CSR reporting.
2. The second task presents a measurement system which aiming to assist in evaluating the quality of CSR reports under mandatory regulatory regime. The reasoning behind of the suggested measurement system is the popular scoring/benchmarking systems which are utilized to evaluate CSR reports.

Figure 1. Research framework



3. In the third task, a case study application is conducted by evaluating a sample of 23 large firms listed in Athens Stock Exchange.
4. The final task discusses the findings of conducted case study in order to prepare a future research agenda suitable for designing similar case studies in the future.

The Selection of CSR Indicators: A Mandatory-Based Analysis

The suggested indicators are based on European Union Directive 2014/95/EU and the literature of mandatory CSR reporting. The Directive 2014/95/EU offers a context in order European firms to disclose non-financial information (e.g. social and environmental) in a mandatory basis. A key point of EU Directive is the description of the responsible firms to disclose mandatory non-financial (e.g. environmental and social) information to various stakeholders groups. Two general criteria are very important for the classification of firms in the category of responsible firms for disclosing non-financial information. The first criterion focuses on the height of the firms' revenue (over 2.500.000 euro) and the second pertains the number of employees (over 500 employees). So far, the majority of the member states of EU (99%) have agreed that responsible firms for disclosing non-financial information are firms with over 500 employees.

Furthermore, some other key points of EU Directive which would play a critical role in selecting indicators to evaluate the progress of CSR reports are as follows: the business model of firms, the corporate environmental and social policy, the corporate environmental and social performance, the most significant environmental and social risks of firms and, finally, the presentation of utilized indicators. Some additional significant topics of EU Directive are the rights of employees, the supply chain management and bribery and corruption issues. In particular, EU Directive points out some significant areas such as business model where firms should provide a general description of their key processes mainly to make further progress on non-financial disclosures. Firms should also disclose information regarding their policy, the outcomes of their policy, the primary risks of their management and the non-financial indicators performance. Finally, firms must provide information regarding their environmental performance, employees, human rights of employees, and their anti-corruption and bribery policies.

The business model for sustainability tries to compare the conventional priorities of business model of firms with the key aspects of sustainability priorities through the idea of business case of corporate sustainability. Schaltegger *et al.* (2012) analyzes 24 specific goals which are useful to compare business case sustainability view and business sustainability model. They point out six basic categories of business case of sustainability such as the cost reduction, the risk reduction, the reputation, the profits, the attractiveness profile for employees and the innovative capabilities. For business model, they analyzed four categories such as value proposition, customer relationship, business infrastructure and financial aspects. One other form of business sustainability model has been suggested by Bocken *et al.* (2014), who classify the priorities of business sustainability model in three general categories such as technological, organizational and social. Technological dimension is furthermore analyzed in three key aspects such as maximize materials efficiency, create value from waste, use renewable resources. Similarly, the organizational dimension includes also the reuse goals for society and the nature and novel solutions. The final dimension includes functionality, stewardship role and sufficiency.

Table 1 illustrates the suggested categories of indicators which based on the above mentioned key points through directive and relative literature.

Measurement System

The necessary information is accrued from stand-alone CSR reports which is primarily prepared in an unsystematic mode and certainly in relation to the interests, stakes and benefits of individual firm. Until recently, entirely procedures of recording CSR information have been completed under corporate voluntary initiatives and through various guidelines in order to exploit benefits or avoid potential risks. Under the deficiency of formal guides to prepare CSR reports, a significant problem is identified due to the various types of information which are presented in an arbitrary way. Several scholars try to overcome this problem by utilizing general accepted guidelines to quantify CSR disclosures such as GRI, ISO 14031 and accounting standards (Morhardt *et al.*, 2002; Skouloudis *et al.*, 2010; Chauvey *et al.*, 2015). These guidelines are the basis for some techniques which aim to evaluate the quality of CSR reports.

Actually, there are two general streams of measurement techniques which have been suggested to evaluate the quality of CSR reports. The content analysis is one significant stream of techniques which focuses on evaluating the amount of information for each aspect of CSR, while the second stream of techniques contains the scoring/benchmarking measurement techniques which go further by evaluating the meaning of information. The suggested measurement technique is based on the reasoning of scoring/benchmarking systems by developing a 4-points scale to evaluate CSR reports (Table 2).

Case Study Description

The conducted case study is focused on Greece because the public authorities have been relatively recently enacted the law 4403/2016 to align with the requirement of the EU Directive 2014/95/EU. It is a significant milestone for mandatory CSR reporting literature since Greece consider responsible each firm with over 10 employees and over 2.500.000 euro to disclose non-financial information. Actually, this is a significant difference with the other member states of EU which impose only the large firms (over 500 employees) to disclose non-financial CSR information. This creates a new condition and a dynamic environment for SMEs which are today faced as environmental-friendly thanks to economic competitiveness and unemployment while there are serious claims that they are responsible for 70% of total environmental pollution (Hillary, 2004).

The sample includes 23 Greek firms. The selection criteria of the sampled firms are as follows: a) the consistent way of disclosed CSR reports mainly in annual basis at least for five years, b) to cover the three sectors of production, c) to meet the criteria of EU directive and Greek law. Table 3 shows the sampled firms which are anonymous for confidentially reasons.

RESULTS AND DISCUSSION

The findings show that 50% of the sampled firms has complied with the requirements of the EU directive to disclose information regarding Sustainability “Business Model” (Table IV). The majority of firms have emphasized mainly on discussing the more significant costs-benefits consequences of CSR practices on key business operation. Actually, they focus on the business case of corporate sustainability as it is suggested by Schaltegger *et al.* (2012). According to the second requirement of EU Directive, the average score of the sampled firms reach 2 points and seem that only 20% of the sampled firms have

Table 1. Categories of indicators

Business Model	Environmental and Social Policy	Results of Policy	Environmental Risks	Non-Financial Indicators	Key Issues				
					Environmental	Social and Employees Issues	Human Rights	Bribery and Corruption	Supply Chain

Table 2. Scoring scale

Scoring	Description
0	No reference to relevant CSR information
1	Succinct, vague and fragmentry reference to relevant CSR information
2	Significant deficiencies of reference to relevant CSR information is
3	A systematic way to reference relevant CSR information
4	A complete way (e.g. systematic, clear, consistent and repeated way) to reference relevant CSR information

Table 3. Sample selection

Firms	Criteria Selection		
	Criterion 1	Criterion 2	Criterion 3
	5 Years CSR reports (average)	Sector	Employees (average)
F6	6	First Sector	120
F1; F3; F4; F5; F7; F9; F13; F16; F22	7	Second Sector	150
F2; F8; F10; F11; F12; F14; F15; F17; F18; F19; F20; F21; F23	5	Third Sector	200

Table 4. The estimated scores

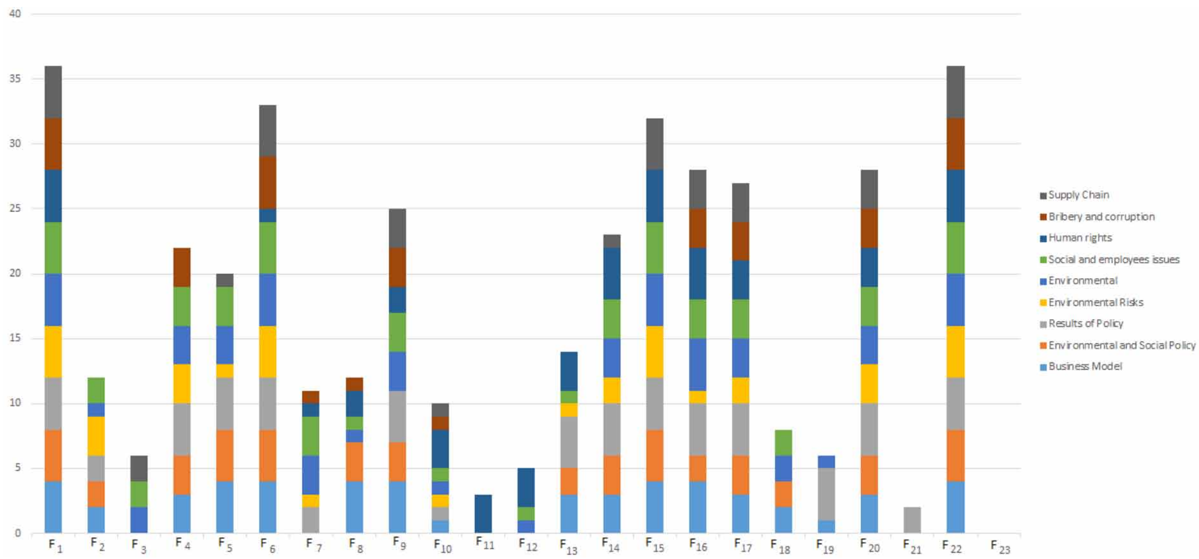
Firms	Business Model	Environmental and Social Policy	Results of Policy	Environmental Risks	Non-Financial Indicators	Key Issues					Average
						Environmental	Social and Employees Issues	Human Rights	Bribery and Corruption	Supply Chain	
F1	x	4	4	4	4	4	4	4	4	4	4
F2	x	2	2	2	3	1	2	0	0	0	1.3
F3		0	0	0	0	2	2	0	0	2	0.6
F4		3	3	4	3	3	3	0	3	0	2.4
F5		4	4	4	1	3	3	0	0	1	2.2
F6	x	4	4	4	4	4	4	1	4	4	3.6
F7	x	0	0	2	1	3	3	1	1	0	1.2
F8	x	4	3	0	0	1	1	2	1	0	1.3
F9		4	3	4	0	3	3	2	3	3	2.7
F10		1	0	1	1	1	1	3	1	1	1.1
F11		0	0	0	0	0	0	3	0	0	0.3
F12		0	0	0	0	1	1	3	0	0	0.5
F13	x	3	2	4	1	0	1	3	0	0	1.5
F14	x	3	3	4	2	3	3	4	0	1	2.5
F15	x	4	4	4	4	4	4	4	0	4	3.5
F16	x	4	2	4	1	4	3	4	3	3	3.1
F17		3	3	4	2	3	3	3	3	3	3
F18		2	2			2	2	0	0	0	1.1
F19	x	1	0	4	0	1	0	0	0	0	0.6
F20		3	3	4	3	3	3	3	3	3	3.1
F21		0	0	2	0	0	0	0	0	0	0.2
F22	x	4	4	4	4	4	4	4	4	4	4
F23		0	0	0	0	0	0	0	0	0	0
Average		2	2.6	1.5	2.1	2.1	1.9	1.3	1.4	2.3	

covered the maximum score (4 points). It is significant also to point out that 25% of the sampled firms have no reference regarding "Environmental and Social Policy".

The higher average score (2.6 points) has been achieved for the requirement "Results of Policy" where the majority of the sampled firms seem to disclose more CSR information mainly to legitimate their operation. This finding is consistent with relevant literature which presents similarly an evolutionary trend regarding CSR disclosures (da Silva Monteiro & Aibar Guzmán2010). The requirement of "Environmental Risks" have taken very low score (1.5) since sampled firms avoid to present negative information. This is consistent with relative literature which have shown that mainly oil firms opposite to mandatory CSR reporting avoid disclosing negative information (Mobus, 2005). It is significant that the sampled firms have achieved one of the highest score (2.3) in supply chain requirements which imply a strong interest of firms for their supply chain.

Figure 2 shows the allocation of firms' scoring performance for each requirement of EU Directive. It is seemed that six of the sampled firms (F1, F6, F16, F17, F20 and F22) have offered complete information for all requirements of EU directive. Opposite, only two firms have provides information only

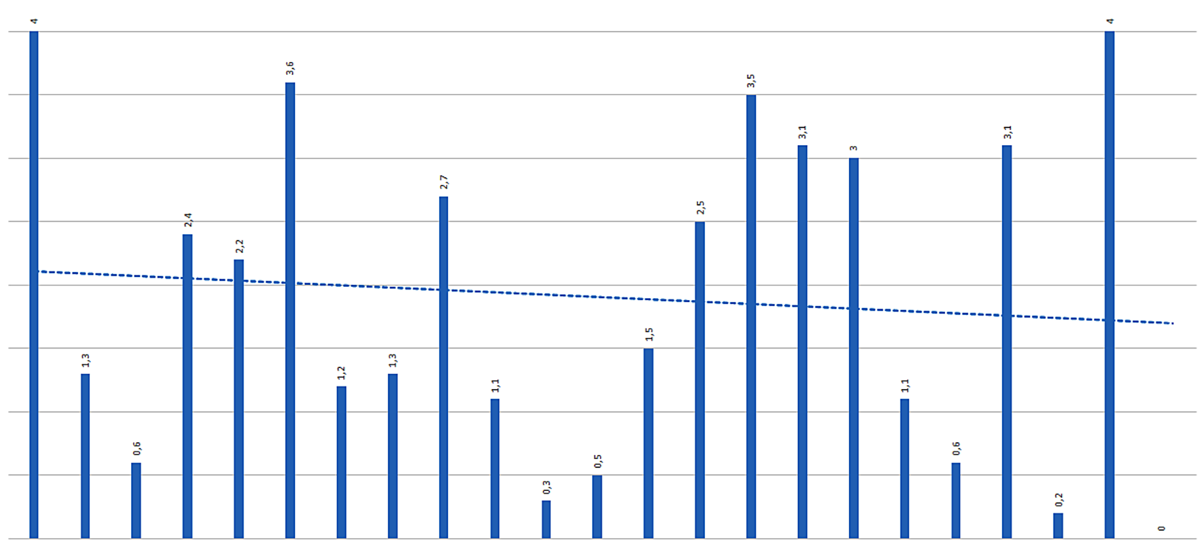
Figure 2. Allocation of firms' scoring per EU Directives' requirements



for one CSR aspect (F11 and F21). Additionally, there are three firms which comply only with three requirements of EU Directive (F3, F12, and F19).

Finally, Figure 3 shows the average score for all firms regarding entirely requirements of EU directive as well as the tendency. It is seemed that there is a negative outlook for CSR disclosures in the sampled firms. This could be explained through the lack of governmental auditing system as well as the absent of the appropriate context to inform managers regarding the contemporary legislative requirements and the ways to prepare CSR reports. This is aligned with relevant literature which identified low influence of mandatory regime on CSR disclosures because the weak institutional auditing systems in Norway (Vormedal & Ruud, 2009).

Figure 3. Average score per firm



CONCLUSION AND FUTURE RESEARCH AGENDA

A methodological framework has been developed to evaluate the quality of CSR reports under a new mandatory regime. It is based on the requirements of the EU Directive 2014/95/EU for disclosing information regarding non-financial information and scoring/benchmarking systems to evaluate the progress of a sampled of 23 Greek firms. Despite of the interesting findings of the case study, an elementary conclusion is that a limited amount of information has been disclosed, while negative information is not exist. Another significant point is that a limited amount of information has been disclosed for environmental risks and social and employees issues. However, a surprising finding is that an important amount of information pertains supply chain issues.

This book chapter makes some significant contributions to mandatory non-financial disclosure literature. Firstly, an important case study has been added to the few that exist today. Its significance lies in the fact that a new law (comply with the requirements of EU Directive 2014/95/EU) has been enacted in 2016 for mandatory non-financial disclosures which pertains firms with more than 10 employees. The findings aim to assist scholars in developing further the current debate by drawing lessons from countries which firstly move in mandatory regime. Secondly, methodology might play a guide for scholars and managers to evaluate or prepare CSR reports in relation to EU directive. It could also a guide for auditing for competent governmental bodies which should check the progress of firms.

However, there are many other points which are emerged from this book chapters which could be a good ground for future research. One significant point is to examine how firms could make innovation in CSR reports and gain competitive advantage within a mandatory regime where all firms should follow the same requirements. Another significant field for future research pertains the indicators which should be evaluated. A further effort should be made in order presented detail list with indicators which should be generally accepted by all stakeholders as well as should be suitable for business community.

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Chapter 4
The Effect of Corporate Sustainability Practices on Financial Performance:
Evidence From Turkey

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EXECUTIVE SUMMARY

In this chapter, the impact of corporate sustainability practices (CSP) on corporate financial performance (CFP) is investigated in terms of Turkish manufacturing industry. In this context, 16 sustainable companies vs. 21 control companies in 2016 and 16 sustainable companies vs. 24 control companies in 2017 are examined. Thirty-seven financial performance variables within seven groups are used, and non-parametric Mann-Whitney U test is applied. In 2016, four out of seven significant variables point out that sustainable companies perform better than control sample; however, in 2017, three out of four significant variables indicate the opposite. Therefore, the results are mixed, and it is concluded that implementing environmental, social, and governance (ESG) criteria do not have a noticeable positive effect on financial performances of manufacturing industry companies, at least in the short-term.

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INTRODUCTION

The foundation of the concept of corporate social responsibility as we know it today was set by the book 'Social Responsibility of the Businessman' by Bowen (1953). While there have been many definitions of CSR made in the literature, these are often far from being clear (McWilliams, Siegel, and Wright, 2006:1). Dahlsrud (2008) conducted a content analysis on 37 CSR definitions and presented five dimensions of CSR. These are environmental, social, economic, stakeholder, and volunteerism dimensions. So, organizations like environmentally sensitive organizations, organizations related to workplace health and safety and consumer rights have become important stakeholders, and this has got company managers to work with an expanding environment of stakeholders (Carroll, 1991:39-42). Therefore, in addition to its legal requirements, a company also has social liabilities, that is, social responsibility begins where law ends (Davis, 1973:313). As social responsibilities have a tendency to be equated with social power, neglecting these responsibilities will cause the business to lose power (Davis, 1960:76).

Corporate social performance was defined by Wood (1991:691-694) as the holistic output of a comprehensive administrative model that is based on CSR principles. In his CSP model, he discussed CSR principles on institutional, organizational and individual levels, specified corporate social responsiveness processes within the framework of environmental evaluation, stakeholder management and issues management and classified the outputs of corporate behavior as social effects, social programs and social policies. Then, could adopting CSR also have an effect on corporate financial performance? There are two approaches on this topic. One of these argues that companies become disadvantaged in competition as social responsibility behaviors bring extra costs (Alexander and Buchholz, 1978:479). These costs may arise due to activities of reducing air pollution, additional financial rights provided to employees, assistance-donations and various sponsorships (Galant and Cadez, 2017:678). Likewise, Vance (1975) also reached results that supported this idea. The other view is that socially responsible companies already have the necessary management skills that financially superior companies should have (Alexander and Buchholz, 1978:479). Additionally, socially responsible companies are expected to have a higher financial performance due to profits that increase with innovation, high efficiency, lower probability of encountering sanctions and lawsuits because of environment-related crimes (or violation of labor law), high employee loyalty and increased popularity of the company (Sudha, 2015:1330). Thus, the ambiguity of the effects of CSR on CFP led researchers to investigate the link of CSR-CFP.

In Turkey, some case studies have been conducted on CSR recently, especially after launching the Borsa Istanbul Sustainability Index (XUSRD) in November 2014. Although the first Socially Responsible Investment (SRI) fund in Turkey was issued in May 2008 by Isbank, unfortunately, only a few SRI funds were added by the end of 2017. Hence, rather than Turkish SRI funds, XUSRD triggers the empirical investigation of CSR in the context of Turkey. However, previous case studies on Turkey are limited, and many aspects of CSR in Turkey need to be empirically examined.

Before XUSRD, some Turkish companies had already demonstrated their commitment to sustainability practices. Especially corporate governance criteria have been taken into account by many companies. Moreover, there has been a corporate governance index in Turkey since August 2007, and the companies embracing corporate governance principles are listed in this index. However, corporate governance is one of the components of sustainability. Considering all components of sustainability, XUSRD lists sustainable Turkish companies. Many companies are putting more emphasis on sustainability practices, and the number of the listed companies in XUSRD has been increasing since November 2014.

The effect of corporate sustainability practices on CFP is widely investigated in the literature. Many studies address this issue for developed countries. However, the awareness on sustainability is rapidly increasing worldwide, and CSP issues are being more commonly included in companies' agendas. Therefore, the CSP-CFP link has increasing attention in the academia of developing countries.

This study aims to explore the association between CSP and CFP from the perspective of the manufacturing industry in Turkey. 37 financial performance variables calculated from companies' financial statements as of December 31, 2016 and December 31, 2017 are used. These variables are classified into seven performance groups. To address the research question, the authors compare the financial performances of sustainable[1] manufacturing industry companies in XUSRD vs. control group which consists of Borsa Istanbul 100 stock index (XU100) manufacturing industry companies other than those listed in XUSRD. To the best of the authors' knowledge, after launching XUSRD, this study is the second one examining the effects of CSP on CFP in Turkey. However, the first study that was conducted on the issue by Önder (2017) only used one financial performance variable which is tax before profit, and it was not focused on a specific industry sector. By using 37 CFP indicators and focusing on the manufacturing industry, the authors hope that this study fills a gap in Turkish CSR literature.

LITERATURE REVIEW

Salzmann's (2013) study addressed a comprehensive view of the present situation in the literature on sustainability topics in financial research. Regarding whether engaging in sustainability practices affects financial performance, it was noted that the results were inconclusive. The findings in the literature on the relationship between CSR and CFP can be classified as positive, negative and neutral.

A positive association between CSR and CFP has been reported in many studies in the literature. In fact, according to Van Beurden and Gössling (2008), the studies reporting the CSR-CFP link with outcomes other than positive are outdated. They argued that in the Western society the positive link of CSR-CFP link has become almost a fact.

Orlitzky, Schmidt, & Rynes (2003) included 52 studies with a total of 33,878 observations in their meta-analysis and found that there is a two-way, simultaneous and positively correlated relationship between CSR and financial performance. By including 251 studies from 214 manuscripts, Margolis, Elfenbein, & Walsh (2009) conducted a meta-analysis to investigate the empirical association between CSR and CFP. They showed a positive but small impact. Chen and Wang (2011) investigated the CSR – CFP link in Chinese companies. They argued that Chinese firms are timid to implement CSR practices because of the fear that it will not benefit the company. However, they found that implementing such practices affects not only their current period performance but also their next period performance. They explained this improvement by employing the stakeholder theory[2]. Boesso, Favotto, & Michelon (2015) also found that implementing CSR practices by considering stakeholder preferences strengthens the positive impact of CSR on CFP. Rhou, Singal, & Koh (2016) concluded that creating and sustaining CSR awareness for stakeholders contributes positively to the CSR-CFP link in the context of the restaurant industry.

In the study conducted by Sun (2012), the relationship between CSR and CFP was examined by using KLD data -a measure of CSR- as the dependent variable. The results of regression analysis revealed that there was a significant positive relationship between CSR activities and financial performance. Moreover, it was determined that the age of long-term assets is associated with CSR. The study conducted by Burhan and Rahmanti (2012) examined the effect of Indonesian firms' sustainability reporting on financial performance. By using return on assets (ROA) as the dependent variable, their results demonstrated that sustainability reporting positively affects the company's performance. Ameer and Othman (2012) studied 100 sustainable companies from developed and developing countries and revealed that engaging sustainability practices induced superior performance for return on assets, profit before taxation, and cash flow from operations. Moreover, they reported that financial performances of sustainable companies get better over time.

Wang and Sarkis (2013) investigated whether environmental and social supply chain activities of US green companies affected their financial performance. According to their results, integrated sustainable supply chain management was positively related to CFP, which was measured by asset profitability and equity profitability. Mar Miras-Rodríguez, Carrasco-Gallego, & Escobar-Pérez (2015) examined the moderator role of country culture (such as gender, assertiveness, future orientation, performance orientation) on the CSR-CFP link. They employed meta-analysis which included 103 studies from 27 countries. It was found that national culture greatly affected the CSR-CFP link.

Martínez-Ferrero and Frías-Aceituno (2015) conducted an international empirical investigation on the topic of the CSR-CSP link. By examining 1960 non-financial firms and measuring financial performance by market value, they concluded that the CSR-CFP link was positive and bidirectional. Besides, they noted that the link differed between various corporate governance systems such as Anglo-Saxon, Germanic, and Asian. Khan, Serafeim, & Yoon (2016) categorized sustainability issues as material or immaterial by using the Sustainability Accounting Standards Board's guidance and found that companies with high ratings on material issues outperformed low-rating companies. However, this was not the case for companies possessing high ratings on immaterial issues.

Corporate environmental responsibility (CEP) is one of the components of CSR. Integrating the results of 149 studies, Endrikat, Guenther, & Hoppe (2014) employed meta-analysis and found that there was a positive and partially two-way relationship between CEP and CFP. This link was also investigated by Jo, Kim, & Park (2015) in the financial services sector, and they found that CEP improved operating performance by decreasing environmental costs.

On the other hand, in some studies, it has been concluded that there exists a negative relationship between CSR and CFP. Lopez, Garcia, & Rodriguez (2007) investigated whether the performance of European sustainable companies listed in the Dow Jones Sustainability Index (DJSI) are different from control firms which are listed in the Dow Jones Global Index but not in DJSI. They found that adoption of CSR practices had negative impacts on some accounting indicators during the first years of implementing practices. By using the data on 519 firms from 26 countries, Prior, Surroca, & Tribó (2008) found that the combination of practices of earning management and CSR affected CFP negatively. They argued that public authorities should not promote CSR practices by tax reductions since this may cause inefficient CSR investments.

Lima Crisóstomo, de Souza Freire, & Cortes de Vasconcellos (2011) analyzed the CSR-CFP link in Brazilian companies. They found that CSR significantly decreased firm value and had a neutral relationship with accounting performance. Aggarwal (2013) examined the effects of sustainability performance of Indian firms on profitability measures. It was found that overall sustainability performance did not affect financial performance. On the other hand, while employee-related and environment-related performances had a significant negative effect on financial performance, governance-related performance had a significant positive effect on financial performance. Ducassy (2013) examined a different angle of the CSR-CFP link. She focused on periods of crises. It was found that, in financial crisis periods, the positive association between CSR and CFP disappeared. Lu, Ye, Chau, & Flanagan (2018) studied the CSR-CFP link in the context of the international construction industry and found that CSR was detrimental to CFP in the short term. However, in the long term, it was expected to improve the CFP.

As noted by Salzmann (2013), some studies in the literature reported that the CSR and CFP relationship was inconclusive. Pava and Krausz (1996) reported that the relationship between CSR and financial performance was complicated. However, they concluded that socially responsible firms did not perform worse than control firms. Moreover, there was some evidence that CSR had positive impacts on financial performance. On the other hand, by analyzing the difference in performance over time, there was no crystal-clear picture that financial performances of socially responsible firms exceeded those in the control group. Buys, Oberholzer, & Andrikopoulos (2011) investigated the differences between the economic performance of South African companies that report sustainability information and those that do not. Although there were signs that sustainability reporting could induce better performance, there was no significant positive relationship between disclosing sustainability information and financial performance. Iqbal, Ahmad, Basheer, & Nadeem (2012) examined the CSR-CFP link of 156 companies in Pakistan from 4 industry groups. In general, they found that CSR practices did not affect CFP. By examining 68 companies from Romania, Dumitrescu and Simionescu (2016) revealed that financial performance variables did not significantly differ between CSR and non-CSR firms.

Some aspects of the CSR and CFP relationship for Turkish companies were also investigated in some studies. Aras, Aybars, & Kutlu (2010) and Fettahoğlu (2014) examined the existence of this relationship before the launch of XUSRD, and Senyigit and Shuaibu (2017) did not consider XUSRD to investigate the CSR-CFP link. In their early study, Aras, Aybars, & Kutlu (2010) examined the link between the social responsibility policies of XU100 companies and their financial performance by using the data for the period between 2005 and 2007. They demonstrated that although firm size and CSR were somewhat related, financial performance and CSR are not linked to each other. Fettahoğlu (2014) determined that 16 companies from Borsa Istanbul declared their sustainability report in the period between 2009 and 2011. Although it was attempted to investigate the empirical link between sustainability reporting and CFP, the data set was very restricted. However, some evidence was reported, and the importance of putting more emphasis on sustainability reporting was noted.

Senyigit and Shuaibu (2017) studied the CSR-CFP link in the banking industries of Turkey and Nigeria. They extracted financial and CSR information from annual and CSR related reports by content analysis. It was found that there was no significant association between CSR and CFP in the Turkish banks. However, in Nigeria, a positive link was revealed. The only study that considered XUSRD in the sustainability literature of Turkey was conducted by Önder (2017). She investigated whether tax before profit (PBT) performance differed significantly between sustainable companies (listed in XUSRD) and non-sustainable ones (companies listed in XU100 other than those listed in XUSRD) in 2016. It was found that pursuing CSP did not affect PBT.

DATA AND METHODOLOGY

The major indicator of the Turkish stock market is XU100. XUSRD was launched on November 4, 2014, and the stocks listed in XUSRD are selected from XU100. Borsa Istanbul has an agreement with Ethical Investment Research Services Limited (EIRIS)[3] to determine sustainable companies. Based on the ESG criteria[4], EIRIS assesses companies by considering their publicly available information. After the assessment by EIRIS, the companies exceeding the threshold value are included in XUSRD. Initially, the companies in XUSRD were selected from BIST 30 stock index and then from BIST 50 stock index (XU050). However, for our research period, it is selected from XU050 plus voluntary companies listed in XU100 other than XU050.

As of June 20, 2018, there are 44 companies listed in XUSRD, and almost half of these companies are from the manufacturing industry. The limited number of the XUSRD companies and their insufficient sectoral distribution limit our research. Hence, rather than examining all the industries, the researchers only consider the manufacturing industry[5] and try to find an answer to the question of whether implementing ESG practices affects the financial performances of companies in the manufacturing industry. Because of this limitation, the findings cannot be generalized to Borsa Istanbul as a whole.

Table 1 shows the manufacturing companies listed in XU100 and XUSRD both in 2016 and 2017. Nine of the companies below are listed in XU100 either in 2016 or 2017. The remaining companies are listed in both years.

Table 1. Manufacturing ındustry companies listed in XU100

BIST Codes	**2016 XU100**	**2016 XUSRD**	**2017 XU100**	**2017 XUSRD**	**BIST Codes**	**2016 XU100**	**2016 XUSRD**	**2017 XU100**	**2017 XUSRD**
AEFES	X	X	X	X	HURGZ	X		X	
AFYON	X		X		IZMDC	X		X	
AKSA	X		X		KARSN	X		X	
ALKIM			X		KARTN	X		X	
ANACM	X		X		KONYA	X		X	
ARCLK	X	X	X	X	KORDS	X	X	X	X
AYGAZ	X		X		KDMD	X		X	
BGFS	X		X		OKAR	X	X	X	X
BANVT			X		PETKM	X	X	X	X
BRISA	X	X	X	X	SASA			X	
BRSAN	X				SODA	X		X	X
CCOLA	X	X	X	X	TATGD	X	X	X	X
CEMTS			X		TSN	X		X	
CMSA	X				TOASO	X	X	X	X
DEVA	X		X		TKCM	X		X	
EEEN	X		X		TRAK	X	X	X	X
ERBOS			X		TPRS	X	X	X	X
EREGL	X	X	X	X	ULKER	X	X	X	X
FROTO	X	X	X	X	VESBE	X	X		X
GOLTS	X		X		VSTL	X	X	X	X
GOODY	X		X		YTAS			X	
GBRF	X		X		**TTAL**	**37**	**16**	**40**	**17**

Table 2 summarizes Table 1. As seen below 37 manufacturing industry companies are listed in XU100 in 2016, and 16 of them are also listed in XUSRD. In 2017, 40 manufacturing industry companies are listed in XU100, and 16 of them are also listed in XUSRD. Hence, in 2016, 16 vs. 21 and in 2017, 16 vs. 24 manufacturing companies are compared.

The data were obtained from Finnet 2000+ (2018). 37 financial performance variables which are categorized into seven groups are used. Table 3. demonstrates the variables and their groups. There are six variables in Activity Ratios (Group A), one variable in Cost Ratios (Group C), twelve variables in Financial Status Ratios (Group F), five variables in Growth Ratios (Group G), three variables in Liquidity Ratios (Group L), six variables in Profitability Ratios (Group P), and four variables in Valuation Ratios (Group V). Each of the variables has an abbreviation starting with its group code. For instance, the code of Assets Turnover is 'A1'.

There are 1340 observations for 2016 and 1458 observations for 2017. The number of missing observations is 29 for 2016 and 22 for 2017. All of the missing observations are from Profitability Ratios, and they could not be calculated due to loss of some companies.

Most of the variables are not normally distributed for both 2016 and 2017. Consequently, rather than using independent samples t-test, Mann-Whitney U test (Mann and Whitney, 1947) is used to examine whether the companies implementing ESG practices perform better financially than non-sustainable companies. Mann-Whitney U test has a similar statistical power to t-test (Nachar, 2008:20). The null and alternative hypotheses are given below;

H_o: In the manufacturing industry, financial performances of the CSR firms are not significantly different from non-CSR firms.

H_a: In the manufacturing industry, financial performances of the CSR firms are significantly different from non-CSR firms.

The hypothesis is tested for 37 variables within seven groups for both 2016 and 2017 by considering a 10% significance level. The means of all financial performance variables are calculated to get sectoral averages. After that, each company in the sector is classified as 'above the sector' or 'below the sector' regarding each of the financial performance variables, and nominal values are assigned as '0' for below the sector and '1' for above the sector. Mann-Whitney U test is used to analyze whether there are statistically significant differences between the financial performances of non-sustainable companies (group 1) and sustainable companies (group 2).

Table 2. The distribution of manufacturing ındustry companies

	2016	**2017**
The number of manufacturing industry companies taking part in both XU100 and XUSRD	16	16*
The number of manufacturing industry companies taking part in XU100 but not XUSRD	21	24
TOTAL	37	40
Note: *As seen in Table 1., VESBE is included in XUSRD but not in XU100 in 2017. Hence, it is not considered in the study.		

Table 3. Financial performance variables

1		**A**	**Activity Ratios**	**4**		**G**	**Growth Ratios**
	1	A1	Assets Turnover (Yearly)		20	G1	Assets Growth (%)
	2	A2	Cash Turnover (Yearly)		21	G2	Equity Growth (%)
	3	A3	Current Assets Turnover (Yearly)		22	G3	Net Profit Growth (%)
	4	A4	Operating Cycle (Yearly)		23	G4	Net Sales Growth (%)
	5	A5	Inventory Turnover (Yearly)		24	G5	Operating Profit Growth (%)
	6	A6	Accounts Receivable Turnover (Yearly)	**5**		**L**	**Liquidity Ratios**
2		**C**	**Cost Ratios**		25	L1	Cash Rate
	7	C1	Financing Cost / Net Sales		26	L2	Current Ratio
3		**F**	**Financial Status Ratios**		27	L3	Acid-test (quick) Ratio
	8	F1	Debt Ratio	**6**		**P**	**Profitability Ratios**
	9	F2	Equity Capital / Tangible Fixed Assets		28	P1	Gross Margin (%)
	10	F3	Financial Debt / Equity Capital		29	P2	Net Income / Net Sales
	11	F4	Financial Debt / Total Debt		30	P3	Operating Profit Margin
	12	F5	Long Term Assets / Assets		31	P4	Return on Assets (%)
	13	F6	Long Term Assets / Tangible Equity		32	P5	Return on Equity (%)
	14	F7	Long Term Liabilities Growth (%)		33	P6	EBITDA Margin
	15	F8	Short-Term Debt / Assets	**7**		**V**	**Valuation Ratios**
	16	F9	Short-Term Debt / Equity Capital		34	V1	Earnings per share
	17	F10	Short-Term Financial Debt / Short-Term Debt		35	V2	Market Value / Assets
	18	F11	Total Debts / Equity Capital		36	V3	Price-to-book
	19	F12	Total Debts Growth (%)		37	V4	Price-to-earnings

EMPIRICAL FINDINGS

In this section, the results of each of the financial performance groups are presented separately. In Mann-Whitney U test result tables, the companies taking part in just XU100 (non-sustainable companies) are defined as “1”, and the companies listed in both XU100 and XUSRD (companies implementing ESG practices) are defined as “2”.

Activity Ratios

Table 4 presents the Activity Ratios Mann-Whitney U test results. There are six performance variables in this group. Table 4. shows that the mean rank results of Activity Ratios for sustainable and non-sustainable companies differ from each other in both years. However, Asset turnover (A1) is the only significantly different ($U=86.500$, $p=0.011$) variable in 2016 and there is no significantly different variable in 2017. Hence, the null hypothesis is rejected for A1 in 2016.

Table 4. Activity ratios mann-whitney u test results

2016							2017						
Variable	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**	**Variable**	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**
A1	1	21	15.12	317.50	86.500	0.011	**A1**	1	24	19.40	465.50	165.500	0.469
	2	16	24.09	385.50				2	16	22.16	354.50		
A2	1	21	19.24	404.00	163.000	0.892	**A2**	1	24	21.08	506.00	178.000	0.713
	2	16	18.69	299.00				2	16	19.63	314.00		
A3	1	21	16.81	353.00	122.000	0.165	**A3**	1	24	20.38	489.00	189.000	0.946
	2	16	21.88	350.00				2	16	20.69	331.00		
A4	1	21	19.67	413.00	154.000	0.683	**A4**	1	24	21.33	512.00	172.000	0.594
	2	16	18.13	290.00				2	16	19.25	308.00		
A5	1	21	17.86	375.00	144.000	0.476	**A5**	1	24	19.83	476.00	176.000	0.672
	2	16	20.50	328.00				2	16	21.50	344.00		
A6	1	21	17.67	371.00	140.000	0.404	**A6**	1	24	19.88	477.00	177.000	0.692
	2	16	20.75	332.00				2	16	21.44	343.00		

According to the A1 variable's 2016 mean rank result, the asset turnover of the sustainable companies is larger than the non-sustainable companies (24.09>15.12). This result indicates that the sustainable companies perform better than the non-sustainable companies in at least one Activity Ratios measure. This result is in line with the results reached by Eccles, Ioannou, & Serafeim (2014), who found that higher sustainability performance significantly and positively affected Asset Turnover.

Cost Ratios

Table 5 presents the Mann-Whitney U test results for the Cost Ratios group. There is one variable (Financing Cost / Net Sales) in this group. In both years, this ratio is larger for the non-sustainable companies than the sustainable ones, which indicates that the sustainable companies perform better. However, this difference is not statistically significant in either year. Hence, the null hypothesis can not be rejected. As a consequence, the financial performances of the sustainable and non-sustainable companies do not significantly differentiate regarding Cost Ratios. This finding is parallel to the finding by Lopez et al. (2007), who reveal that the capital cost variable is not a significant determinant to compare the financial performances of sustainable and non-sustainable companies.

Table 5. Cost ratios mann-whitney u test results

2016							2017						
Variable	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**	**Variable**	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**
C1	1	21	19.98	419.50	147.500	0.534	**C1**	1	24	20.79	499.00	185.000	0.859
	2	16	17.72	283.50				2	16	20.06	321.00		

Financial Status Ratios

Table 6 demonstrates the Mann-Whitney U test results for the Financial Status Ratios group. There are 12 variables in this group. The Debt Ratio (F1) (U=106.000 p=0.059), Long Term Assets / Assets (F5) (U=99.500 p=0.035), Long Term Assets / Tangible Equity (F6) (U=105.000 p=0.055), Total Debts / Equity Capital (F11) (U=98.000 p=0.032) variables are significantly different in 2016. Hence, the null hypothesis is rejected for these variables, and it is concluded that the financial performances of the sustainable and non-sustainable companies differ from each other regarding these variables. The sustainable companies have higher values for the F1 (22.88>16.05), F6 (22.94>16), and F11 (20.38>17.95) variables than the non-sustainable companies. On the other hand, the non-sustainable companies have higher mean rank values for the F5 (22.26>14.72) variable than the sustainable companies. The results for the F1, F5, and F11 variables indicate that the non-sustainable companies perform better. This result on the F6 variable result may be interpreted as that the sustainable companies perform better.

In 2017, the Debt Ratio (F1) (U=130.000 p=0.090), Financial Debt / Equity Capital (F3) (U=125.000 p=0.095), Long Term Assets / Tangible Equity (F6) (U=89.000 p=0.004), Total Debts / Equity Capital (F11) (U=122.000 p=0.054) variables are significantly different. Hence, the null hypothesis is rejected for these variables. The sustainable companies have higher mean rank values for the F1 (22.88>16.05), F3 (23.69>17.43), F6 (26.94>16.21), F11 (24.88>17.58) variables than the non-sustainable companies. The results for the F1, F3, and F11 variables indicate that the non-sustainable companies perform better. The result on the F6 variable means that the sustainable companies perform better.

The F1, F6, and F11 variables are significantly different in both years. In general, most of the significant variables point out that the non-sustainable companies have higher financial performance. Consequently, it is inferred that implementing ESG practices does not provide clearly better performance in terms of the Financial Status Ratios. This finding contradicts that of Sun (2012), who reports that there is a significant negative relationship between CSR performance and leverage ratios.

Growth Ratios

The Mann-Whitney U test results for the Growth Ratios are presented in Table 7. There are five variables in the Growth Ratios group. The mean rank values of Assets Growth (G1), Equity Growth (G2), and Net Profit Growth (G3) are higher for the sustainable companies than the non-sustainable ones in the manufacturing industry. This is a good sign for the ESG-implementing companies. However, these performance differences are not statistically significant. Net Sales Growth (G4)'s mean rank value is higher for the sustainable companies than the non-sustainable companies in 2016 and the opposite in 2017. The non-sustainable companies' Operating Profit Growth (G5) is higher than that of the sustainable companies. However, both the G4 and G5 variables are not significantly different. Hence, the null hypothesis can not be rejected for the all Growth Ratios variables. Our findings are supported by Aggarwal (2013), who found that there was a positive relationship between sustainability and assets growth though this relationship was not statistically significant. Ameer and Othman (2012)'s findings contradict ours. They found that, regarding sales growth, there was a significant difference between sustainable companies and the control group in the manufacturing industry.

Table 6. Financial status ratios mean rank results

2016							2017						
Variable	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**p**	**Variable**	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**
F1	1	21	16.05	337.00	106.000	0.059	**F1**	1	24	17.92	430.00	130.000	0.090
	2	16	22.88	366.00				2	16	24.38	390.00		
F2	1	21	18.26	383.50	152.500	0.639	**F2**	1	24	20.00	480.00	180.000	0.754
	2	16	19.97	319.50				2	16	21.25	340.00		
F3	1	20	15.90	318.00	108.000	0.102	**F3**	1	23	17.43	401.00	125.000	0.095
	2	16	21.75	348.00				2	16	23.69	379.00		
F4	1	20	19.85	397.00	133.000	0.404	**F4**	1	23	20.13	463.00	181.000	0.944
	2	16	16.81	269.00				2	16	19.81	317.00		
F5	1	21	22.26	467.50	99.500	0.035	**F5**	1	24	22.75	546.00	138.000	0.141
	2	16	14.72	235.50				2	16	17.13	274.00		
F6	1	21	16.00	336.00	105.000	0.055	**F6**	1	24	16.21	389.00	89.000	0.004
	2	16	22.94	367.00				2	16	26.94	431.00		
F7	1	21	16.81	353.00	122.000	0.165	**F7**	1	24	20.54	493.00	191.000	0.989
	2	16	21.88	350.00				2	16	20.44	327.00		
F8	1	21	16.86	354.00	123.000	0.175	**F8**	1	24	19.29	463.00	163.000	0.436
	2	16	21.81	349.00				2	16	22.31	357.00		
F9	1	21	16.48	346.00	115.000	0.108	**F9**	1	24	18.04	433.00	133.000	0.107
	2	16	22.31	357.00				2	16	24.19	387.00		
F10	1	19	20.00	380.00	114.000	0.217	**F10**	1	22	20.36	448.00	135.000	0.366
	2	16	15.63	250.00				2	15	17.00	255.00		
F11	1	21	15.67	329.00	98.000	0.032	**F11**	1	24	17.58	422.00	122.000	0.054
	2	16	23.38	374.00				2	16	24.88	398.00		
F12	1	21	17.95	377.00	146.000	0.514	**F12**	1	24	19.71	473.00	173.000	0.613
	2	16	20.38	326.00				2	16	21.69	347.00		

Liquidity Ratios

Table 8 shows the Mann-Whitney U test results for the Liquidity Ratios group. There are three variables in this group, and none of them significantly differ between the sustainable and non-sustainable companies. Consequently, the null hypothesis is not rejected for this group of variables. These findings are consistent with the results of Pava and Krausz (1996). They found that both the mean and median values of the liquidity ratios are close to each other for the socially responsible companies and the control group.

Table 7. Growth ratios mean rank results

2016							2017						
Variable	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**p**	**Variable**	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**
G1	1	21	16.86	354.00	123.000	0.175	**G1**	1	24	19.79	475.00	175.000	0.652
	2	16	21.81	349.00				2	16	21.56	345.00		
G2	1	21	17.29	363.00	132.000	0.280	**G2**	1	24	19.33	464.00	164.000	0.452
	2	16	21.25	340.00				2	16	22.25	356.00		
G3	1	15	13.93	209.00	89.000	0.505	**G3**	1	16	17.81	285.00	75.000	0.131
	2	14	16.14	226.00				2	14	12.86	180.00		
G4	1	21	17.24	362.00	131.000	0.267	**G4**	1	24	22.13	531.00	153.000	0.292
	2	16	21.31	341.00				2	16	18.06	289.00		
G5	1	20	19.10	382.00	148.000	0.718	**G5**	1	21	21.19	445.00	122.000	0.165
	2	16	17.75	284.00				2	16	16.13	258.00		

Profitability Ratios

There are six variables in the Profitability Ratios group, and their Mann-Whitney test results are presented in Table 9. According to the mean rank results, there is no clear picture since some of the variables point out better performance for the sustainable companies and others vice versa. However, these are not significantly different from each other except for Return on Equity (ROE) (P5), which is significantly different (U=85.000 p=0.010) at a significance level of 5% in 2016. As a result, the null hypothesis is rejected for P5. Because mean rank values of the sustainable companies are higher (24.19>15.05) than that of the control sample for P5, it is concluded that the socially responsible companies perform better in terms of ROE. This finding is similar to the finding by Buys et al. (2011) and Wang and Sarkis (2013). However, our findings contradict the result reached by Aggarwal (2013), who concluded that there was a negative relationship between sustainability and ROE.

Table 8. Liquidity ratios mean ranks results

2016							2017						
Variable	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**p**	**Variable**	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**
L1	1	21	17.62	370.00	139.000	0.387	**L1**	1	24	18.25	438.00	138.000	0.141
	2	16	20.81	333.00				2	16	23.88	382.00		
L2	1	21	17.57	369.00	138.000	0.370	**L2**	1	24	19.81	475.50	175.500	0.652
	2	16	20.88	334.00				2	16	21.53	344.50		
L3	1	21	17.36	364.50	133.500	0.294	**L3**	1	24	20.06	481.50	181.500	0.774
	2	16	21.16	338.50				2	16	21.16	338.50		

Table 9. Profitability ratios mean ranks results

2016							2017						
Variable	**Index**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**p**	**Variable**	**Index**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**p**
P1	1	21	18.67	392.00	161.00	0.844	**P1**	1	24	19.54	469.00	169.00	0.539
	2	16	19.44	311.00				2	16	21.94	351.00		
P2	1	21	18.76	394.00	163.00	0.892	**P2**	1	24	21.46	515.00	169.00	0.539
	2	16	19.31	309.00				2	16	19.06	305.00		
P3	1	21	17.86	375.00	144.00	0.476	**P3**	1	24	21.58	518.00	166.00	0.486
	2	16	20.50	328.00				2	16	18.88	302.00		
P4	1	21	17.29	363.00	132.00	0.280	**P4**	1	24	20.31	487.50	187.50	0.902
	2	16	21.25	340.00				2	16	20.78	332.50		
P5	1	21	15.05	316.00	85.00	0.010	**P5**	1	24	18.79	451.00	151.00	0.267
	2	16	24.19	387.00				2	16	23.06	369.00		
P6	1	21	20.12	422.50	144.50	0.476	**P6**	1	24	22.17	532.00	152.00	0.279
	2	16	17.53	280.50				2	16	18.00	288.00		

Valuation Ratios

Table 10. demonstrates the Mann-Whitney U test results for the Valuation Ratios variables. There are four variables within this group. The Price-to-book (V3) is the only significantly different (U=105.000 p=0.055) variable, and the null hypothesis is rejected for V3 in 2016. Based on the mean rank values, the sustainable companies have better price-to-book performance than the non-sustainable ones (22.94>16). This finding is in line with Velde et al. (2005), who found that the investors were willing to pay more to socially responsible companies.

Table 10. Valuation ratios mean ranks results

2016							2017						
Variable	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**P**	**Variable**	**Group**	**N**	**Mean Rank**	**Sum of Ranks**	**U**	**p**
V1	1	15	14.00	210.00	90.00	0.533	**V1**	1	21	18.31	384.50	153.50	0.660
	2	14	16.07	225.00				2	16	19.91	318.50		
V2	1	21	17.93	376.50	145.50	0.495	**V2**	1	24	21.40	513.50	170.50	0.557
	2	16	20.41	326.50				2	16	19.16	306.50		
V3	1	21	16.00	336.00	105.00	0.055	**V3**	1	24	18.83	452.00	152.00	0.279
	2	16	22.94	367.00				2	16	23.00	368.00		
V4	1	15	15.07	226.00	104.00	0.983	**V4**	1	21	18.62	391.00	160.00	0.820
	2	14	14.93	209.00				2	16	19.50	312.00		

In general, Assets Turnover (A1) in the Activity Ratios group; Debt Ratio (F1), Long Term Assets / Assets (F5), Long Term Assets / Tangible Equity (F6), and Total Debts / Equity Capital (F11) in the Financial Status Ratios group; Return on Equity (P5) in the Profitability Ratios group; and Price-to-book (V3) in the Valuation Ratios group are significantly different between the sustainable and non-sustainable companies in 2016. Four (A1, F6, P5, and V3) of these seven variables point out better financial performance for the sustainable companies and the others (F1, F5, and F11) the opposite.

In 2017, there are only four significantly different variables out of 37, which is fewer than 2016. These are the Debt Ratio (F1), Financial Debt / Equity Capital (F3), Long Term Assets / Tangible Equity (F6), and Total Debts / Equity Capital (F11) variables from Financial Status Ratios group, and significantly differ between the socially responsible companies and the control group in the manufacturing industry. Three (F1, F3, and F11) of the four significantly different variables point out that the non-sustainable companies perform better, and the remaining variable (F6) indicates the opposite.

In both years, the Debt Ratio (F1), Long Term Assets / Tangible Equity (F6), Total Debts / Equity Capital (F11) variables are significantly different. Two (F1 and F11) of these three variables are in favor of the control group. However, the F6 variable points out better financial performance for the sustainable companies.

CONCLUSION

This study investigates the link between CSP and CFP in terms of the Turkish manufacturing industry. The non-parametric Mann-Whitney U test is employed to examine this link in sustainable and non-sustainable companies. The sustainable manufacturing industry companies are selected from XUSRD. Both in 2016 and 2017, 16 manufacturing industry companies are listed in XUSRD. The control group consisted of manufacturing industry firms listed in XU100 but not in XUSRD. In the control group, there are 21 firms in 2016 and 24 firms in 2017. 37 CFP indicators from seven groups of financial ratios are used. The CFP data are collected and calculated from annual financial statements for the years 2016 and 2017.

For 2016, it is found that 7 out of 37 indicators significantly differ between the sustainable and non-sustainable companies. 4 out of these seven significant indicators indicate that the sustainable companies perform better than the control sample. However, three significant indicators point out better performance for the non-sustainable companies. In 2017, there are fewer significantly different variables than those in 2016. It is reported that only 4 out of 37 variables significantly differ between the groups. Moreover, 3 out of these 4 significantly different variables are in favor of better performance for the non-sustainable companies.

Generally, the findings indicate that for most of the CFP indicators, the sustainable and non-sustainable companies have similar performances. Additionally, the few significant indicators do not draw a clear picture of whether the sustainable companies perform better in the different years. Therefore, it is concluded that the CSP-CFP link is inconclusive in terms of the Turkish manufacturing industry, at least in the short term. Hence, it is understood that adopting CSP do not necessarily affect the CFP in the manufacturing industry. However, since the effects of CSP on CFP may not be observed immediately, the usage of two-year data prevents reaching a certain conclusion.

Taking into account that Turkish companies are putting more emphasis on CSR and the number of companies listed in XUSRD has been increasing, the topic should be readdressed in future studies. In addition, investigation of the CSP-CFP link should be expanded to other sectors. Besides, future studies should examine the existence of bidirectional relationship between CSP and CFP.

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ENDNOTES

[1] According to Khan et al. (2016, p. 1697) the terms 'sustainability', 'environmental, social and governance', and 'corporate social responsibility' have been used interchangeably in the literature. However, they state that the companies around the world more prefer the word of 'sustainability'. Therefore, for the companies listed in Borsa Istanbul sustainability index, the authors prefer to use the term of "sustainable companies". For the companies taking place in Borsa Istanbul 100 stock index but not in sustainability index, the terms of "non-sustainable companies" and "control group" are used in the study.

[2] Stakeholder theory was proposed by Freeman (1984). This theory asserts that stakeholders include shareholders, and managers need to consider the demands of stakeholders other than shareholders if they do not want to face some consequences such as boycotts and lawsuits (Ruf, Muralidhar, Brown, Janney, & Paul, 2001, p. 143). According to the widely held view, companies have a greater responsibility to stakeholders than shareholders (Baker & Nofsinger, 2012, p. 1). Velde, Vermeir, & Corten (2005) find that investors are willing to pay a premium for companies that efficiently manage the relations with stakeholders. Frynas and Yamahaki (2016) demonstrate that CSR theories are more related to external drivers -such as stakeholder theory- than internal drivers.

[3] EIRIS Ltd was founded in 1983 in the UK and has more than 30 years of experience in ESG analysis (Novethic SRI Research Centre, 2013, p. 9). The cost of the valuation service of the index is covered by Borsa Istanbul (Borsa Istanbul, 2018).

[4] The list of criteria and indicators can be examined in the "BIST Sustainability Index Research Methodology" document. By December 2015, the scope of the methodology is expanded by adding banking criteria (Borsa Istanbul, 2018).

[5] Because the companies take part in different industry sectors, the direct comparison of sustainable and non-sustainable companies is not able to address the issue. The authors first categorize all sustainable and non-sustainable companies into nine main industry sectors. However, some of the industry sectors do not have any sustainable companies or include only a few companies. Hence, the authors prefer to examine the biggest industry sector, which is the manufacturing. Also, as noted by Griffin and Mahon (1997) each of the industry sectors has their own characteristics. Hence, it is beneficial to take into account a specific industry sector.

Chapter 5
CSR Communication in the Digital Age:
A Case Study of the Bank of Cyprus

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EXECUTIVE SUMMARY

The purpose of this chapter is to explore, describe, and offer new directions on corporate social responsibility (CSR) communication in the digital age. CSR communication is in a state of flux as organizations adapt to technological transformations and new communication approaches conducive to the digital age. The chapter draws on current strategic communication trends and CSR communication literature to underline new theoretical and practical implications. The chapter explicates the relationship between CSR, strategic communication, and more recent forms of CSR communication via digital platforms. The Bank of Cyprus is considered as a case study to illustrate how one largely structured organization applies current approaches of CSR communication.

INTRODUCTION

The widespread growth of digital communication technologies has given organisations opportunities to communicate with their publics under a new communications paradigm known as strategic communication (Hallahan *et al*., 2007). Such technologies enable organisations to build strategies, deliver content directly and establish meaningful relationships in a more holistic manner (Zerfass *et al*., 2016). CSR communication has grown significantly as a vital component of strategic communication and is thus required to keep pace with the paradigm shift occurring in communication.

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For a communication practitioner the dissemination of a CSR programme is as important as its benefits to society (Carrol, 2011; Chaudri, 2017). There are many reasons for this. Possibly the most important is that CSR communication is expected to have positive effects on the organisation's consumer, client and stakeholder attitudes (Berens, *et al.,* 2007). Yet several studies indicate that consumers, clients and stakeholders often express cynicism toward companies that communicate their CSR activities, particularly when traditional approaches are used in a generic manner (Zerfass *et al*., 2016). It is also the case that CSR communication has industry-specific idiosyncrasies (Gruber *et al*., 2015); what works for one organisation might not for another. It is imperative therefore that CSR communication adapts with advancements in technologies and is modified to the characteristics of the organisation and the industry in which it is a part of.

The purpose of this chapter is, through a review of strategic communication in the digital age, to explore new approaches toward CSR communication. The chapter conceptualizes CSR communication within a holistic communication strategy. *The Bank of Cyprus* is used as a case study in order to illustrate current approaches of CSR communication. The chapter is divided into three main sections. The first addresses the changing strategic communication landscape. In this section the progression of digitalisation and its impact on society is examined before reviewing the latest developments in strategic communication. The second section draws on current literature on the burgeoning field of CSR communication. The chapter's final section sheds light on CSR communication in the digital age via a case study on Cyprus' largest bank, *The Bank of Cyprus*; this section is divided into a short description of the bank's recent activities and recurring CSR initiatives. Thereafter the case study analyses the bank's CSR communication approaches. These are divided into channels controlled by the bank and channels out of its control.

THE CHANGING STRATEGIC COMMUNICATIONS LANDSCAPE

Digitalisation and Communication

The twentieth-century's modernization process created a setting whereby organisations communicated to passive, albeit large, homogenous audiences. Communication disciplines such as marketing and public relations separately prevailed only because of the pervasiveness and the limited potential of analogue mass media (Falkheimer & Heide, 2018). Essentially, practitioners used communication approaches that inhibited audiences to two options, to either accept or reject the content through linear media.

Today's heterogeneous, fragmented audiences rely on highly interactive and complex digital devices. Mobile telephones for example are also books, music pods, newspapers, radios and increasingly, television sets. Yet drawing comparisons with older media does not fully illustrate the advancements of today's communication technologies. Contemporary digitalisation is identified with deep disruptive traits in how individuals consume media and importantly, creates a participatory ability that allows users to be a part of the media landscape as content creators. As individuals begin to generate their own content the dynamics of existing social structures change (Schmidt & Cohen, 2013). Journalism for example loses its social standing as more people take on the role of citizen journalist. Digital communication technologies furthermore, have made users more inclined to actively seek out content from multiple platforms. This creates an interesting narrative between senders and receivers as they exchange information and engage with each other in a ubiquitously interactive environment (Jiwa, 2015). While mainly a positive outcome it also creates conditions leading to threats to democracy such as disinformation via fake news.

The new landscape has created a palpable intensification of digital communication platforms. The speed of digital disruption makes it just as difficult to compare today's advancements with the early days of the Internet as those with analogue media. For example, the creation of a mere website will not be enough to rely on audiences and stakeholders to be pulled into the content as was the case during the dawn of the Internet era (Zerfass *et al*., 2016). Websites today are merely one element of a vast array of digital media taxonomies available to users (Juska, 2018). On this point, Falkheimer & Heide argue (2018), "even if the Internet has been around since 1995, the spread and development of technology facilitated communication between consumers and thus increased the power of consumers in relation to organizations" (p. 69).

Contemporary digital media consumption causes numerous variables that communication practitioners are required to consider. These include multitasking (Beuckels *et al.,* 2017), audience fragmentation and atomization (Aldea and Vidales, 2013), continuous monitoring and streaming of information (Edwards, 2018), an emphasis on visual narratives (Juska, 2018), more targeted messages (ibid.), and differences in digital literacy levels based on age and other demographic factors (Nazarov, 2017). This last point is of particular importance as the digital generation and the analogue generation vary considerably in their understanding of media usage and consumption. For example, in the twentieth-century, consumer reactions and insights were inaccurate and therefore strategic decisions were often based on experience and erroneous statistics. Today's practitioners target specific groups more accurately and know exactly when and whether they have actually received a communication message. In looking at how to reach large audiences, something practitioners will always be motivated to do, they have again had to adapt to the new characteristics of the digital age. Collaborating with an influencer on a social media platform might be more effective than using traditional mass media in reaching large target groups. Consequently, bloggers and social media personalities are just as important as traditional media outlets.

Despite common belief regarding the doom and gloom of contemporary life, we have never been living in more thriving times (Pinker, 2018). Individuals today live longer and happier and are far more curious, educated, technology savvy and sensitive to their environment. While inequality prevails in the western world, across the globe disparity and discrimination between nations is shrinking. Collaboration, co-creation and creative thinking is also on the rise as individuals are today more willing to share ideas, work on projects together and create more prosperous, fairer communities. At the center of all these social changes is digitalisation (Schmidt & Cohen, 2013).

Advancements in digitalisation have permitted relationships between organisations and recipients' to change for the better. Digital technologies create more circular, transparent and continuous relationships. This however should come as a caveat for organisations since they now need to be more open and honest about their practices (see the European Directive on non-financial reporting (2014/95/EU) (European Commission, 2018). The landscape, while much improved, has led to more demanding citizens and stakeholders (employees included). The increased engagement between organisations and their publics brings to the fore the practice of reputation management (van Riel & Fombrum, 2007). Consumers and stakeholders today are disposed to criticize organisations and to make their thoughts heard on electronic word of mouth (Nicoli & Papadopoulou, 2017). Upholding the reputation of an organisation is therefore paramount for communications practitioners.

In closing this section, the impact of digitalisation and communication can be summarized across three key characteristics (Jenkins, 2006). A *convergent media culture* where traditional and digital media interact, a *participatory environment* where more groups of people and organisations are encouraged to be a part of the public discourse, and the creation of *collective intelligence* whereby issues are created and are solved collectively.

Strategic Communication

One significant drawback of modern era communications was the built in silos between the different communication disciplines. Each one was rigid and unreceptive toward the other. Marketers would often be at odds with public relations professionals or advertisers would compete with salespeople over budgets and opposing strategies (Cornelissen, 2008). Similarly, journalists, acting as advocates of the public good, would be disinterested in public relations professionals who were seen as having vested interests in obtaining news coverage for their clients or organisations. As we entered the twenty-first century organisations were faced with different challenges that required a fresh approach toward communicating toward publics, stakeholders, target groups and the public more generally. Communication itself took on a new more meaningful role.

What this has created is a changing approach to how organisations communicate. The unyielding silos of twentieth-century communication can no longer be applied to the digital landscape. And they can no longer be used by organisations separately to sustain and manage reputation. As audiences are becoming more fragmented, communication approaches are conversely more integrated and holistic. Hallahan *et al*. note (2007, p.3-4),

Strategic communication is defined as 'the purposeful use of communication by an organization to fulfill its mission…it is important to note that these disciplines were developed as specialty functions of the modernistic world of the 20th century. Yet, at the beginning of the twenty-first century, these disciplines function in a postmodern environment that stresses a more holistic approach to examining organizational phenomena, while having to deal with increasingly fragmented audiences and delivery platforms.

Strategic communication is a consequence of the social changes occurring in contemporary life (Falkheimer & Heide, 2018), but also an outcome of widespread digital technological advancements (LaMarre, 2017). Accordingly, the paradigm shift from dogmatic, separate approaches to integrated strategic communication results in six different communication disciplines all now understood holistically. These are, management, marketing, public relations, technical communication, political communication and social marketing.

Much of what is consumed via digital media is based on the co-creation of communication practitioners from the above six disciplines. The difference today with several decades ago is the increasingly centralized approach toward producing, controlling and disseminating messages to organisational recipients. Communication departments and consultancies are progressively restructuring to accommodate practitioners capable of controlling all aspects of how organisations communicate under one collective and integrated whole. This lets organisations be more flexible in keeping up with digital media traits while allowing them to send out the same unified messages to all publics. For example, if a marketing message is communicated to a target group and a crisis scenario erupts contradicting the marketing message, this can quickly spiral out of control in the digital landscape; a unified communications front becomes imperative (Cornelissen, 2008).

Strategic communication distinguishes the role of news media communication as a central component of its strategy. News media is more interlinked with today's organisations. In the past journalists would not often consider organisational stories as newsworthy. Conversely, journalists today frequently reach out to large organisations, governments and international bodies in order to generate news that is in turn consumed by anxious readers and audiences across numerous platforms and media. In much the same way, communication professionals often pitch stories and attempt to break into the public sphere via news outlets and by establishing relations with journalists and editors. As noted by Lloyd & Toogood (2016), "if journalism is the first draft of history then public relations is the first draft's draft" (p. 6). But today, organisational stories are a part of a society's history as narrative discourse becomes central to strategic communications (LaMarre, 2017, p. 21). Consider an organisation that has recently created a story based on its communications strategy, sent across numerous channels, using different approaches. Third-party endorsements (e.g. news media coverage) of the story leads to low consumer and stakeholder skepticism (Carrol, 2011; Nicoli & Komodromos, 2013). If the same story is then consistently spread via all communication disciplines, (marketing and advertising, CSR, management, social media etc.), it creates a positive perception across all the organisation's publics.

Strategic communications practitioners are required to create relationships with publics via a new class of cultural intermediaries. Bloggers, vloggers, influencers, and everyday users act as participants in the storytelling process along with traditional media outlets. Today's digital platforms allow this new breed of cultural intermediary to accumulate followers and generate communities that in the past were unheard of without access to large conglomerate media organisations. Furthermore, the platforms are designed to allow users to engage with whoever else uses them consequently requiring organisations to construct their own spaces within them in a process of mediatisation. Finding rich content in a continuous process and sharing it with audiences creates new challenges for organisations.

In order to support strategy on such cohesive and complex levels strategic communications practitioners use a concept known as 'transmedia storytelling'. This allows them to achieve more coherent, impactful and persuasive stories across the digital spectrum (Jenkins, 2006). Transmedia storytelling uses *multimedia*, *cross-media* and *intermedia* techniques to make stories more receptive to publics. Transmedia storytelling uses seven key principles initially proposed by Jenkins and then revisited by others (Canavilhas, 2018): These are, *speadability* (using all aspects of digital media from websites and newsletters, to social media email and aggregators); *drillability*, leaving tracks to other links of the same story allowing users to inquire for more on their own and in more depth; *continuity*, allowing the story to progress on various platforms; *diverse and personal viewpoints*, allowing for multiple perceptions of the story (user participation becomes imperative); *immersion*, creating a sense of being there through mainly digital transformations and innovations such as gamification, virtual reality and similar approaches; *extractability*, allowing users to take information from the story and use in their own lives; finally, *built in real words*, or world-building, meaning that the story needs to be built in a believable universe or narrative environment.

To conclude, strategic communications is a way an organisation can deal with the challenges of contemporary consumption habits and digital environments. Publics today require engagement and cohesion across all their surroundings. It further requires communication to be more centralized but also more creative and diverse in its execution to be effective. CSR communication as a central component of this paradigm shift should be considered a part of the communications mix of contemporary strategic communications.

CSR COMMUNICATION

CSR is a key management function whereby organisations engage with internal and external stakeholders to identify, monitor, establish relationships and ultimately implement actions that positively influence society and the environment. This of course should be done with a minimum impact on the profitability of the organisation in order to avoid shareholder resistance. The main reason for the growth of CSR is that organisations have increasingly become more entwined in the structures of contemporary life. As a consequence, the impact on those structures has increased, as have their responsibilities toward them. At the same time, as shown in the previous section, individuals are now more informed than during any other time in history. With increased ease of access and more knowledge of wrongdoings and sensitivities toward the environment, public concern and curiosity of the role of organisations in societal issues have also increased.

Often triggered by negligence, organisations have increasingly sought to address their responsibilities toward society and play a more active role in reversing negative effects. Child labour in sweatshops, oil spills and irresponsibly high carbon emissions are a few such examples. Over three decades ago, Peach's pond model (1987) offered a simple yet seminal analogy of the impact organisations can have on society. In the study she posited three levels of impact. On a 'basic level' an organisation deals its daily activities fairly, abides by the law and pays its taxes; the second 'organisational level' the organisation attempts to minimize negative effects while continuing to act in the spirit of the law; finally on the third 'societal level', the organisation feels it can contribute to a healthier society and help in alleviating society's ills. Today, many organisations take their CSR programs so seriously that they ultimately reposition their core vision, value and mission as a result.

As a consequence of CSR's evolution, the way in which organisations articulate their CSR has become of vital importance. Reflecting this burgeoning trend, in Ihlen, *et al*'s edited *Handbook of Communication and Corporate Social Responsibility* they note CSR communication 'should be studied in its own right' (2011, p. 4), further noting that, 'silence on the matter of CSR is also a form of communication… communication is inescapable (p. 11). Similar arguments that advocate the separate study of CSR communication have spread across numerous scholars over the past several years (e.g. Morsing, *et al,* 2008; Carroll, 2011). Such profound calls to action have led to a plethora of publications that analyze CSR communication as a separate unit. Indeed, the indicative work on CSR communication over the past decade has resulted in the identification of numerous advantages of practicing CSR communication. These include attracting more consumers, cultivating stakeholder relationships, motivating employers, improving brand equity and image, increasing reputation and ultimately achieving profits (Türkel, *et al*., 2016, p. 230). Unsurprisingly, communication practitioners, from SME's and local business, to large multinationals, now seek to integrate CSR communication programmes in their overall communication strategies (see e.g., Cornelissen, 2008).

Gruber *et al*., (2015) maintain that the goal of CSR communication "should be to provide credible information on corporate initiatives to various interested stakeholders" (p. 398). Illustrating the technological advancements currently available to practitioners they highlight that CSR communication should be more proactive in reaching out to stakeholders rather than just relying on their own platforms (e.g.

corporate websites); stakeholders they note, "wait to be educated…rather than seek it out" (ibid.). The same study stresses the significance of differentiating 'message content' with 'message channels' on both the internal and external outcomes of the initiatives. As they note message content that is placed on platforms under the control of the organisation has been shown to be less credible therefore placing greater emphasis on the organisation using other channels to disseminate their CSR initiatives. These have conventionally been paid content on traditional media such as television and newspapers. Similarly, Du *et al.,* (2010), have placed high regard on the difference in communication approaches when it comes to CSR communication. Subtle channels such as annual reports and CSR reports on an organisation's website can be effective since the messages are more controllable. Conversely when the CSR communication is in the form of word of mouth or media coverage "there is likely to be a trade-off between controllability and credibility…the less controllable the communicator is, the more credible it is" (Du *et al.,* 2010, p. 13*).* Such conclusions underline the need to continue examining CSR communication in order to keep up with the incessant advancements in digital communication transformations as well as with an online world that "both constrains and facilitates agency, offering enormous possibilities for empowerment, but also opening up individuals to judgment and ostracisation" (Edwards, 2018, p. 9).

Chaudhri's study on the communications imperative of CSR (2017) expounds and tests three prominent approaches to CSR communication, *instrumental*, *relational* and *constitutive*. As she notes, instrumental CSR communication approaches prioritize CSR communication in order to optimize gains from the actions taken. These include risk mitigation, competitive advantage, employee recruitment and engagement, reputation enhancement and customer loyalty (p. 420). Relational approaches, based on normative stakeholder theories, advocate a participatory approach to CSR communication that situates the organisation and its publics as equals. Here, CSR communication favours a dialogic strategy the supports growth through openness, transparency and trust. Finally, constitutive approaches of CSR communication place communication at the very heart of the organisation since "organisations are systems of communication" (p. 423) that are discursively constructed. By extension therefore, CSR is itself discursively constructed through language and communication and is an effect of communication. CSR communication in this approach is part of many other communication practices occurring within an organisation and sees the role of communication as a vital factor of organisational effectiveness. It asks the question, *how does CSR communication constitute the organization?* A more skeptical perspective of the constitutive approach is that posited by Falkheimer & Heide (2018). They see the CSR communication imperative as a "normative isomorphism" (p. 106). The authors argue that the popularity of CSR is based on normative pressure of large multinationals all implementing CSR programmes therefore leading to other organisations requiring to follow suit. Accordingly, CSR communication is seen as merely the act of appearing ethical in the eyes of stakeholders such as journalists and shareholders.

Communication practitioners are mindful that CSR communication initiatives do not always lead to the expected outcomes. Mohr *et al*., (2001) point to consumer's frequent lack of trust in companies and their motivations when communicating CSR. Consumer reactions to different CSR initiatives are often difficult to predict. Based on the changing communications landscape and the audiences' ever-changing tastes and consumption habits, consumer reactions of CSR initiatives require continuous monitoring. As a result, CSR communication strategy needs to take into consideration potential modifications in consumer reactions. In one example, Hilderbrand *et al.,* (2011) note that consumer reaction toward CSR initiatives of disaster relief is more positive of organisations offering in-kind assistance rather than monetary contributions. The authors point to the fact that consumers relate more to organisations that offer their expertise or their time, since by doing so it is seen as an act more emotionally tied to the relief than organisations that offer money, which is seen as an action lacking emotion.

Lecuyer *et al*., (2017) have analysed the CSR communication effectiveness and consumer reactions toward two different corporate governance models of banks - member-owned and investor-owned. The authors noted strong and positive consumer reactions to member-owned bank CSR communication particularly when the messages included the bank's corporate governance identity. The positive reactions were so encouraging that they recommend CSR communication should prioritize quality-based claims of the bank. On the other hand, when a bank's corporate governance is investor-owned, quality-based claims are stronger than those of CSR communication on account of the skepticism of consumers regarding the motives of such communication. Such studies offer stimulating propositions for CSR communication in relation to the subtleties of each sector and identity of the organisation.

One particular aspect that can play a significant role on the reaction and perception of consumers and stakeholders is the brand familiarity of the organisation (Türkel *et al.,* 2016). Built into the reputation of an organisation, brand familiarity involves product/service related experiences that have been accumulated by stakeholders and consumers. As Türkel *et al.* note, brand familiarity is the overall "knowledge level" of the brand by those that experience it (p. 231). Interestingly, the same authors, supporting previous evidence, posit, "consumers find no difference between the CSR messages communicated by familiar or unfamiliar brands" (p. 237). The only exception is when advertising is used as the CSR communication approach. In other words, organisations that have low brand familiarity are in a similar position with those with high brand familiarity regardless of the methods used to communicate the CSR initiative. On the other hand, high brand familiarity brands can benefit slightly from advertising. This is of importance because it supports the notion that high brand familiarity organisations can and should use advertising for their CSR communication as an advantage over lower brand familiarity organisations. It does not however mean they should only be using advertising but rather to include all communication options accessible to them at a lower risk.

CSR communication as seen in this section is a complex strategic communication exercise with varying outcomes based on numerous characteristics. A deeper understanding of industry-specific CSR communication is required before the implementation of the strategy. When we add to this complexity the intricacies and options available to communicate in the digital age, the situation is compounded. The transformation of CSR into a more mature focused-driven activity for large corporations (e.g. Wheeler *et al*, 2003) can be enriched by digital communication on account of the immediacy and transparency offered by digital platforms. This is highlighted in the compliance mechanisms of the European Commission (2018) and the United Nations Sustainable Goals strategy (2018).

THE BANK OF CYPRUS, CSR, AND CSR COMMUNICATION IN THE DIGITAL AGE

Brief History of the Bank of Cyprus

The *Bank of Cyprus* (BOC) is Cyprus' largest financial institution. Since its creation in 1899 (initially as the *Nicosia Savings Bank*), it has gone through numerous milestones that reflect the turbulent history of the Island of Cyprus. Throughout the Bank's rich history its identity as a Bank *for* Cypriots has remained constant. At the time of its establishment in 1899 the only commercial bank on the Island was the *Imperial Ottoman Bank* that predominantly served the needs of the British ruling government. Upon the creation of *The Nicosia Savings Bank* the press at the time, “warmly applauded the decision to found a savings bank ‘for the people’” (Pafitou, 2010, p. 11). Indeed, inscribed in the logo and visual identity of BOC is the phrase ‘Koinon Kyprion’, (common to all Cypriots). In 1912 the bank was renamed *Bank of Cyprus* and today, 119 years following its formation, the current CEO John Patrick Hourican highlights in his forwarding remarks of the most recent CSR report, “even greater than being ‘Bank of Cyprus’, we are The Bank of Cyprus” (Bank of Cyprus, 2018a, p. 7).

BOC is headquartered in Strovolos, Nicosia and is structured in the following way. *Bank of Cyprus Holdings Public Limited Company* is the holding company, while its subsidiary is named *Bank of Cyprus Public Company Limited* and together with its subsidiaries is called *Bank of Cyprus Group*. It consists of 3,699 staff, while the group has 121 branches in Cyprus, one in the UK* and one in Romania (123 total). The main services of BOC are in retail and business banking, credit cards, mortgage loans, corporate banking, insurance, brokerage, management and disposal of property and several other investment management schemes. The share capital of BOC as of January 2017 was €44,619,993.30 making it the largest listed company on the Cyprus Stock Exchange. The period 1980-2010 was a period of rapid growth whereby BOC expanded many of its services and activities in various other countries (Australia, Greece and the UK in particular). However on account of a major economic downturn that greatly affected Cyprus in 2013, BOC went through a major restructuring effort that lead to the bank acquiring the deposits and the majority of the assets of Cyprus’ second largest bank, *The Cyprus Popular Bank* in both Cyprus and the UK. Since then BOC has gradually readjusted its mission, vision, structure and strategic output.

The Cypriot financial crisis of 2013 – 2016 was a nebulous and challenging period for BOC since 90% of gross loans and 90% of customer deposits are linked to the BOC’s operations. Such statistics underline the strong correlation between the Cypriot economy and BOCs performance (Bank of Cyprus, 2018b, p. 12). As a result, BOC received widespread criticism during the Island’s 2013 economic meltdown albeit the reproach being a symptom of a wider scolding of the banking system across the globe (a phenomenon largely compounded in Cyprus). Large sectors of the population, political groups and media outlets identified Cypriot banks as the main culprits of the economy’s downfall (Nicoli, 2014). With the economy plummeting, BOC acted swiftly to restore reputation and trust in local and international markets. Many of the actions taken during this precarious period are now listed as milestones on the bank’s website (Bank of Cyprus, 2018c). These include the divestments and sales of several loans, deposits and properties and the appointment of a new Board of Directors.

In 2017 Cyprus’ GDP grew 3.9%. Unemployment figures fell while tourist arrivals on the Island (a major contributor to the economy) also grew faster than expected. Cyprus’ economic recovery enabled BOC to continue its own revival. During this period it completed its final repayment to the Emergency Liquidity Assistance (ELA) from *Cyprus Popular Bank*, and was listed on the London Stock Exchange (in January 2017). BOC continues its recovery in the most turbulent of times by continuously aligning its strategies to global and national circumstances.

In closing this section, it is important to highlight once more the weight BOC carries across Cypriot society. Apart from its size and history, BOC serves the majority of the population and business community of the Island. Such an impact goes well beyond just brand familiarity. As shown above, BOC’s long history and absorption of the Island’s second largest national bank results in large sections of the relatively small population of fewer than one million to be directly or indirectly linked with the bank. As such, BOC's CSR initiatives play a vital role in reflecting the essence of what it means as a Cypriot to be socially responsible - such is the burden but also the opportunity of carrying such national significance.

The Corporate and Social Responsibility Initiatives of The Bank of Cyprus

The criteria for constructing BOC's CSR initiatives fall into three distinct categories (Bank of Cyprus, 2018a, p. 14). These are that:

- Compelling societal need exists
- The said need is not served by the public sector
- The proposed actions/strategies best serve all *Bank of Cyprus* stakeholders (investors, customers, employees, shareholders, regulators etc.)

Taking the above into account BOC has divided its CSR programme in two pillars, *health* and *education*. At the core of BOC's health pillar are its efforts to combat cancer. In fact, one of its major milestones has Been the creation of the *Bank of Cyprus Oncology Centre* that has served more than 36,000 patients since its establishment in 1998. In regards its education pillar, the bank's main investment is in its own cultural centre, *The Bank of Cyprus Cultural Foundation* (also listed as a major milestone of the organisation).

Health

The 2017 BOC CSR report (Bank of Cyprus, 2018a) identifies eleven main actions associated with its health support. All eleven are a combination of fundraising, training initiatives, financial support, blood donation initiatives and support through other services such as the renewal of the *Medica Group Insurance* for children orphaned by tragic accidents. It further denotes five of the eleven actions in its most recent CSR report.

First, *The Bank of Cyprus Oncology Center*. As aforementioned, *The Bank of Cyprus Oncology Center* is a flagship of the bank's community support. For twenty years it has helped support patients suffering from oncological disease and as noted in the bank's CSR report, "the center has become the nation's flagship in cancer treatment targeting some 80% of diagnosed cases in Cyprus" (Bank of Cyprus, 2018a, p. 15).

The second health initiative is the longstanding partnership BOC has with *The Cyprus Anticancer Society*. This has been the case since 1999 again reflecting the ongoing support of the bank in combating cancer. At the heart of this partnership is BOC's fundraising initiative with the *Anticancer Society* in the annual march known as *Christodoula March*.

Third, BOC's strong involvement, as a main partner, in the establishment and operation of a centre for information and education to patients with rare disorders known as *The Folia Centre*. Reflecting the bank's role in identifying strong societal needs *Folia* helps approximately 60,000 patients and their families.

The fourth and fifth actions address the issue of blood donations. The *Pancypriot blood donation drive* is an initiative to call to action existing and new members wishing to be blood donors. The fifth action, *Kyprou*, is the creation of a blood bank in Greece seeking to create blood reserves in a Hospital in Athens.

Education

In education, the CSR report identifies eighteen main actions (Bank of Cyprus, 2018a). These are a combination of support and stimulation of creativity, culture and arts, innovation and entrepreneurship, financial support and initiatives, and the overall dissemination of educational capital mainly targeted toward Cyprus' youth. It further specifies seven of those actions.

First is BOC's own Cultural Foundation situated in the heart of Nicosia, Cyprus' capital. Similarly with the *Bank of Cyprus Oncology Centre*, The *Bank of Cyprus Cultural Foundation* was established in 1984 and stands as one of the milestones in the bank's history. In 2017 under new management and strategic focus, the cultural foundation has become more active in building Cyprus' cultural capital. The foundation organizes a series of ongoing events in an effort to become a central cultural actor on the Island. According to the latest CSR report the following actions standout. Educational programmes such as *#deneinaisxoleio* (this is not school), that brought to the foundation over 2,400 students in 2017; *Faneromeni 17 Arts Festival* a summer events programme; *Moments at the Museum,* an effort to engage the public with the two museums of the foundation; and other temporary exhibitions in an effort to display the largest private arts and cultural collection in Cyprus (Bank of Cyprus, 2018a, p. 18).

Second, the *Bank of Cyprus* has shown its strong support toward the island's startup ecosystem through the incubator / accelerator *IDEA* and by partnering with the global initiative *Startup Weekend, Cyprus*. In 2017 *IDEA* showed its determination in becoming a major player in the startup scene not just in Cyprus but also the region more generally. As noted in the CSR report, "*IDEA* attracted considerable attention from the diplomatic world and from the Ministries of Foreign Affairs, Finance and Energy, Commerce and Tourism" (Bank of Cyprus, 2018a, 2018, p. 18). *Startup Weekend, Cyprus* connected BOC with one of the largest accelerators in the world, *Techstars*. The event demonstrated how in one weekend, young entrepreneurs create startup teams and lead them to ready-made concepts and products available for market.

Third, BOC has created a strong partnership with the NGO *Reaction* and together have organized a series of events directed toward stimulating the creative spirits of Cyprus' youth as well as triggering critical thinking. In addition to *Kyprou* (mentioned in the Health pillar), *Reaction* and BOC have organized debates with youth and key people across Cyprus' landscape (not least of which The President of the Republic of Cyprus).

Fourth, BOC continued its support of the arts by partnering the NGO *ABR*. At the core of the partnership is the two-day music, arts and technology festival *Afro Banana Republic Festival*. At the festival, cultural activities took place in the children's innovation domes, which were later hosted at the bank's headquarters and cultural foundation.

Fifth is the bank's ongoing partnership with *TEDx*. Since 2015 BOC has been a strong advocate of the event and supports both *TEDxLimassol and TEDxUniversityofNicosia*. Through the partnership the events have managed to bring some of the most fascinating ideas from across the globe to the Island. Through speakers and performers, the event's main objective of stimulating innovation and sparking fruitful discussion reflects the commitment of the bank in supporting the education pillar.

Sixth, BOC's partnership with the *European Youth Parliament (EYP).* The *EYP* is a large platform for debate and intercultural dialogue. With over 40 countries present in the network *EYP* "encourages independent thinking and initiatives for young people" (Bank of Cyprus, 2018a, p. 19).

Finally, the seventh main action of the education pillar described in more detail addresses the support of the bank in scholarly excellence. Again partnering with local leaders *The Cyprus Mathematical Society* and the *Cyprus Physicists Society*, BOC has provided awards to more than 250 students in 2017 alone (ibid.).

Other Initiatives

Education and health epitomize BOCs' growing contribution toward Cypriot society. However, to limit BOC's CSR efforts to them alone would be insufficient as BOC is also active with other initiatives that can be perceived as enriching society. Indeed several of these initiatives overlap with the two existing pillars. For example, its staff is identified as a key stakeholder; the bank believes in continuous training and education for the personal wellbeing of each employee but also for the enrichment of the organisation. The same efforts also contribute to employee branding, employee satisfaction, and the overall belonging of employees within the bank. The bank also fosters employee volunteerism. This is seen clearly every year in the bank's Pan-Cypriot fundraising of the *Cyprus Anticancer, Chridoloula March*. The encouragement of volunteerism is also witnessed in other events partnered by the bank such as the *TEDx* events and with its cultural foundation.

BOC also aspires to be more eco-efficient. It has embarked on a series of energy saving actions such as more use of digital communication rather than business trips, the consumption of less paper, and numerous upgrades on building and appliance efficiencies to save in energy and water consumption.

Finally, the bank has been involved heavily in fighting financial corruption and bribery but in particular, since 2014, in an anti-financial crime remediation programme. On account of the actions taken BOC proceeded in terminating or suspending thousands of customer accounts and is now involved in an ethics compliance policy that includes anti-money laundering measures (Bank of Cyprus, 2018a, p. 11).

The Corporate and Social Responsibility Communication Strategies of the Bank of Cyprus

Several elements need to be determined in the analysis of BOC's CSR communication. These include the identification of BOC's main stakeholders and the efforts taken by the bank to archive and disseminate their CSR initiatives in a coherent manner via channels they own (for example, by complying with the GRI index in the creation of the CSR report and the use of their website and social media platforms). In essence, the GRI initiatives incorporated by BOC fall in line with the European Directive 2014/95/EU (European Commission, 2018). The directive obliges organisations such as BOC to disclose CSR information (via non-financial and diversity information), in a specific manner and in cooperation with independent bodies (such as GRI). Furthermore, BOC's CSR reporting conforms to the UN's 17 sustainability Development Goals of its agenda 2030 strategy (United Nations, 2018).

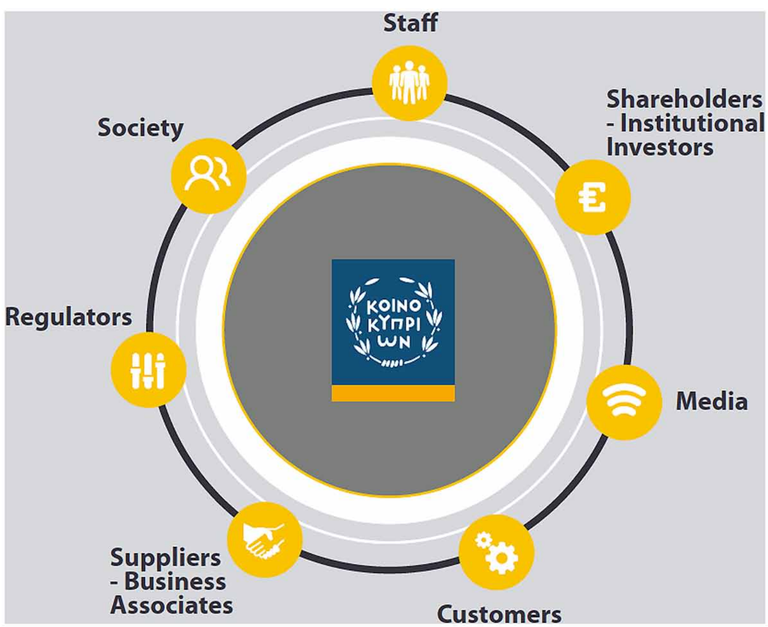
More importantly are the channels BOC uses outside its own control, as they seem to have a bigger impact on engaging with stakeholders and immersing with them in the efforts of the bank's CSR initiatives. This section addresses these elements as well as the co-created content BOC is involved in with its CSR partners.

Stakeholders

At the center of BOC's CSR communication strategic planning is its stakeholder relations. The way the organisation listens to and attempts to understand the concerns of its stakeholders mainly via a series of surveys (Bank of Cyprus, 2018d) is in accordance with strategic communication theories such as Grunig and Hunt's excellence theory (1984), who argue for a more shared and engaging relationship between an organisation and its stakeholders. For example, in 2017, customers, employees, media representatives, senior management, and representatives of bodies and NGO's all participated in a materiality assessment survey to achieve a better understanding of the CSR priorities of the bank (Bank of Cyprus, 2018d, 2017, p. 7-8). The survey concluded in BOC identifying specific stakeholders for its CSR initiatives (see Figure 1).

BOC's stakeholder relations is in line with management stakeholder theories such as Freeman's stakeholder approach (1984). Freeman defines stakeholders as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (p. 46.). BOC's application of this definition diverges from identifying only a limited number of stakeholders wishing to benefit from the bank (e.g. shareholder beneficiaries only) and reaffirms a more widespread account of stakeholders that includes groups, organisations and individuals who do not necessarily have a business profile (Zeita, 2017, p. 40). The scope and scale of BOC's identified stakeholders and its efforts to engage with them, demonstrates its own understanding of its significance in Cypriot society.

Figure 1. The Bank of Cyprus' CSR stakeholder map 2017
(Bank of Cyprus, 2018a, p. 12)



Communication Channels Controlled by BOC for Its CSR Initiatives

BOC's CSR communication channels consist of the CSR report, the BOC website, its social media platforms entailing *Facebook*, *Twitter* and *Instagram* and its own brick and mortar and human resources (e.g. staff wearing t-shirts). BOC's CSR report for 2017 was constructed under the guidelines of the *Global Reporting Initiative (GRI).* Headquartered in the Netherlands the *GRI* is an independent organisation that supports businesses and governments to understand and communicate their impact on sustainability issues (GRI, 2018). *GRI* has created what it calls the *GRI Sustainability Reporting Standards* which according to the *GRI* website, "is the most widely adopted global standards for sustainability reporting" (ibid.). Standards reporting is significant in that it assists organisations to create a report that covers environmental, economic and social impacts as well as ways organisations can engage with stakeholders to create and sustain relationships on these issues. BOC's latest report used a variation of the standard known as the *G4 version* (that has since been superseded by the *GRI* standards). *The BOC Corporate Responsibility Report* along with its *GRI Index Appendix* consists of a clear and detailed description of the year's CSR programme. BOC then disseminates the report across various digital platforms to major stakeholders before archiving it on the bank's own website.

The main BOC website (www.bankofcyprus.com) contains five clearly visible tabs. *Who We Are, Responsibility, Investor Relations, Careers and News & Media*. The second tab, *Responsibility* reflects the bank's increasing significance on CSR. Within the *Responsibility* tab the page is further divided into six categories, *Our Commitment, Our People, Environment, Responsible Services, CSR Report*s and *Social Responsibility*. Here, the most significant area is the tab, *Responsibility Services* since it directs the user to discover the two main pillars of the bank, *health* and *education*. The tab acts as a portal to the numerous actions of CSR initiatives as those discussed above. In the initiatives whereby the bank is solely the conceptual creator, the bank offers separate websites. These include *The BOC Cultural Foundation*, *The BOC Oncology Centre* but also a website on the fight against cancer (www.stimaxi.com). That website, co-created by the bank and the *Cyprus Anticancer Society*, illustrates the bank's unwavering devotion toward this cause. There is also a separate website for the incubator / accelerator *IDEA*. In the other initiatives in which the bank partners with key stakeholders it offers descriptions of the actions taken. These include for example, a description of *Afro Banana Republic Festival*, *Reaction* and *TEDx* amongst others. The bank supports these actions with its social media platforms on *Facebook*, *Instagram* and *Twitter*. With the aforementioned actions continuously organized throughout the year, the bank is never short on content. Digitally, the bank further utilizes its own channels by sending emails out to its large database and via its online bank services for customer users.

For the use of its internal communications, the bank frequently organizes roadshows, conference calls, meetings, announcements, its intranet, email and in-person meetings (Bank of Cyprus, 2018d, p. 17). In order to engage with external stakeholders such as customers, the bank utilizes its large staff across the Island. This is especially the case during the period leading up to the *Christodoula March* as large sections of the bank's staff volunteer while all the staff wears informative branded t-shirts regarding the initiative. The branches are also used as promotional sites. Leaflets and brochures, screens and freestanding promotional banners are often displayed while ATM machines are also utilized by adapting the content accordingly to the CSR action.

Communication Channels Not Controlled by BOC

Unsurprisingly, the media are identified as one of the bank's main stakeholders. It has also listed 149 recognized suppliers under the category 'advertising' in its supply chain (Bank of Cyprus, 2018d p. 5). This demonstrates the bank's widespread use of suppliers, but also reflects its emphasis on communicating its CSR activities in an efficient manner to third-party groups. The channels used by BOC which are not controlled by the organisation are a combination of digital outlets, events and event material, public relations tactics such as news conferences and releases, feature stories, traditional advertising, marches, volunteerism, apparel, co-creation of communication concepts, and social media management. In other words, it uses the entire spectrum of communication functions in order to meet its strategic goals.

The bank's efforts against cancer are where much of its CSR communication efforts are placed. The *#stimaxi* campaign is such that it mobilizes thousands of people to contribute to the fundraising efforts of the bank and the *Cyprus Anticancer Society*. It further reflects the spreadability of transmedia storytelling while also revealing the value of remaining loyal to a cause since the bank has been identified with the anticancer movement since its creation of the Oncology Center. In 2017 the campaign utilized numerous digital platforms both for communicating its messages but also as an easy means of fundraising payments. These where done by SMS, or the bank's *quickpay* services or directly to the website created for the campaign. For the communication approach it chose social media influencers such as national football players of popular teams. *Youtube* and *Instagram* were exploited in order to attract younger audiences as well as the more traditional communication channels such as radio and free-to-air television to further engage with older audiences. In effect, the clips shown on social media of the campaign created a drillable, continuous, extractable, built-in real world narrative further supporting the transmedia storytelling characteristics of the campaign. The *Christodoulou March* that ended with a celebratory event attracted thousands of paraders. Possibly the one area the campaign could have engaged more with its publics is in *immersion,* since little was done to allow users to interact with the story through for example, gamification. As digital technologies continue to progress this will become more ubiquitous and easy for the bank to apply in the future.

Numerous CSR actions the bank initiates are co-created, in partnership, with significant external stakeholders such as nonprofit organisations and movements. This generates a creative and diverse dynamic as the bank manages to engage with audiences completely fragmented and distanced from traditional media. This is seen in its collaboration with *TEDx*. The audiences of TEDx are considered highly educated and liberal, usually acting as opinion leaders and early adopters. As a result, many of the topics on display at *TEDx* events address issues similar to those associated with the CSR strategy of the bank. These include volunteering, greener, more eco-friendly environments, equal opportunities, gender diversity and more. This is also true of *Afrobanana,* the arts and music festival organized every summer where BOC acts as innovation partner. In sum, the carefully thought out partnerships between BOC and strategically placed opinion leaders with expertise in engaging with specialized audiences allows the bank to reach publics that are becoming increasingly harder to appeal to through traditional means.

CONCLUSION

Across the digitalized landscape, organisational and individual relationships are no longer bound by time or geography therefore increasing the options available for organisations to communicate with stakeholders. At the same time the digital consumption habits of audiences have compounded. Connections are faster, if not continuous, and demand for more and for better, are greater. Most organisations have followed the consumption patterns of users who now use multiple platforms and devices to consume their selected content of choice (Pew Research, 2017).

Despite technological advancements and improvements on the twentieth century's negative impacts on the world, trust in contemporary structures is falling (Edwards, 2018). Leaked information via whistleblowers, surveillance, misinformation, fake news, and distrust in the media and in political discourse have all contributed to a more precarious epoch. Organisations have not been immune and are therefore more interlinked with societal issues making them also more likely to be part of contemporary public discourse (Supa, 2014). The steady growth of CSR and CSR communication is therefore inevitable.

Yet many organisations are slow to adapt to the disruptive technologies and strategies available to CSR communication practitioners. Indeed, many decision-makers are "still pre-digital" in their thinking and in their understanding of contemporary life (Lloyd & Toogood, 2016, p. 87). In CSR where many decisions are made at high management levels, the comprehension of digital technologies is paramount. The application of CSR communication as a category of strategic communication allows organisations to meet their communication goals and take advantage of the opportunities available to them rather than be restricted to the obstacles created by digitalisation.

BOC has established certain tacit taxonomies regarding its CSR communication strategy. Applying global standards in its reporting, it has managed to adapt but also remain loyal to its heritage in many of its CSR communications. Although like the majority of organisations, it is yet to apply all aspects of transmedia storytelling, it does nonetheless manage to use all the communication approaches available to communication practitioners while also collaborating with numerous partners in order to reach, but also engage with, all its stakeholders.

NOTE

At the time of writing the Bank of Cyprus UK is in the process of being sold.

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Chapter 6
Contemporary Environmental CSR Strategies in the Banking Sector:
The Case of Piraeus Bank

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EXECUTIVE SUMMARY

The chapter explores how a financial institution can effectively implement environmental CSR strategies that contribute to the wellbeing and sustainable development of the global community. In particular, the case of Piraeus Bank, a leading player of the banking sector in Greece, has been extensively analyzed. The analysis demonstrates that by immediately and effectively responding to environmental and other social issues, Piraeus Bank is fully aware of the imperative need for an organization to integrate CSR notion in its strategy and business activity.

COMPANY PROFILE AND ACTIVITY

Piraeus Bank is one of the major financial institutions in Greece. Established in 1916 with its headquarters in Athens, Greece, Piraeus Bank provides a wide range of financial products and services to its customers in Greece and abroad. It holds a leading position in the Greek market with a market share of 30% on loans and 29% on deposits. Piraeus Bank's stocks are listed on the Athens Stock Exchange (ATHEX) since January 1918.

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Table 1. Piraeus bank financial profile

Total Assets	€ 58.4 billion
Loans after Provisions	€ 39.8 billion
Deposits	€ 41.4 billion
Total Equity	€ 7.8 billion
CET-1 capital	€ 7.0 billion
Pro-forma Common Equity Tier 1 ratio	14.4%

The bank serves approximately 5.2 million customers while its workforce entails more than 12.9 thousand employees. The entire network is composed of 597 units and 2005 ATMs in Greece with a concurrent presence in southeastern Europe, London and Frankfurt. In particular a network of 131 branches operate in Ukraine, Serbia, Bulgaria and Albania. Moreover, customers can be served by the bank's innovative winbank digital banking platform. Taking into account the superior standards of customer service, the bank formed an innovative concept for the Greek market, the electronic branch, known as "*e-branch*", which operates since 2016. Hence, 4 e-branches offer customers were transaction services with speed, security and convenience.

Piraeus Bank main fields of expertise are medium-sized businesses, the agricultural sector, consumer-housing credit and green banking. Its vision is *"to be the most trusted bank in Greece, creating value for its shareholders, clients and employees"*. In order to achieve this, Piraeus Bank has focused on four main strategic principles: customer focus, management accountability, performance-driven culture, and sustainability of its business model. Moreover, strong emphasis has been put on the creation of an effective working environment by promoting team spirit, idea exchange, creativity and innovation among employees, while fair evaluation systems, distributive justice and strong incentives are used to improve employee performance. All the above aim to make the Piraeus Bank, a financial institution that is both "human and dynamic".

Based on the combination of business development and social responsibility, Piraeus Bank incorporates corporate social responsibility (CSR) strategies, and aligns its business goals with the social progress and solidarity. Compared to other business sectors, the banking sector started to incorporate CSR strategies in the last few years, by responding initially to environmental and then social issues, (Vigano-Nicolai, 2009). However, Piraeus Bank has achieved a lot in this field. In particular, CSR strategies have been incorporated into eight strategic pillars; human resource management, cooperation relations with shareholders and partners, support of the knowledge society, cultural heritage, environmental protection, promotion of green entrepreneurship, support of the new generation, promotion of innovation.

Involvement in International Sustainability Initiatives

Piraeus Bank is actively engaged in international initiatives and indicators of corporate sustainability assessment. Since 2004 Piraeus Bank participates voluntarily in the "UN Global Compact" by supporting and promoting its basic principles about respecting human and labor rights, protecting the environment and combating corruption. Moreover, Piraeus Bank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI). According to this, the Bank recognizes that economic growth should be combined with human welfare and environmental wellness, and is committed to promoting environmental protection, social wellbeing and sustainable development through its operational decisions.

In the same context, Piraeus Bank has signed the UN Global Compact Declaration “Caring for Climate: The Business Leadership Platform” by which members can promote solutions and contribute to the creation of social awareness about Climate Change. Likewise, Piraeus Bank participates in the “Paris Pledge for Action” initiative, an agreement emanating from the United Nations Climate Change Conference in Paris in December 2015 (COP21). In particular, the Bank declares its commitment to the pursuit of the objectives of the agreement.

In 2015 Piraeus Bank co-signed the “Declaration of Intent on Energy Efficiency” of UNEP FI, recognizing that the financial sector has the potential to make significant investments on promoting energy efficiency. The Bank intends to actively contribute and promote the funding of energy efficiency and at the same time guiding customers towards the adoption of best practices in their decisions. Moreover, the Bank is willing to cooperate with public and private sector seeking to develop climate financing tools. In the same year, the Bank co-signed the “Positive Impact Manifesto” for the transition to an inclusive green economy. The Manifesto promotes a common vision for project funding with a positive impact on society.

Since 2016, Piraeus Bank participates in the “EU Community of Practice Finance and Biodiversity - EU CoP F @ B” initiative to fund biodiversity. In the same year, Piraeus Bank co-signed the Antwerp Declaration, which has redefined the foundations of ecosystem services in line with the principles of sustainability and social justice.

Moreover, Piraeus Bank is a full member of CSR Hellas, actively participating in initiatives promoting corporate responsibility and good practices developed in Greek business. Furthermore, Piraeus Bank has been implementing the ISO 26000 standard since 2013 in order to strengthen and optimally incorporate social responsibility into its organizational principles and values.

Distinctions in CSR Assessment Indicators

Piraeus Bank joined the corporate sustainability index “FTSE4Good Emerging Index” launched by the FTSE Russel Group in December 2016. The FTSE4Good index analyzes business performance with the best sustainability practices that meet internationally recognized sustainable development standards. Moreover, since 2010 the Bank submits to “Carbon Disclosure Project (CDP)”, data on its environmental performance and its environmental actions and initiatives. The CDP is a UK organization that supports cities and enterprises to manage their environmental impact. Its main purpose is to convince companies about the importance of the environmental reporting and risk management as a business norm. The Bank’s rating to CDP improved in 2016 by two levels and is now ranked in “Management B”. Piraeus Bank is the only Greek bank at this level, an output of the regular actions taken to cope with risks and opportunities arising from climate change.

Piraeus Bank is for yet another year registered in the Ethibel Forum; being part of this forum is an indication of a company’s sustainable investment performance. Piraeus Bank was indexed with the Ethibel EXCELLENCE quality mark. Especially, the Bank’s rating, which is above the average of the banking industry, highlights the Bank’s strong commitment to Corporate Responsibility. Moreover, Piraeus Bank is the only bank in Greece that received the distinction Diamond for its socially responsible action in the evaluation conducted by the Corporate Responsibility Institute; the Bank has participated in this evaluation for nine consecutive years. In the same context, the Oekom Research AG assessment organization, rated Piraeus Bank's performance in environmental and social issues with D +, recognizing its integrated approach to the implementation of Environmental Policy.

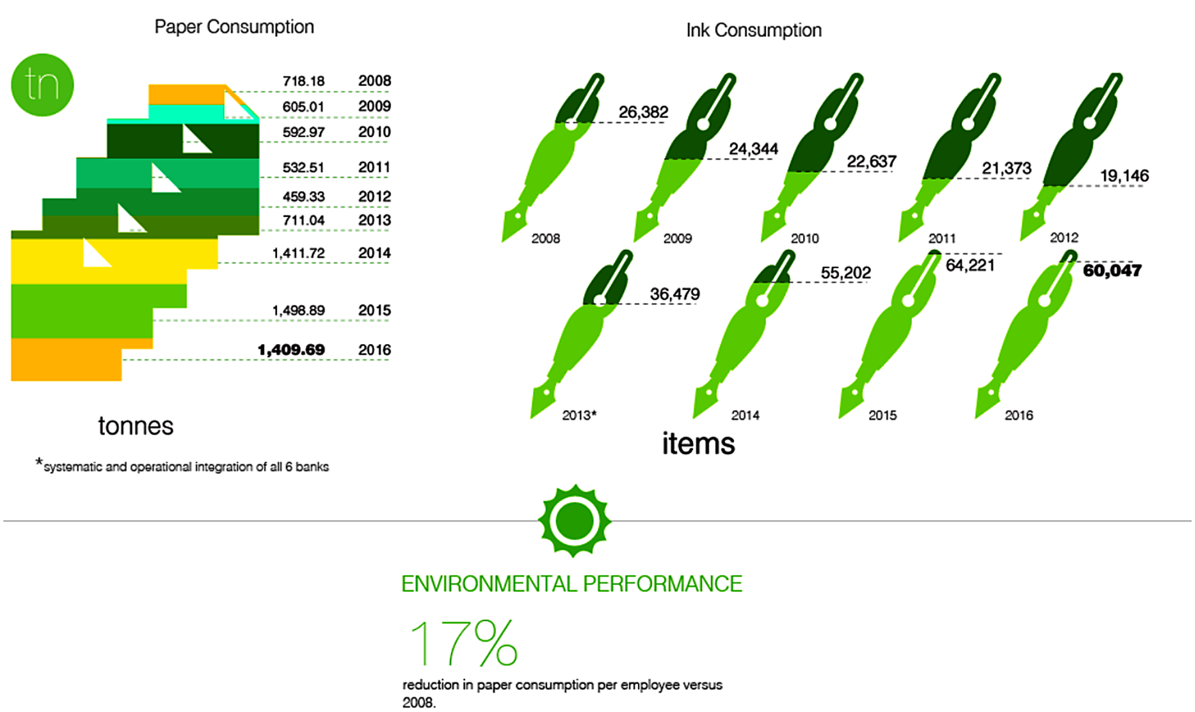
Thus, it is rather evident that Piraeus Bank is interested in constant evaluation of its corporate sustainability profile. In this way, the Bank has achieved a regular self-improvement in this field, the greatest possible positive impact of its business actions on the society and the natural environment.

Winbank and Green-Banking

Being a pioneer, the Bank has created and established the necessary infrastructure, starting in 2004 with the Environmental Unit and in 2009 with the Green Banking, for the design and implementation of environmental strategies and projects. Thus, the Bank formed the organizational structure, which allows both management of the Bank's environmental footprint generated by its operation and business activities and the strengthening of green entrepreneurship in Greece. Hence, the Bank has the ability to integrate environmental and social criteria into operating procedures and to finance value-added investments.

Piraeus e-banking services (winbank) have significantly contributed to the reduction of the Bank's environmental footprint. The impressive growth in the use of e-banking services (Easypay, Internet, Phone & Mobile Banking) has placed increased emphasis on the environmental benefits generated and the reduction of natural resource consumption. Specifically, for 2016, the total number of electronic transactions exceeded 110,000,000, saving more than 617 tons of paper (Figure 1). Finally, all monthly employee and business card 1statements are not printed. Relevant information is only available electronically via winbank.

Figure 1.
Source: http://www.piraeusbankgroup.com



Moreover, taking into account the policy of Green Banking, Piraeus Bank follows developments in both the renewable energy sector-the most important part of the Group's green portfolio- and in all areas that contribute to the promotion of sustainable growth. The sectors actively promoted by the Bank since 2009, have been: Renewable Energy Sources (RES), energy saving, good water and waste management, organic farming, agro-tourism, ecotourism, green transport and green chemistry. The creation of specialized green products and services aims to serve all sectors of green entrepreneurship with the aim of promoting "clean" technologies and offering profitable investment options for customers, businesses and individuals. In this context, Green Banking proceeded to create new loan products, under the umbrella of the Piraeus Green Business group, with SMEs and freelancers as the main target groups. Great attention has been also given to the evaluation of the sustainability of funded projects, taking full account of innovative technologies and applications as well as changes in the institutional framework and protecting both investors and the Bank itself.

Piraeus Bank, through its detailed monitoring of its green portfolio, regularly reflects the positive contribution of its green financing to sustainable development. At the end of 2016, the Group had more than € 1.71 billion approved thresholds, demonstrating its strong commitment to finance new green business projects and mainly RES projects that are in the planning and implementation phase. An increase of 12% compared to 2015 was also recorded for all green customers (individuals and businesses) funded by the Piraeus Bank to complete their green investments. Overall, at the end of 2016, the active loan balances of the green portfolio exceeded € 1.05 billion, reflecting high quality for another year. A significant factor promoting the high quality of the green portfolio, is the ongoing economic and technical assessment of all existing and new green investments, incorporating, inter alia, technical and environmental criteria in their assessments. Financing for RES projects continues to be the largest part of the Group's green portfolio. The total value of the projects financed (together with the repaid) by the Piraeus Bank Group at the end of 2016 amounted to 1,017MW, holding 19.3% of the total installed capacity from RES in Greece. With the operation of these investments, an annual release of 2,120 million tons of CO2 in the atmosphere will be prevented, which would require more than 159 million trees to absorb.

Although in recent years the volatile political and social environment have affected the banking sector, Piraeus Bank continues to give special attention to the green economy. Through regular funding in all sectors of green entrepreneurship, Green Banking has contributed to the creation and maintenance of 35,000 labor-years, an average of 6,000 permanent jobs per year in 2011-2016.

CSR in the Agricultural Sector

Considering the promotion and development of the agricultural sector, a field of strategic importance for the Bank, the Marketing Unit of Piraeus Bank has developed important promotion activities. These activities combine the marketing and communication goals of the Bank with a corporate social responsibility aspect. In particular, it has been created an Advertising campaign of the Farmer's Card (Agro-carta). Agro-carta is offered to farmers for financing their operating costs. It supports producers to purchase agricultural inputs (seeds, fertilizers, veterinary expenses, feedingstuffs, energy -i.e. fuels). Moreover, additional Advertising campaigns have been created for the promotion of the collateral Agriculture and Livestock as well as Integrated Solutions for Farmers.

Furthermore, Piraeus Bank funded the "Weather Bulletin for Farmers". This project is about the creation and transmission of the daily 4-minute Bulletin for farmers on ANT1 TV Channel, one of the most famous Greek private TV Channels. It is the first time that a sponsor launches a daily news broadcast like that, on such a famous TV channel, for a special audience that can use this Bulletin as a daily work-tool.

In the same context, Piraeus Bank publishes the magazine edition "ON THE LAND" (Greek: Epi Gis). "ON THE LAND" is a special edition that was created in 2014 by Piraeus Bank for the rural economy and entrepreneurship and is available free of charge through the branch network. The publication's mission is to inform farmers and help them in their investment activities, while at the same time it aims to establish a relationship of trust and synergy with the industry.

Climabiz Project

Piraeus Bank implemented the project entitled "*Financial Institutions – Preparing the Market for Adapting to Climate Change*". The acronym of the project -climabiz, has been generated from the words «Climate» and «Business», highlighting the various business opportunities that evolving from the climate change phenomenon. In particular, the aims of the project were to: reform the market to adapt to environmental changes, inform and prepare the business sector to effectively utilize climate-based business opportunities as well as determine the business chances and financial impact of climate change. In the same context, the development of mechanisms moderating the financial impact of climate change was of crucial importance. This project successfully contributed to the pursuit of EU target for tackling climate change. The project, was a follow-up to the European project GREENbanking4Life. It was implemented in cooperation with the NGO WWF Greece and the company Face3ts, which is mastered in climate change issues. The project was co-funded by the European Union's "LIFE+ Environment Policy and Governance" funding instrument, and by the three partners.

Climabiz was selected as one of the 15 most successful LIFE programs across Europe, out of a total of about 4,300 in the last 25 years since the beginning of the European Financial Program LIFE. As a consequence of this distinction, climabiz participated in the European Commission's Green Awards, which was awarded at a special ceremony held in Brussels on 30 May in the framework of the 2017 Green Week Green Paper on Greening the Future.

In the context of the climabiz project, Piraeus Bank, created the Green Banking Portal, a site where investors, businesses and other stakeholders can interact with each other and get informed about green business. The Green Banking Portal of Piraeus Bank aims to:

- Inform stakeholders about best practices adopted by organizations aiming to reduce their environmental footprint
- Provide information on policies and technologies developed by organizations with the aim of adapting to climate change
- Facilitate stakeholders in the exchange of views or know-how about green business issues through a specially designed forum
- Build a network among organizations that either develop business action in green entrepreneurship or are interested in reducing their environmental footprint through implementing environmental friendly practices
- introduce green companies that produce/market products or provide services that are part of Green entrepreneurship

"Green products and services" may be about organic products, photovoltaic panels, special light bulbs, services related to funding green programs, consultancy services, ecotourism services as well as manufacturing, sale and use of which permits economic development while protecting natural capital and quality of life.

Organizations interested in participating in the Green Banking Portal must comply with the social, environmental and economic criteria detailed in the Participation Statement Terms. Each organization participating in the Portal, is presented free of charge, with a description of the good practice or the green products/services. Piraeus Bank reserves the right to remove the presentation of any participant in case of stopping fulfil any of the selection criteria.

Environmental Monitoring Programs

The Piraeus Bank's environmental policy and strategy, in combination with the commitment of the Senior Management, have set the framework and constitute the driving force for the development of programs that reduce the environmental footprint of the Bank's operations, while at the same time enhance investment in technologies and practices that reduce emissions of greenhouse gases. The reduction of the environmental footprint also results in a significant reduction in operating costs. In addition, the recent implementation of an integrated Environmental and Social Management Banking System aims to reduce environmental and social risk from the Bank's customers.

The Bank has developed and implemented an Environmental Management System (EMS) in all its stores and administration buildings, in the framework of its commitment to continuously reducing the environmental impact of its operation. Since 2011 the Bank's EMS has been certified in accordance with the European Union's Eco-Management and Audit Scheme (EMAS) and ISO 14001: 2004. The EMS provides an integrated framework for recording, monitoring and reducing the environmental impacts associated with the operation of the facilities and activities of a large organization. With more than 700 building infrastructures and more than 1,000 directly involved employees in the EMS, Piraeus Bank is one of the largest organizations in Europe that applies such a rigorous environmental management model. Through the EMS procedures, all of the Bank's environmental impacts are systematically monitored, and on an annual basis each impact is evaluated for its significance, taking into account specific parameters.

For the holistic processing of the Bank's environmental data (totaling more than 400,000 annually), it has been created the "Environmental Impact Assessment Database", an innovative tool which developed according to the Greenhouse Gas Protocol Initiative, and the automated process in APPIAN workflow, entitled " Environmental Management ". Through the "Environmental Impact Assessment Database", all the environmental impacts resulting from the operation of the Bank are calculated using a scientifically validated methodology. The application provides the ability to monitor the environmental performance of each building infrastructure separately, such as for example energy consumption and other natural resources. Through the "Environmental Management" process it is possible to systematically manage the environmental data of each Bank's Organizational Unit in a systematic way and from 2016 automatically and reliably feed the application of the Bank's Environmental Impact Calculator directly from the Organizational Units.

The European Enterprise Awards for the Environment, is an extremely important European institution, which recognizes European companies adopting protection policies about the environment, sustainable development and the cyclical economy. With the nomination "The Expandability of a Robust Certified EMS - the Case of Piraeus Bank " Piraeus Bank took the first place at a national level in the "Management" category for development, structure and operation of its Environmental Management System, at the European Business Awards for the Environment, organized by the European Commission. The same nomination also competed at the European level where the Bank distinguished in the top 4 organizations, among 180 nominations, which have achieved significant environmental accomplishments.

Moreover, Piraeus Bank implements energy saving programs in buildings, reducing emissions of gaseous pollutants (from staff movements, oil consumption, etc.), solid waste management, paper saving and consumables (paper, ink cartridges, toner, etc.) aimed at continuous improvement of its environmental performance. Through the implementation of environmental programs, Piraeus Bank has reduced its electricity consumption and carbon dioxide emissions per employee by 32% and 36% respectively by 2008, while each year the net operating cost benefit amounts to at least € 5 million (Figures 2, 3, 4 and 5).

The energy resources used for the Bank's activities are mainly: electricity, oil for space heating, and gasoline / diesel for moving staff to their professional and educational activities. Electricity is consumed in all building infrastructures for lighting, electrical and electronic equipment or air conditioning. Consumption of electricity is the environmental aspect of the Bank with the most significant environmental impacts.

Consequently, programs are being implemented each year to mitigate it, while objectives such as continuous energy monitoring of existing and refurbished buildings are being pursued through the adoption of energy efficient technologies. More specifically, renovations and energy upgrading projects have been designed and implemented in 70 buildings of the Bank by the Technical and Administrative Support Unit. The most important of them were the replacement of common aluminum glazing with heat shrinkable glazing, the installation of presence / absence sensors in WC areas, the installation of water flow switches with flow control in the WC faucets and the replacement of high consumption light bulbs with LED lamps. The implementation of the replacement was carried out after photometric studies,

Figure 2.
Source: http://www.piraeusbankgroup.com

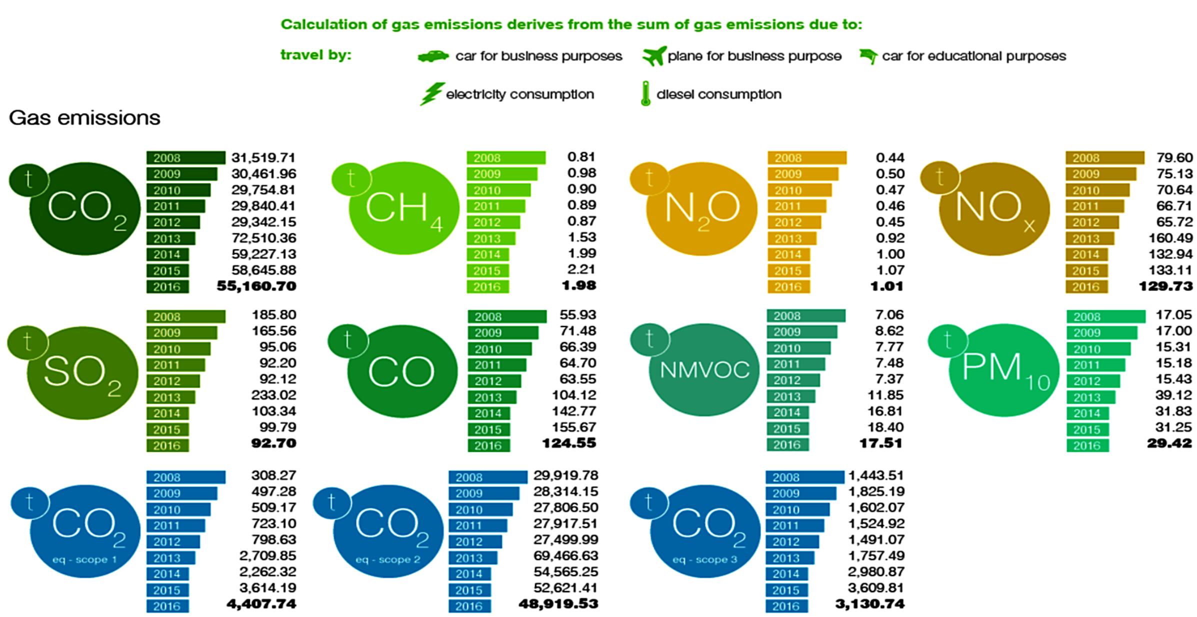


Figure 3.
Source: http://www.piraeusbankgroup.com

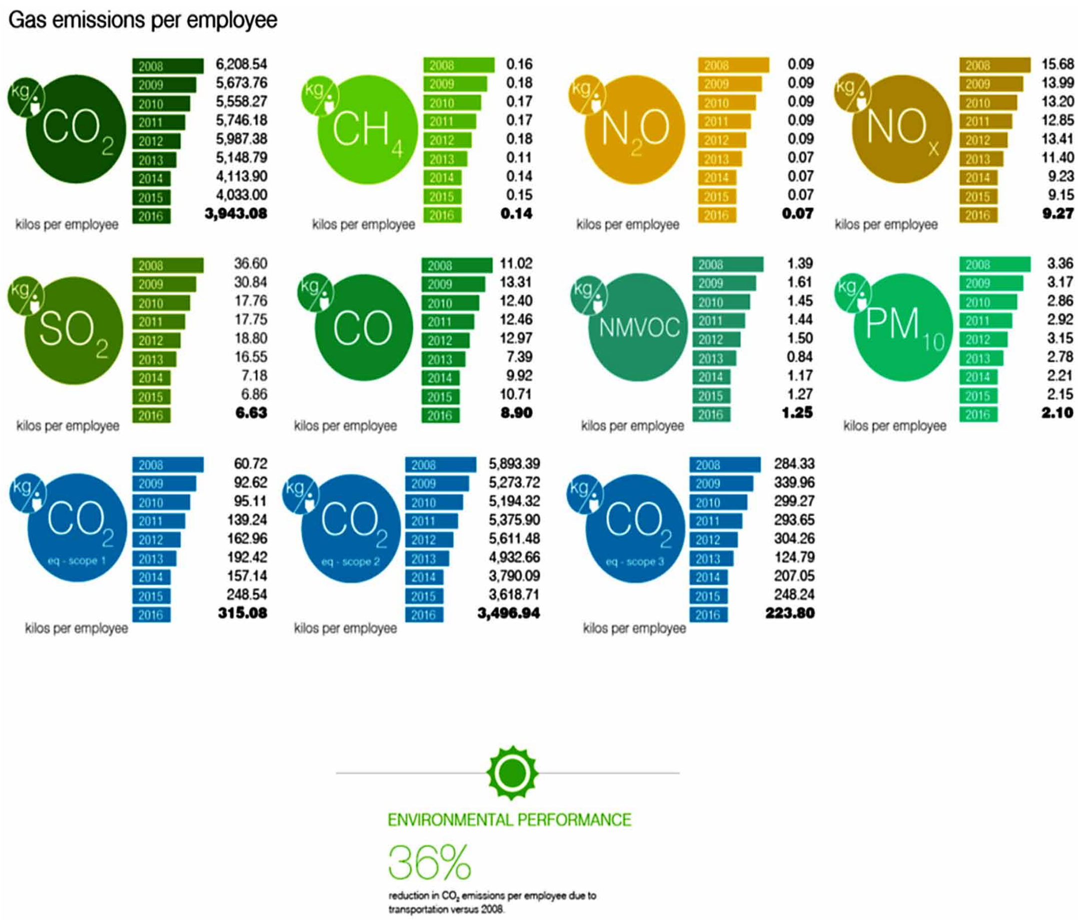


Figure 4.
Source: http://www.piraeusbankgroup.com

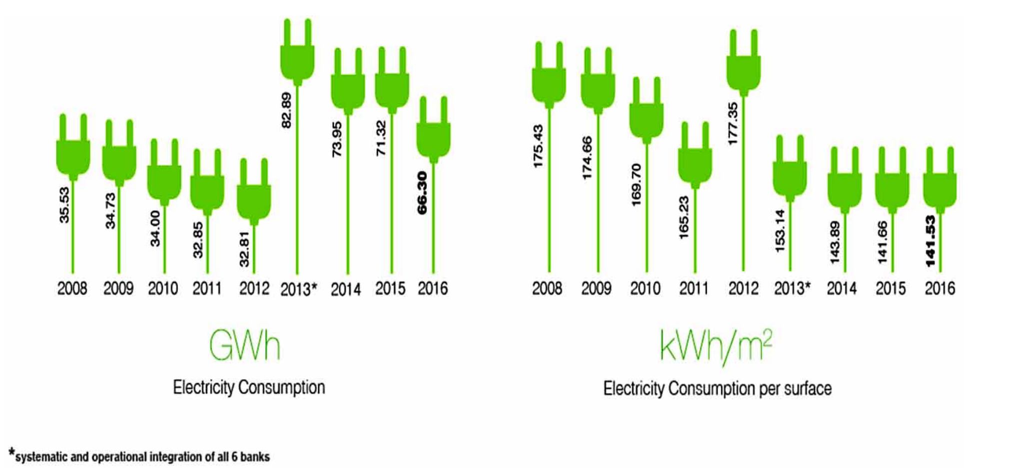


Figure 5.
Source: http://www.piraeusbankgroup.com

based on the basic criteria, the achievement of high levels of lighting and the saving of energy. Looking at a significant sample of existing stores, it was estimated that the Indoor Power Indicator Index by 2013 was 20.06 W / m2. In stores and buildings, studied and refurbished, the lighting index dropped to 7.23 W / m2 after the replacement. Based on a study conducted by an external consultant, in cooperation with the Technical Projects, the annual financial benefit of the above project is estimated at € 113.250.

Moreover, the Bank has proceeded with the design of the Energy Office, an environmental energy saving program. Through the Energy Office, a special software was created that monitors energy consumption and water consumption in real time in more than 200 building units. With the use of algorithms and automation and taking into account the individual profile of each store, it is possible to improve its energy behavior.

By the use of this special software, the Energy Office has significant environmental and social benefits such as:

- Further reduction of the Bank's Environmental Footprint through targeted actions
- Improvement of thermal comfort in branches all over Greece, taking into account the climatic conditions of each region
- Increased ability to diagnose early on excessive energy consumption as well fault diagnosis in the equipment of the building facilities
- Ability to inform employees and customers of the Bank by exhibiting graphs and data on display screens in stores and administration buildings

In 2016, at the "Environmental Awards" ceremony, this software the "GOLD AWARD" in the "Energy Mastering" category.

CSR and Environmental Education

Piraeus Bank consistently invests in the creation and the establishment of a strong corporate culture, with CSR concerns and regular human resource development as main priorities. By giving great attention to its employees and their families, Piraeus Bank operates the camp "Filarakia" for employees' children. The Camping's program is designed in the spirit of the Bank's environmentally and socially responsible philosophy, providing children with multiple opportunities for all-round development, recreation, education and familiarity with key environmental issues and the Bank's values.

On the other hand, environmental education is also provided to both staff and the external community. In particular, educational programs are provided to all employees through e-learning on key environmental concepts and the environmental aspects of their work. Moreover, thematic training on issues such as green entrepreneurship, green products and Environmental Management System (EMAS) procedures are organized for special groups of the public. In 2016, 151 people were trained as Environmental Management Coordinators and nearly 600 people completed environmental e-learning. In addition, targeted training programs were carried out at the Center for Sustainable Entrepreneurship and Development, on issues of energy saving, renewable energy, waste and water management and their financing as well as Green Entrepreneurship and Environmental Banking. The training involved executives of the Entrepreneurship Centers, the directors and managers of the Branch Network and affiliated executives, with a total of over 1,200 people and training mantels exceeding 6,700.

Moreover, two new programs were designed and implemented. With a view to inform both employees and the general public about the Bank's environmental management policy, the first one, the "Green Tips", is a framework/poster with energy saving instructions, placed in all branches and buildings throughout Greece. The program aims to provide staff with energy saving tips and thus, reduce electricity consumption. Furthermore, various blocks, bookmarks, and newsletters are distributed to employees periodically.

The second one, is the placement of Bicycle stands (parking bars). In particular, bicycle bars were placed in three buildings of the Bank. This project aims to strengthen staff environmental awareness but also to affect the wider public on issues on environmentally friendly mobility.

To promote continuous environmental education of the staff, the project entitled "eco-driving" was implemented in 2016 in cooperation with the Renewable Energy Center (CRES). The project had three objectives: education on environmentally friendly, effective cost and safe driving, awareness raising for energy saving and environmental protection for travelling / transportation and diffusion of information about the reduction of the travel cost and CO2 emissions. Employees who attended it, had the opportunity to practice the eco-driving practices and enjoy the results directly on their own car. Figures 6, 7 and 8 depict interesting information regarding the results of the e-learning programme.

Recycling Practices

Recycle bins for paper, ink, batteries and lamps have been placed in all buildings. In 2016 more than 6,500 collections of trash took place throughout Greece. More specifically, the collection of paper, ink cartridges/toners, plastic for recycling is accomplished in cooperation with licensed companies. More than 850 tons of paper were recycled, and more than 27,500 print supplies were sent for reuse / recycling (Figures 9 and 10).

Especially for collections from the Branch Network, paper quantities grew by 17% compared to last year, mainly due to the inclusion of all stores in specific collection projects.

For the collection of small batteries, large accumulators, electrical waste and electronic equipment (including lamps and lighting equipment), the Bank has collaborated with the corresponding licensed collective systems. Figure 11 presents the results regarding the projects of ink cartridges and battery results.

Figure 6.
Source: http://www.piraeusbankgroup.com

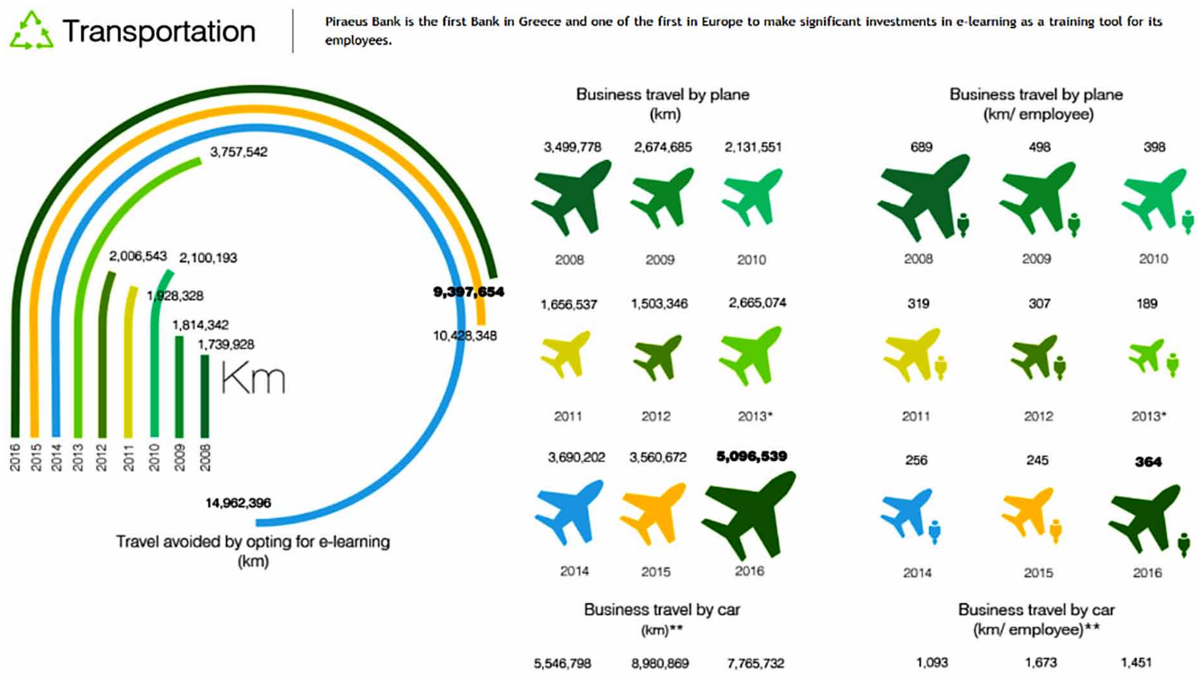


Figure 7.
Source: http://www.piraeusbankgroup.com

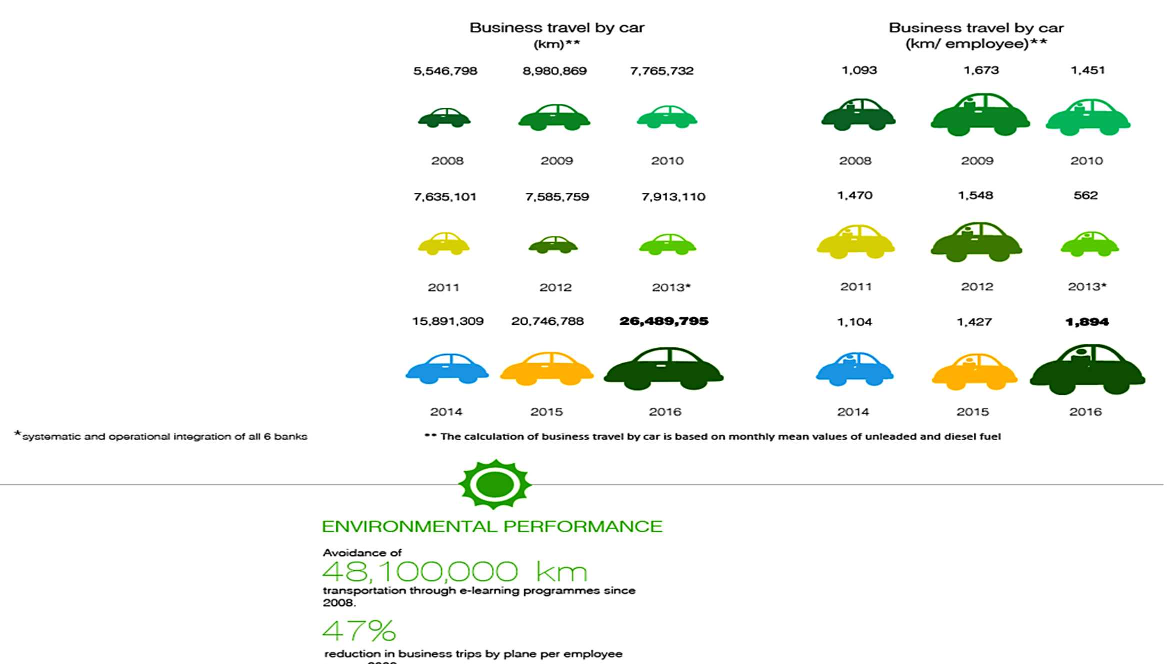


Figure 8.
Source: http://www.piraeusbankgroup.com

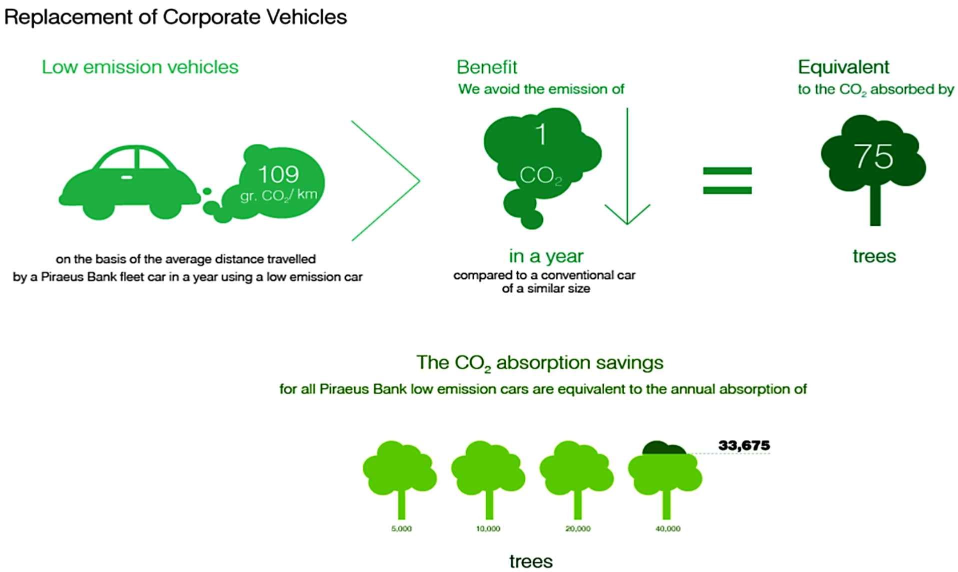
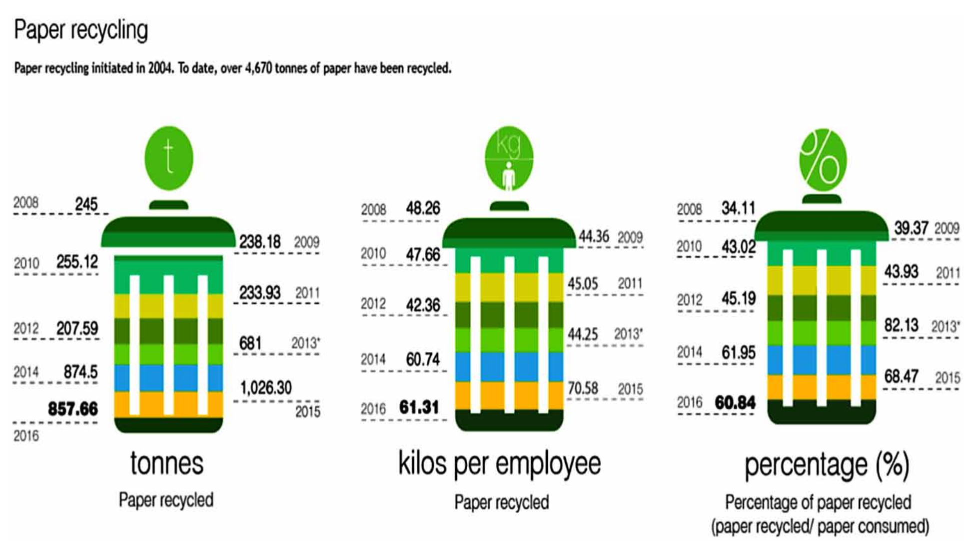


Figure 9.
Source: http://www.piraeusbankgroup.com



Since 2005, Piraeus Bank has incorporated environmental parameters into its overall procurement policy. The bank is constantly collaborating with companies for the supply of certified recycled and non-chlorinated paper. Moreover, all promotional and communication material is printed on paper that rigorously fulfill the FSC (Forest Stewardship Council) environmental certification, in order to contribute to the increasing demand of that type of environmental friendly paper. Specifically, more than 15 million printed documents and envelopes to customers (66 tones) were printed in 2016 on certified paper. FSC

Figure 10.
Source: http://www.piraeusbankgroup.com

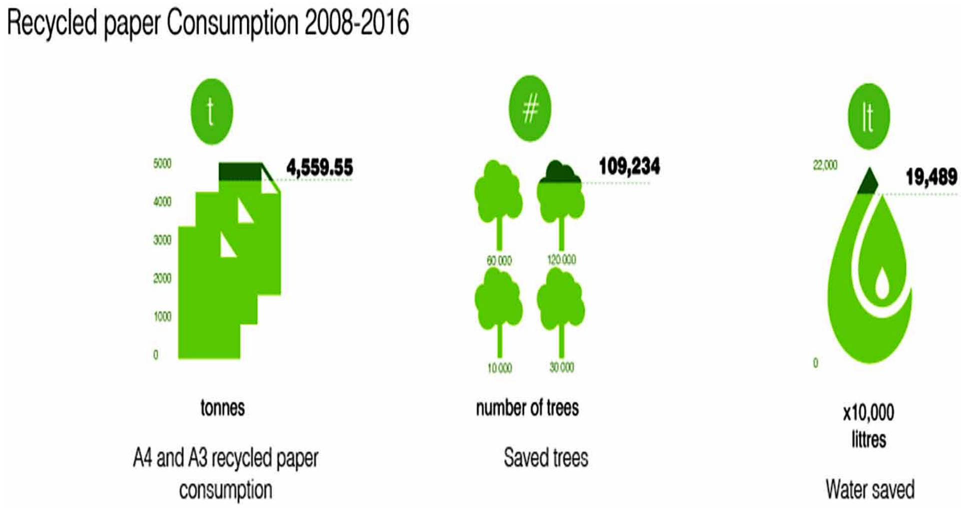
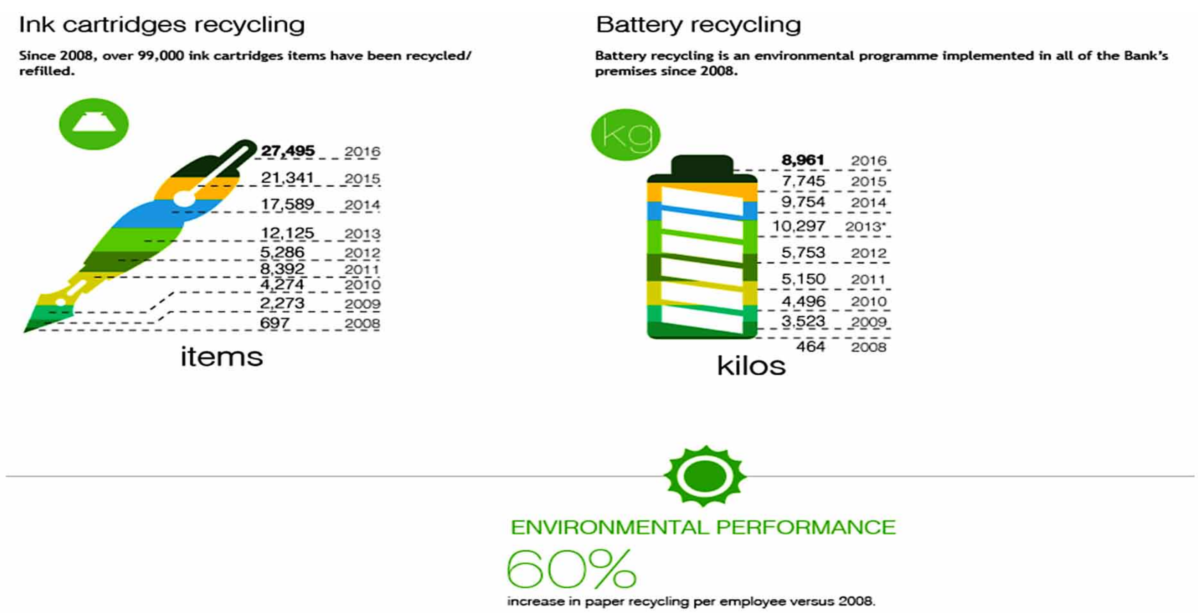


Figure 11.
Source: http://www.piraeusbankgroup.com



certification provides the link between responsible forest management and consumption of products derived from them (such as timber and paper), promoting environmentally sound, socially beneficial and economically sustainable management of the world's forests. Likewise, the use of environmentally certified cleaning products with the environmental certification, recognized by the European Union Eco-Label, has been established as an organizational practice.

With the aim of supporting the local economies and eliminating the transport of materials in order to shrink its environmental impact footprint, the Bank ensures that the supplies are bought by local suppliers at 100%. The only exception concerns furniture and inscriptions for which there is a central agreement of the Group in order to maintain the image of its unified corporate identity.

Voluntary Actions

Piraeus Bank recognizes the importance of sustainable development for society and aims to create added value for customers, employees, shareholders, local communities and the environment, by promoting the value of volunteering with the participation of its employees and members of their families.

The message of volunteering in the Piraeus Bank Group is: "*I share, I participate, I volunteer in initiatives that make the difference in Society, Culture and the Environment*". Operating responsibly and aiming to contribute to the core issues and needs of the society, the Bank supports specialized NGOs with reference to the axes of supporting vulnerable population groups, promoting youth entrepreneurship, promoting fair play, environmental protection, cultural awareness by utilizing the voluntary contribution of its employees. Furthermore, the voluntary actions implemented by the Bank, are related to the needs of the local communities (through the Group's presence and action network) and the interests of the volunteers themselves (through interest research).

Through dialogue with partners and access to open information on volunteer activities, volunteers choose to contribute to essential projects that relate to specific needs and have a significant impact on the lives of their fellow citizens. Moreover, in the context of transparency, the Sustainable Development Report annually communicates both the subject matter and the impact of voluntary actions on society. Piraeus Bank has incorporated the planning and implementation of voluntary actions into Group Human Resource Practices, in collaboration with the Environmental Unit and the Piraeus Bank Group Cultural Foundation. In 2016, the Bank was awarded the golden price in Corporate Social Responsibility, Best CSR Initiative (with employees' involvement) in the HR Awards.

Focused on the Group's vision and values, 118 voluntary actions were implemented in that year, 30 of which in foreign subsidiaries. The total number of participants in voluntary initiatives of the Bank in Greece reached 10,038 (686 of them came from employees of domestic subsidiaries), while in the actions organized by the subsidiaries themselves, 311 employees participated. In terms of Culture and the Environment, 71 cultural and environmental actions were implemented in Greece, utilizing the know-how of the Piraeus Bank Group Cultural Foundation and the Environmental Unit. These actions, which aimed at the thematic awareness of children and adults, involved 2,798 employees and their family members. In congruence with that, the Bank aims to implement future volunteer events, where the number of volunteer employees will rise up to 10,000 for each project.

Piraeus Bank Group Cultural Foundation

Piraeus Bank has voluntarily incorporated social and environmental actions into its business activities and relations with its stakeholders. It continuously adapts the economic, social and environmental impacts of its operation to three main pillars "economic growth - sustainability - social cohesion". A competent committee has been set up, chaired by the President of the Piraeus Bank Group Cultural Foundation. Members of the Committee are Senior Managing Directors and General Managers of the Bank, the Scientific Adviser of the Piraeus Bank Group Cultural Foundation and the Director of the Environmental

Unit. In this context, the Bank contributes every year to programs aimed at strengthening sensitive social groups and protecting the natural environment. In 2016 the contribution to social, cultural and environmental actions, programs and initiatives reached 1.7% of the Group's annual earnings before taxes.

The Piraeus Bank Group Cultural Foundation (PIOP) supports the rescue and promotion of the country's cultural heritage, with an emphasis on craft and industrial technology, and promotes the link between culture and the environment. PIOP is a charitable foundation that is subsidized for its operation by Piraeus Bank. PIOP plans and implements projects and programs that are relevant to culture and the environment while, at the same time, through its actions, it handles a significant part of the Bank's commitments to sustainable development practices. The aim of the Foundation is the functional interconnection and the equitable promotion of culture and the environment through the action program of its Museums in the Greek region. Thus, the Foundation, and by extension the Bank, contributes effectively to the country's cultural heritage.

Some of the main statutory objectives of the PIOP are to:

- Inform society about the need to protect and preserve the traditional cultural character of the country and its natural environment, along with its economic development
- Rescue, record and highlight the country's material and intangible cultural heritage
- Contribute to the cultural and economic development of the country through the research, promotion and exploitation of its cultural heritage
- Protect and manage the natural, residential and cultural environment

To achieve these, the Foundation promotes its goals by creating and managing an extensive network of thematic technologies museums in the Greek region. These museums do not belong to the Foundation or to the Bank but to the Local Government or the Greek State. Moreover, the Foundation is responsible for their effective operation, coverage of their total costs, and maintenance of their buildings and collections. In addition, the Foundation undertakes the implementation of research programs and coverage of research needs of the scientific community as well the publication of scientific works.

Combining the cultural heritage with the protection and promotion of the environment, two of the Foundation's museums are The Open-Air Water Power Museum and the Environment Museum of Stymphalia.

The first one, The Open-Air Water Power Museum, is located in Dimitsana, Peloponnese. The aim of the museum is to promote and mention the significance of water-power in traditional society. It exhibits the main pre-industrial techniques that were implemented in order to efficiently use water to produce a variety of goods. Moreover, visitors can be informed about the history and daily life of the local society over the ages.

On the other hand, the Environment Museum of Stymphalia is located on the slope of one of the verdant hills surrounding Lake Stymphalia. Its main objective is to exhibit the interdependence of mankind and Nature, with special attention on their harmonious coexistence in the Stymphalia basin. Moreover, the museum aims to raise ecological awareness of the society and preserve the knowledge of the region's traditional technology.

“LIFE-Stymfalia”Project

Considering the critical significance of the Stymphalia basin for the sustainable development of the country, Piraeus Bank participated in the European co-financed project “*LIFE-Stymfalia*”. The project team, a pioneering partnership between Piraeus Bank and the Piraeus Bank Cultural Foundation (PIOP), the Municipality of Sikyon, the ECOMM Design Environment, the Prespa Protection Society and the Center for Renewable Sources and Energy Saving (CRES), aims at restoring wetlands of Stymphalia and creating conditions for the refinancing of lake management actions. In particular, the project proposed an alternative funding scheme based on the protection of the lake and the economic exploitation of biomass and other renewable natural resources in the region to ensure the sustainability of management actions beyond the program. At the same time, it is consistent with the Bank’s objectives and commitments to its Environmental Policy regarding the protection and enhancement of biodiversity.

Lake Stymphalia is a unique landscape where the ruins of ancient city of Stymphalia meet with the myth of Hercules. Taking into consideration its ecological importance, the Lake has been included in the European Network of protected areas, Natura 2000. This twofold cultural and ecological identity makes Lake Stymphalia an example of managing natural and cultural heritage.

In the context of “LIFE-Stymfalia” project, the Piraeus Bank Group Cultural Foundation (PIOP) in collaboration with the Greek Ministries of Environment, Energy & Climate Change and Culture & Sports, successfully organized the International Meeting “*Cultural Landscapes in Natura 2000 sites: towards a new policy for the integrated management of cultural and natural heritage*”. During the meeting that was hosted at the Environment Museum of Stymphalia, the project “LIFE-Stymfalia” as well its goals were extensively presented by the Project’s Advising Committee. The International Meeting was completed with a guided tour around the Lake and the Environment Museum of Stymphalia.

In addition, the project “LIFE-Stymfalia” was presented in the “Green Week 2015”, the biggest annual conference on European environment policy, with theme nature and biodiversity. One of the main principles of the conference is that the protection of nature and the maintenance of Europe’s competitiveness are interconnected while at the same time, nature and biodiversity policy are significant factors highly influencing jobs creation and stimulating investment.

The Project Manager of “LIFE-Stymfalia” and Head of the Environment Unit of Piraeus Bank Group, participated in the session entitled “*Is EU nature legislation fit for purpose?*” that set under investigation the key questions regarding the evaluation of the EU Birds and Habitats Directives:

- Is the legislation effective?
- Are the objectives still relevant?
- What is the value added of action at the EU level?

Finally, in the context of “LIFE-Stymfalia” project, a reed bed cutting was implemented in collaboration with the Directorate of Forestry and Municipality of Sikyonion. The reed bed cutting was taken place four times. Local residents and visitors were invited to watch this environmental action from a wooden kiosk in the perimeter of the Lake. In the first time, on the occasion of the info-day “Stymphalia on the road of sustainable development” there was a pilot reed bed cutting where the newly acquired equipment was tested with the participation of its manufacture, coming from the Netherlands. The reed cutting is a crucial action that complies with the environmental management of the Lake Stymphalia and helps the creation of free surfaces for the fish fauna and islets for birds, and for this reason two ornithologists and reed bed experts participated in the whole process.

In the other three phases, the reed cutting was conducted with a slightly different procedure while the purpose was the extraction of scientific data for the future management of the reed and the landscape of the lake. As a result, the cuttings were safely removed, with the use of special collection equipment and then they were deposited in a preselected space where they were composted. In each time 12 acres of reeds were cut.

CONCLUSION

Piraeus Bank constitutes the pioneering Bank in Greece in the field of green banking by implementing the most innovative strategies regarding the environmental protection and sustainable development. In this context, CSR is one of the leading strategies for banks to communicate and finally engage with their stakeholders (Pomering and Dolnicar, 2009). Moreover, CSR decreases potential risks and enhances bank's financial performance (de la Cuesta- González, Muñoz-Torres and Fernández-Izquierdo, 2006). In their study about corporate social-environmental performance in the banking sector, Fijałkowska et al. (2018) made use of 21 main indicators determined by the Directive 2014/95/EU and ISO 26,000. These indicators, that are presented in the following table, testify the extent to which a bank's strategies have integrated the concept and principles of Corporate Social Responsibility.

Table 2. Indicators of CSR strategies

1. Corporate organizational governance
2. Human rights
3. Labor practices
4. Environmental activities
5. Fair operating practices
6. Clients issues
7. Community involvement
8. Business model
9. Risk management
10. Efficiency in energy use/use of renewable energy
11. CO2 emission
12. Water use
13. Air pollution
14. Gender equality/diversity
15. Working conditions
16. Health and safety at work
17. The dialogue with local communities/stakeholders
18. Corruption and bribery issues
19. Codes of ethics
20. Values
21. Procedures against money laundering and terrorism financing (AML/CTF).

Considering the analysis about the case of Piraeus Bank, it should be mentioned that Piraeus Bank complies with all the above CSR indicators related to environmental issues. In particular, Piraeus Bank has implemented CSR strategies related to 4. Environmental activities, 6. Clients issues, 7. Community involvement, 10. Efficiency in energy use/use of renewable energy, 11. CO2 emission, 12. Water use, 13. Air pollution, 15. Working conditions, 17. The dialogue with local communities/stakeholders, 19. Codes of ethics and 20. Values. Moreover, it is worth to be stressed that that Piraeus Bank puts emphasis on additional CSR issues such as 1. Corporate organizational governance, 2. Human rights, 3. Labor practices, 5. Fair operating practices, 14. Gender equality/diversity and 18. Corruption and bribery issues.

Furthermore, taking into account the United Nations Sustainable Development Goals, the present chapter analyzed the Bank's contribution to five out of seventeen goals. In pursuit of Sustainable Development Goal 7 related to the access to affordable sustainable and modern energy for all, the Bank offers a green portfolio of specialized green products/services aiming to promote renewable sources of energy. Moreover, by participating in the Climabiz Project, the Green Banking Portal of Piraeus Bank aims to connect stakeholders interested in that kind of energy sources. In addition, concerning the Sustainable Development Goal 13 related to actions combating climate change and their impact, Climabiz project, considered as the most prestigious strategy implemented by Piraeus Bank, highlights significant business opportunities evolving from the climate change phenomenon.

Concerning resilient infrastructure, sustainable industrialization and innovation promotion (Sustainable Development Goal 9), the Bank has created environmental monitoring programs and software with the aim of improving buildings' performance and also taking advantage of innovative technologies such as big data analytics, in order to ensure sustainable consumption of energy sources (Sustainable Development Goal 12).

Finally, taking into account the 15th Goal of Sustainable Development about the protection and promotion of the sustainable use of terrestrial ecosystems, "LIFE-Stymfalia" Project contributes to the restoration of wetlands of Stymphalia and the creation of the appropriate conditions for the refinancing of lake management actions.

The importance of environmental ethics for businesses is rather critical since it allows organizations to contribute to the welfare and sustainable development of the global community, while at the same time they can strengthen their brand image and reputation by being recognized as socially responsible organizations.

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Chapter 7
"More Than a University": The Impact of CSR Initiatives on Business Students' Perceptions as Future Managers

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EXECUTIVE SUMMARY

Given that research into attitudes to responsible management in education is still in its infancy, this chapter explored business students' experiences in relation to award-winning corporate social responsibility (CSR) practices of their university and mandatory curriculum on responsible management, based on the United Nations Principles of Responsible Management Education (PRME). Drawing on a qualitative study, focus groups were conducted with 107 students who were asked about their awareness, perceptions, and impact of the ethical, environmental, and social practices that their university implements. The findings suggested strong awareness and pride of its ethical standards, while many students' choice of university was influenced by their institution's sustainability practices. However, while students enjoy an immersive experience in CSR and ethics education, some doubted that this prepares them to face ethical quandaries in the real world. The chapter highlights a number of important orientations for the future development of university curriculum in relation to CSR.

INTRODUCTION

In light of the financial meltdown that begun in 2008 and the numerous corporate scandals, the loss of ethical and corporate values has enforced business managers and leaders to become aware that what they do has an impact on society and the environment (Caroll & Brown, 2018). Universities now have a crucial role to play in optimising the way society is managed and in attaining the objective of ensuring major improvements in people's lives. However, as higher education is becoming a highly competitive industry and a diversified sector, it becomes important for universities to reinvent themselves in response to new challenges and opportunities. Today's strong universities stand out by their ability to follow their vision and to preserve their identity, even amid significant shifts on the global higher education market (e.g., the increased internationalisation, marketization, deregulation of universities) (Burcea & Marinescu, 2011).

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Facing increased competition, universities have now further realised the role of responsible management education and CSR, as a powerful source of competitive advantage (Melewar & Akel, 2005). The implementation of socially responsible initiatives by universities, depicts an improvement in the management of the institutions (Loureiro & Gonzalez, 2012), thus serving as a catalyst for future professionals that leads to future changes worldwide. From this view, students’ perceptions and experiences with regards to CSR represent a valuable input for universities, in order to develop sustainability and responsibility marketing strategies adapted to improve student satisfaction, attract new students and prevent student withdrawal (Vázquez & Lanero, 2016). This realisation has been reflected in the way that CSR and ethics are communicated and taught in business schools. Whilst sceptic perceptions of business education suggest that it is inadequate to take on the challenges facing future business managers (Ghoshal, 2005; Kashyap, Mir & Iyer, 2006; MacLellan & Dobson, 1997; Pfeffer 2005), numerous other scholars consider that it is necessary to give greater importance to ethical values and CSR policies in universities (Arlow, 1991; Bampton and & 2005; Block & Cwik 2007; Gaa & Thorne 2004). The main rationale behind such favourable arguments towards CSR-oriented values in universities, is that education is a key driver of students’ moral and ethical development and that the students of today will become the top managers and policy makers of the future (Armstrong, Ketz & Owsen, 2003; Williams, Agle & Gates, 2018). Business schools are faced with an increased responsibility to produce graduates who act in an ethical, transparent and responsible manner and instigate ethically acceptable operations when joining or creating a company (Cornelius et al. 2007; Pfeffer and Fong 2004; Waples, Antes, Murphy, Connelly & Mumford, 2009; Wymer & Rundle-Thiele, 2017).

Having recognised that students need a more thorough understanding of CSR and business ethics, one of the largest modern UK HE institutions heavily relying on practical action to responsible management education is the Faculty of Business and Law of Manchester Metropolitan University (Manchester Met). Manchester Met aimed to differentiate itself and thus generate a competitive position through a combination of high quality responsible management education and social responsibility practices. In 2010, Manchester Met affirmed participation to the United Nations’ Principles for Responsible Management Education (PRME), a series of principles that encourage practical action to incorporate business ethics, environmental and sustainable development issues within curricula and student engagement activities. Since then, the Business School’s mission has been to develop socially and environmentally responsible early-career professionals for successful careers in management. The Business School building exceeded the ‘excellent’ rating of the Building Research Establishment Environmental Assessment Method (BREEAM) - the world’s leading sustainability assessment method for master planning projects, infrastructure and buildings - and had been acknowledged through a number of awards, including No1 Greenest University by the People and Planet League. Other initiatives included the launch of the Sustainable and Ethical Enterprise Group, the recognition of the Centre for Enterprise as a Centre of Excellence by the Institute of Enterprise and Entrepreneurs. As part of its commitment to PRME, Manchester Met initiated a series of lectures and dedicated modules (such as, ‘Business Ethics and Sustainability’ ‘The Responsible Marketer’, ‘The Responsible Accountant’ and ‘Responsible Enterprise’) delivered to all management undergraduates and postgraduates introducing them to Responsible Management, aiming to develop deeper understanding and appreciation of CSR. All of the Faculty’s programmes, postgraduate and undergraduate, now have as one of their *compulsory* learning objectives an intention to make students aware of the importance of CSR, sustainability, and ethical issues in modern business practice – all drawing on the UN Global Compact and the PRME Initiative.

The PRME initiative is essentially a learning platform, and the most solid project to inspire and champion responsible management education and research globally (Alcaraz, Marcinkowska & Thiruvattal, 2011). Although based on a voluntary basis, PRME’s main premise is that it seeks to develop future leaders by giving them the insights, skills and competencies to deal with the complex challenges faced by business and society in the 21st century (Waddock, Rasche, Werhane & Unruh, 2010). Manchester Met has redefined the type of education on responsible leadership and sustainability by creating pedagogies and education approaches that create a deeper understanding on key sustainability-related issues and to learn from the real-world challenges of existing managers. PRME also focuses on working with diverse working groups on poverty and management education, human and labour studies, ecological sustainability, and sustainable leadership in the era of climate change. The six principles of PRME are shown in Figure 1.

Despite the magnitude of these unique practices that Manchester Met had initiated, there was a lack of empirical research into exploring students’ attitudes toward these principles. More importantly, little research has yet been conducted into business students’ perceptions of CSR (e.g. Alonso-Almeida, Fernández de Navarrete & Rodriguez-Pomeda, 2015; Cowton & Cummins 2003, Lämsä, Vehkaperä, Puttonen & Pesonen, 2008), whilst no attempt has been made to explore business students’ experience who are exposed to compulsory responsible management education. Even though many studies have reported an increased use of responsible principles, policies and techniques in different industries, there has been at the moment very little research reported on the application of CSR into educational institutions around the world with calls for a more intense attention in the higher education sector (e.g. Sánchez-Hernández & Mainardes, 2016; Tormo-Carbó et al., 2016; Vázquez, Aza & Lanero, 2016).

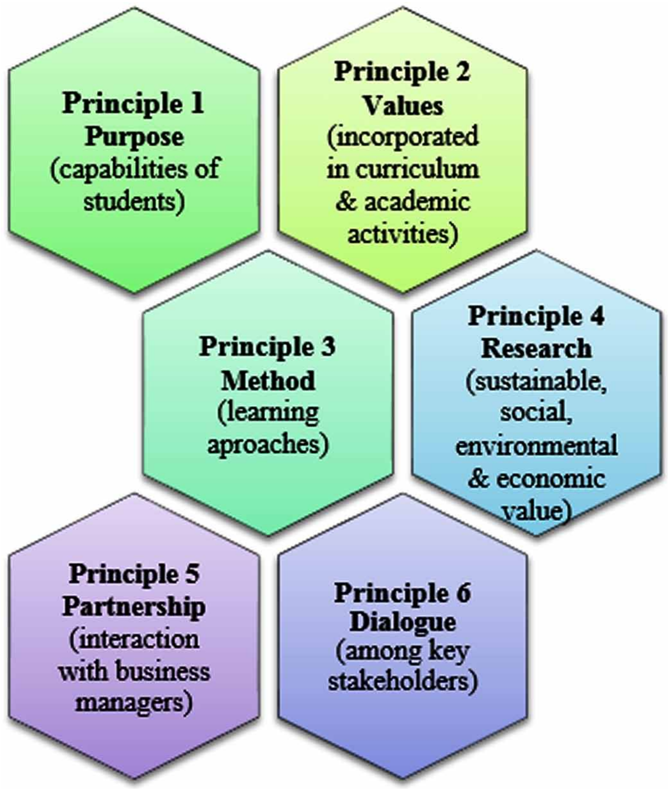
Given that research into attitudes to CSR in education is still considered to be in its infancy, this chapter aimed to shed light on a number of issues. The study’s main aim was, therefore, twofold. Firstly, to illustrate Manchester Met’s overall CSR strategy as an example of best practice and secondly, to analyse awareness, perceptions and overall experience in relation to the CSR initiatives, amongst its business students. Drawing on a qualitative study, focus groups with 107 were conducted, seeking to explore awareness, perceptions and impact of the ethical, environmental and social practices of their University, as future business leaders.

Considering the strategic importance of this issue for research and practical aspects, as well as being a top-priority topic in European Union’s business strategy (European Commission, 2014), this chapter has significant implications. It is hoped that Manchester Met’s practice and sharing students’ experience of this practice, as reflected in this chapter, will encourage more HE institutions to attempt to shape students’ perceptions in CSR as future managers.

BACKGROUND: RESPONSIBLE MANAGEMENT EDUCATION

CSR, generally defined as an organisation’s discretionary involvement in practices that appear to further economic, societal, and environmental well-being (Caroll & Brown, 2018; Kotler & Lee, 2005), has become an increasingly important issue for HE (Aber, Kelly & Malroy, 2009; Savitz & Weber, 2007), as more and more institutions engage in implementing sustainability programmes in their agenda and curricula (Barber & Venkatachalam, 2013; Macfarlane & Ottewill, 2004; MacVaugh & Norton, 2012). Business schools have been leading this implementation of socially responsible initiatives with the goal of educating future leaders, managers, and workers who will ultimately engage with environmental, so-

Figure 1. Principles for responsible management education
(UN, 2018)



cial, and economic systems throughout their careers (Barber & Venkatachalam, 2013; Savitz & Weber, 2006; Stubbs & Schapper, 2011).

Interest in ethics education and in promoting ethical attitudes of business students who are likely to be future managers has been growing; yet research remains far from reaching a thorough investigation on a global scale (Borkowski & Ugras, 1992; Jennings, 2004; Teixeira, Ferreira, Correia & Lima, 2018). The rationale for this interest has mainly been the several corporate scandals that have occurred in the past few decades, making business schools around the world seriously contemplate on the role of business education in relation to such phenomena. The pathologies of the capitalistic system have resulted into a growing perception that business school education is inadequate to address the challenge of instilling ethical behaviour among future business professionals (Baetz & Sharp, 2004; Kashyap et al., 2006). In fact, many early scholars who criticised the inclusion of business ethics in University curricula have raised questions on the influence of ethics instruction on subsequent individual behaviour (Vogel, 1987), and on whether teaching morality actually makes business students more moral, since moral character is formed earlier in life with the home being the key to moral education (Kristol, 1987). Contrasting arguments suggest that Universities are not only educational services providers, but also shapers of identity with major responsibilities to the nation and to the wider world (Sullivan Mort, Weerawardena & Carnegie, 2003). Yet, although there are studies investigating the impact of social responsibility on corporations' operations, relatively few studies examined CSR practices in relation to HE institutions. Studies that have been conducted around the world and investigated student perceptions on CSR in general, have failed to focus on investigating students’ views about CSR activities of their *own* HE institutions (e.g. Panwar, Hansen & Anderson, 2010; Sobczak, Debucquet & Havard, 2006). The impact that intense CSR-oriented education has on students’ perceptions and experiences, remains a heavily under-explored research topic.

Research into students’ perception of the concept of CSR around the world has illustrated a gradual development of a favourable perception of the subject in recent years (Wright & Bennett, 2011). Students have a growing concern about CSR, which was reflected in two surveys that the Aspen Institute Centre for Business Education, conducted over the years (2003, 2008). This programme (Aspen BSP), surveyed MBA students across 15 business schools about their attitudes towards the relationship between business and society. Findings showed an increasing favourable change in the students’ perception of CSR between the earlier and the later survey (Aspen Institute 2003; 2008). Students in 2008 felt more prepared for managing values conflicts than those in the 2003 survey and that they were given more opportunities to practice ethical/responsible decision making as part of their MBA. Students in the later survey were also more likely to make a connection between good corporate citizenship and a stronger, healthier community, with students being more interested in finding work that offers the potential of making a contribution to society.

Studies around the world that investigated the effect of business courses on students’ attitudes on CSR, revealed an overwhelming preference of students who valued the stakeholder model of the company more than the shareholder model. For example, a study on Finnish students exploring the influence of business education on students’ attitudes found that these were more aware of other stakeholders, besides shareholders, compared to business students in the Aspen ISIB sample (Lämsä et al., 2008). Achua’s study (2008) amongst American undergraduate business students examined their CSR orientation and their attitudes toward courses that exposed them to the concept of CSR, revealing that the vast majority of the students had a high CSR orientation and believed that companies’ responsibility goes beyond an exclusive concern for their shareholders’ interests. Of note, is that among students from the United Kingdom, Canada, and Australia, women were found to be more sensitive to CSR issues than men, particularly in relation to environmental issues (Arlow, 1991; Hudson & Miller, 2005). Conversely, other studies (e.g. Brijlal 2011; Kolodinsky et al., 2010) found no differences in terms of gender or race between attitudes to CSR nor in the perception of the need for social responsibility between male and female students. Nevertheless, Wang and Juslin (2011), in their study among undergraduate students from Chinese universities, found that Chinese students have a neutral perception of CSR, showing that cultural aspects may be a key determinant for students’ perceptions. A unique study into ethical judgement in tertiary education in Cyprus (Zopiatis & Krambia-Kapardis, 2008), investigated the violation of school regulations, selfishness, cheating, and computer ethics that describe students’ ethical judgements in the academic environment, showing that students exhibit the lowest tolerance with ethical issues relevant with selfishness and highest with issues relevant with computer ethics; however, the study did not specifically analyse CSR perceptions.

Of importance is that a stream of studies showed that when business students are exposed to ethics via their University curriculum they appear to have significantly different perceptions of what should be the ideal linkages between organisational ethical practices and business outcomes (Luthar & Karri, 2005). Even small-scale ethics programmes into business school curriculum has been found to have positive effects on students, mostly on female students (Ritter, 2006). Contrary, other studies (Bennis & O’Toole, 2005; Boyce, 2008; Felton & Sims, 2005) note that students generally do not appear to apply what they learn in their business ethics, or sustainability courses to their subsequent professional lives.

An explanation of this contradiction might be because CSR issues are typically addressed in stand-alone modules (i.e. electives), whereas mainstream business courses are still taught with a heavy emphasis on narrow business values (Rasche, 2010).

This intensive and compulsory exposure to responsible management in the curriculum is what Manchester Met attempted to achieve, in order to influence perceptions of an ideal ethical climate. Instituting an ethics curriculum and incorporating a range of CSR initiatives, Manchester Met Business School (BS) aimed at enhancing moral awareness and reasoning. Numerous accreditations are promulgated within the higher education and business school contexts and a number of these relate to, or have aspects that relate to, ethics, social responsibility and sustainability. For example, the Manchester Met BS has become a member of the Association to Advance Collegiate Schools of Business (AACSB) in 2016, an accreditation that presents ethical decision-making strategies and important ethical values to be taught to students for consideration in business decisions, clearly showing that business ethics *can* be learned and trained. Formerly, in 2010, Manchester Met BS had become an advanced member of the UN PRME initiative, with a view to establish a process of continuous improvement among institutions of management education and develop a new generation of business leaders capable of managing the complex challenges faced by business and society in the 21st century (www.unprme.org). Yet, since 2010, there was no attempt on an institutional (or national) level to empirically assess its impact on students' awareness, experience, and perceptions. Although there is evidence from extant literature indicating that PRME is based on the implicit assumption that management education works to promote change in understanding, attitudes, and practice among learners (Waddock et al., 2010) and that faculty members are a critical driver for implementing the PRME principles (e.g. Maloni, Smith & Napshin, 2012), there has been no attempt to empirically examine how students perceive such intense responsible management programs, particularly for schools pursuing an advanced, cross-disciplinary level of sustainability integration. In fact, the accreditation of business schools can play a role in fostering organisational change towards stakeholder engagement and engagement with social responsibility and sustainability issues (Blasco, 2011), but we know very little of how learners within business schools perceive such accreditations. As portrayed in more recent research (e.g. Fitzpatrick, 2013; Teixeira et al., 2018), social responsibility is a growing concern in business management, hence, becomes crucial to investigate the perceptions of today's students on this matter, who are the future's employees, employers, and entrepreneurs.

Addressing this gap in the literature, the overall aim of this study was to evaluate Manchester Met's responsible management and corporate responsibility strategy, as mainly dictated by the UN PRME principles, from the students' perspective. The specific objectives were: (i) to identify the level of awareness of Manchester Met's commitment to PRME amongst its business management students, (ii) to explore how the CSR principles of Manchester Met, as dictated by the UN PRME, and CSR practices are perceived by its business management students, and (ii) to investigate the impact of these principles among its students' attitudes and activities as current and/or future managers. The following section presents the initiatives that Manchester Met has initiated in the past decade, both in its business strategy as well as in its curriculum. After presentation of the university's practices, the study that aimed at evaluating business students' awareness, experience and perceptions is detailed.

THE CURRENT STUDY

The Faculty of Business and Law at Manchester Metropolitan University affirmed commitment to Responsible Management Education and the six PRME principles in 2010. In 2012, the Business School moved into a £75 million teaching and research building, designed to utilise the environmental resources available on site and used a range of active and passive environmentally sustainable features, which include:

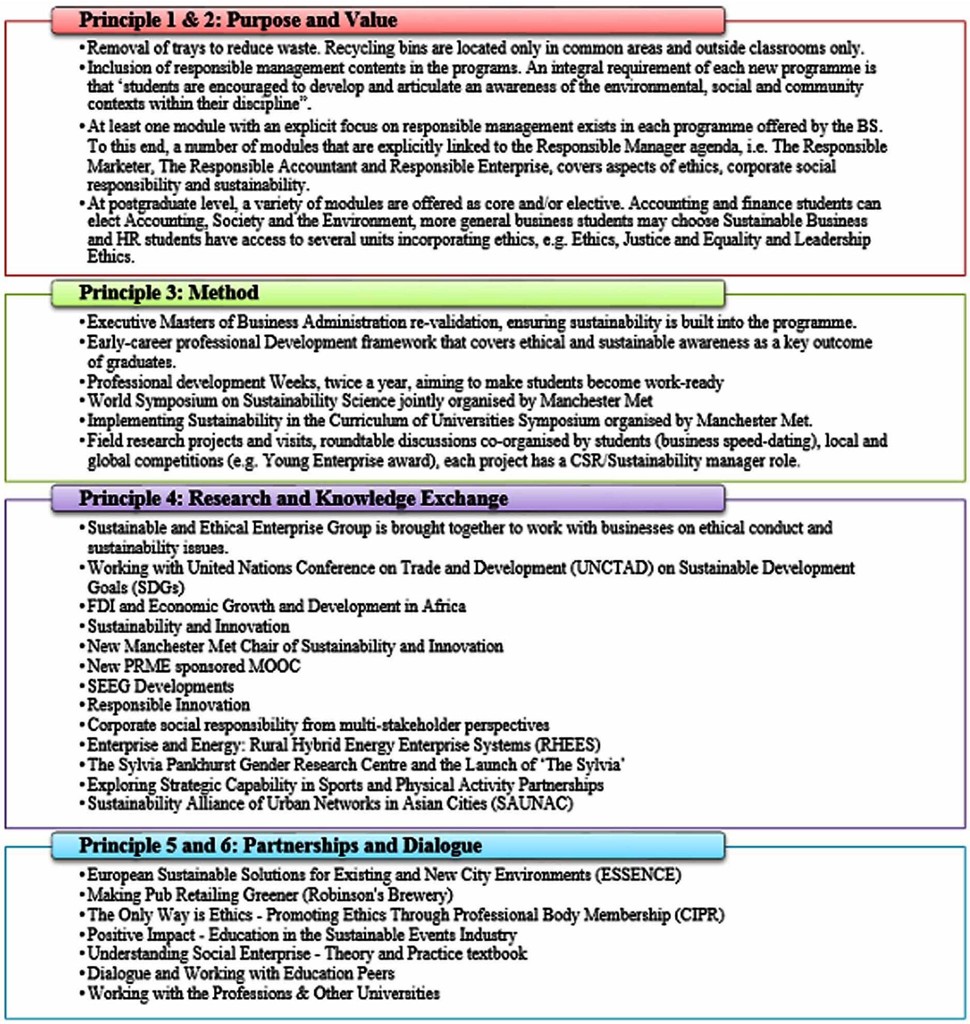
- A green roof comprising of 650m2 of biodiverse sedum blanket that provides a habitat for birds and bees, absorbs rainwater and pollution and provides a green space in the city.
- The cool slab concrete system uses ground water to heat and cool the building.
- The building uses a lot of natural light and energy efficient lighting. Lights are motion-activated and switch off automatically.
- Solar panels are installed on the roof and generate electricity for the building.
- Rainwater harvesting reduces demand on the mains supply.

Based on its Green impact, the building won two Green Gown 2012 Awards (UK and International) in the 'Continuous Improvement: Institutional Change' category. The University was named as the Greenest University in the UK, topping the 2013 People and Planet league table of 140 universities for environmental sustainability and performance, while it maintained a top three position since 2013 in the 'People and Planet' rating for its sustainable credential. Key awards and achievements are summarised in Table 1. Further, the University's commitment to Responsible Management Education and the six PRME principles is summarised in Figure 2.

Table 1. CSR awards and achievements of Manchester Met

Best reuse project in 2017	● Give it don't bin it campaign – CIWM ● Sustainability Resource Award ● 291 students certified as carbon literate, 14 students and 7 staff became trainer certified
Carbon Literate Union	The Union became the first carbon literate students' union in the world
Donations	212 tonnes of unwanted items donated to charities
Gold standard	● Award Travel Choices Accreditation Scheme ● 8.8% of staff cycle to work ● 193 bicycles purchased through the Cycle to Work scheme ● 52% of vehicle fleet is electric or low emission ● 25.9% single person journeys to work
Fossil Free	● 6.8% of our electricity consumption from renewable and low carbon on-site generation ● 185 tonnes of carbon emission saved annually by committing 9 energy efficiency projects through the Salix Energy Efficiency Loan Scheme
Recycling	● 48.6% reuse and recycling achieved ● -34.3% carbon reduction achieved
Food	● Silver level - Food Made Good ● Highly Commended - Green Gown Awards 2017 – MetMUnch student food network (Enterprise category) ● First UK university to achieve the new and more challenging standard of ISO14001: 2015 international environmental management system certified ● Fairtrade University status maintained ● Accredited NUS Responsible Future

Figure 2. Overview of the PRME activities by Manchester Met BS (2012-2017)



METHODS

Recent arguments (e.g. Bass & Milosevic, 2018; Cohen & Simnett, 2014) claim that despite its significant contribution thus far, qualitative research is underutilised for studying CSR. The vast majority of studies exploring student experiences on business education have been heavily relying on quantitative surveys (e.g. Macfarlane & Ottewill, 2004; Teixeira et al., 2018). Qualitative methodology was deemed as appropriate for this study as it sought to investigate how key informants perceive and understand CSR initiatives and their impact in their current and future professional development. According to Taylor and Bogdan (1984), the qualitative researcher is interested in *perspectives*. Thus, taking into account that this study's key objective was to reveal perceptions and thoughts of students in relation to CSR-initiatives of their institution, qualitative research provides a flexible and useful research tool, which can offer a rich and detailed, yet complex, account of data (Goodyear, Barela, Jewiss & Usinger, 2014). At this juncture, the main goal was to elicit relevant perspectives by asking students, who are exposed to a mandatory CSR-based curriculum and multiple University initiatives, to talk about their perspectives from their experience in studying at Manchester Met.

Qualitative research, as subjective in nature, which focuses on the subjects’ own interpretations of an experience through narration, does not permit the testing of theory nor produces generalisable findings (Gill, 2004). For this reason, we excluded concerns for validity, reliability and objectivity and we focused on increasing the trustworthiness of the study using four criteria (Lincoln & Guba, 1985). Firstly, credibility, instead of internal validity, allowed an authentic representation of the students’ experiences by giving them the space and freedom to express themselves in relation to their exposure to responsible management education. Secondly, transferability, instead of external validity, which implies the applicability of findings, for instance, in other contexts. As the later discussion shows, there are indeed similarities between the findings of our study with other studies in different countries on students’ perception to CSR and responsible management education. Thirdly, we considered dependability, instead of reliability, to minimise the researchers’ idiosyncrasies. This required employing techniques, such as peer review, prolonged engagement, reflexivity, to assess whether, if the study was repeated, in the same context and using the same methods and the same participants, similar results would be obtained. As the researcher was employed by the University, the concept of ‘bracketing’ was employed, which involves reflecting on conscious presuppositions prior to analysing the data to ensure these presuppositions did not affect the interpretation of the data. Finally, confirmability instead of objectivity, involved a sense of researcher self-criticism, in relation to changing the scope and labels of the themes presented later in response to discussions among the researchers of this study. The change of scope and labels was facilitated through a systematic reading and rereading of the interview transcripts, as opposed to the creation of researcher distance and non-involvement.

As the purpose of the project was to investigate student awareness and experiences over the course of their studies, undergraduate and taught postgraduate students were targeted. In the research process, seven focus groups were organised (six undergraduates, one postgraduate) with 107 students, representing an overall 25% of the overall student population of their dedicated Programmes. These consisted of between 10 and 17 students and comprised of 84 undergraduates (29 from Year 1, 30 from Year 2, 25 from Year 3) and 23 postgraduates, all from the Business School (BS) studying Business Management and MSc Management. Students’ age ranged from 18 to 29 years old, with 58 males and 49 females. The selection of students was made from compulsory responsible management classes, such as Responsible Enterprise, Business Environment, and Business Ethics and Sustainability and the focus groups took place during class time. This meant that students in the sample had an understanding of the meaning of social responsibility, although not necessarily agree with its benefits. The discussion groups with students were designed to elicit rich, qualitative data providing insight into the social reality of the individuality of student experience.

Each focus group lasted between one and two hours. It was agreed that personal identities would not been revealed. Before posing any questions, students were told of the University’s key achievements in relation to sustainability and were shown the PRME six principles as a picture (Figure 2); they were then asked to reveal whether they were aware of them. However, they were not asked to mention any specific initiatives involved in the six principles. The topics addressed in the discussions were guided by previous literature (Fitzpatrick, 2013; Teixeira et al., 2018). The structured interview protocol first asked general questions about perceived role of ethics and social responsibility in their education, followed by more specific probe questions. The general questions asked informants for their perceptions concerning overall social, environmental and ethical principles of management education. For example, students were asked whether their selection of University was guided by the University's sustainable and ethical accreditations and awards, whether they consider it important for a University to engage in such initiatives, and how their behaviours and motivations as current and/or future managers are influenced from engagement with PRME. Specific probe questions were also guided by previous conceptualisations. For example, students were asked to contrast their experience of being in a socially responsible University with something that is not, such as previous experiences of educational institutions. Uses of 'the contrast principle' are recommended methods in qualitative research and theory development (Taylor & Bogdan, 1984). These probe questions were asked after the more general open-ended questions.

When new informants did not reveal new findings and interpretations were clear, sampling stopped (Benner, 1994). All participants agreed to audiotape the interviews, which were then transcribed verbatim, and provided the basis of analysis. Following each group session, debriefing and formal review of audio data was conducted to ensure the meanings of the discussions were commonly understood. A thematic analysis was used to find common themes that appeared within the focus groups, using six phases (Brown & Clarke, 2006). Phase one, involved the immersion into the research data and familiarisation, by carefully reading and re-reading the transcripts to search for meanings. Phase two involved the production of initial codes from the data. A code could be a word, a phrase, a sentence, or multiple sentences, which represented a distinct thought. These units were then organised into emergent themes, as part of Phase three, comprising thought units that were conceptually similar to each other and different from other thought units, and these emergent categories were given labels. For example, if a few participants said that they were highly appreciative of their University's commitment to community involvement, and others did not place an interest towards their University's socially responsible actions, both would be included in a category labelled 'favourable perceptions of CSR' and 'perceptions that challenged the importance of CSR' respectively. Phase four, involved the reviewing and refining of themes, to ensure that all candidate themes do not collapse to each other. Phase five is about identifying the 'essence' of what each theme is about, and determining what aspect of the data each theme captures. Finally, phase six, involved the final analysis and write-up of the findings and discussion, with data extracts demonstrating the prevalence of each theme.

FINDINGS

Consistent with the study's objectives, the findings are presented in three themes concerning awareness, perceptions and impact of CSR initiatives and the principles of responsible management education (PRME). The findings of the study are summarised and integrated within the sections below.

Awareness of CSR Practices and of the UN PRME

Initially, the students were asked to comment whether they know any key CSR-related achievements, if they have heard of the UN PRME, and whether they knew that they belonged to a signatory school. Out of the 107 students, only three (2.8%) expressed complete unawareness of the principles, and their University's commitment. The rest of the students showed awareness and enthusiasm about key achievements and that they were part of a signatory school, early indicating the social and ecological considerations these students had. Many students emphasised that this was amongst the first things that counted to their University selection, as they were impressed by the institutions awards and emphasis on ethical standards:

I still remember during Induction Week, when they showed us the six principles. It immediately created a sense of pride to be in a signatory Business School. I mean…just by looking at the Building and knowing there are bees and birds in our roof! I still can’t believe it. (Final Year, female, Focus group 5)

Ok don’t ask me what they are, but I know we are committed to the principles. Our tutors won’t stop mentioning it, plus it’s in our exams. We have compulsory exam questions on sustainability, we have guest speakers who mention it, plus it’s impossible to miss the obsession on CSR in the Business School! (First Year, male, Focus Group 1)

My mate and I came to the Open Day and they talked to us about the curriculum and how the program is different from other ones. I still remember that we returned home thinking “okay this is where I want to study. With the bees on our roof, and the solar panels, and the ethical stuff in the modules”. We did a quiz in the Visit Day too on ethical issues and we realised how much corruption is around us, so being in a UN-accredited university matters. It’d be embarrassing not to be aware of it (First Year, male, Focus Group 2)

It was noteworthy that many students across all levels made referral to the concept of stakeholder theory and of key scholars in the field (examples were Edward Freeman and John Elkington) to show their awareness. They showed understanding and appreciation of the stakeholder values, claiming that their education and way of studying makes them realise that *‘investment in CSR is perhaps the most important aspect of a properly managed company’* (Second Year, female, Focus Group 4).

The three students, who showed unaware of the PRME commitment, were further asked about the University’s CSR strategy. They all claimed to know that their programme has a strong emphasis on CSR theoretical models and projects, yet the six principles is something that they ignored. However, they were fully aware of the institution’s Green Impact award. As one of them said ‘*I had no idea, but it now makes sense why all our modules are ecologically and CSR-oriented’.*

Perceptions Towards Responsible Education and Corporate Responsibility

Students were also asked about their interest and overall experience in being involved in a signatory university that heavily invests in sustainable, ethical and social initiatives. They recognised that their awareness on CSR has tremendously been enhanced and that responsible management is now part of their favourite modules. The overall discussions revealed that students from all levels shared a true interest in social responsibility. They have placed significant emphasis on the benefits in relation to employability as most of them recognised that “*we need to be thoroughly informed about ethical matters*”, and that “*employers will look for this in our CV and portfolio*”. They referred to their modules, field trips, guest speakers, case studies, group projects, panel and symposium activities as exemplars of best practices and characterised them as ‘a *useful approach to social responsibility integration into the educational environment’.* One postgraduate female student considered this emphasis on responsible management as ‘*the right and proper way for education’*, while another female student from the same group said that '*the way in which responsibility issues are integrated into teaching gives the course some prestige and priority.'*

A postgraduate student even characterised the University's practices as '*meaningful'* and claimed that with responsibility issues being high on the agenda, her education needs to be aligned with this. Another student, said:

I feel like I'm being prepared to become a corporate citizen. It's great and I'm really enjoying it. Making CSR a core element in my education is excellent for us and for the business community. I want an ethical world and I expect that my education is aligned with it to help us improve environmental, social, and economic literacy of business' (Second Year, Female, Group 4)

The discussion on exposure to ethics education raised some concerns to a few groups. Students in the first year group had an intense debate when they were asked their opinion about responsible education and CSR. When some students became cynical and doubted the need of being ethical leaders, they claimed that some people manage to '*get away with it and become rich by paying to keep governments' mouth shut'*. They also raised concerns of whether they will be able to resist to ethical dilemmas in the future to survive the competitive agenda of the markets. As one student said:

Okay I get it why ethics are important. But look what happened to Tesco and Volkswagen. They are now richer despite the scandals. So sometimes, I wonder if it is worth it. We are been taught that CSR is expensive and yet most companies are unethical. (First year, male, Group 2)

Likewise, a postgraduate student in Group 7, shared concerns that *'there are some real ethical dilemmas in the real world and I I'm afraid that morality can't win at the end, even if you throw all the ethics modules of the world'.* It was then, that a female postgraduate student referred to her working experience and saw that her current manager is acting unethically by *'cooking the books'* but he remains successful.

Other students from Groups 2 and 7, stressed the ethical dilemmas associated with particular professions, such as accountants and CEOs, and admitted that in some cases CSR is '*problematic*, '*costly'* and '*unsure it pays off*'. The question on whether they think that education in the past decades actually had such an emphasis on business ethics, made these students reflect and re-consider. As a first year student said:

I doubt that Volkswagen's CEO has studied ethical theories, models. Now, we are more exposed to such rationalities which involve moral and political choices. I guess if they had a PRME-aligned education would challenge their assumptions about what constitutes good and bad business practice' (First year, male, Group 2)

Many times students referred to Professional Development Week, as an opportunity to boost their business skills and also referred to the multiple stories, examples and representations that their tutors use to represent success and failure, role models and antiheroes in ways that makes them being alert. All seven focus groups ended with a realisation that the course delivery and other initiatives were positively perceived. Their overall perception was that moral learning '*really matters'*, and although it requires persistently challenging students' assumptions about what it means, the business students are conscious of its importance.

Impact of Responsible Education as Current and/or Future Managers

The focus group discussions also involved questions on whether the intense responsible management curricula actually work to bring change in their understanding, attitudes, and practice amongst these students. There was strong agreement among the focus groups regarding the beneficial impact of a CSR-curriculum. The final year students, showed the greatest enthusiasm on social responsibility teaching, with many commenting that their exposure to CSR-based curriculum has changed their own way of living. One student mentioned that it is compulsory for their consultancy project to have a CSR manager role and how this role transformed his way of life:

I am the CSR manager for our Young Enterprise project this year and I found myself researching sustainable ways of creating a product and promoting the product. It’s the best job I’ve ever had in my life. I even now get angry when I see my family not recycling and I get really upset when I see my flatmates wasting so much food. This is how my idea of a food waste app started. (Final Year, Male, Group 6)

The rationale behind final years’ enthusiasm is merely due to their conscious choice of majoring in responsible education. Students in the final year, have the option of selecting from a range of business ethics modules, which intensify even more their exposure towards responsible education. Likewise, the compulsory module in Year 2, Responsible Enterprise, is built upon the PRME principles, which gives them 24 teaching weeks of knowledge of social responsibility concepts and skills to practice within their chosen profession.

Postgraduate students claimed to be more cynical with certain companies after their learning challenged their own habits of mind and points of view. The postgraduate students further referred to a business school field trip component, during which the student’s program exposed them to a socially responsible company. They all claimed that such company offered them examples of ethical and socially responsible behaviour, making them more eager to be ethical themselves and to seek employment in this company, upon their graduation. It was typical when one of them highlighted how the triple-bottom line is now becoming his dissertation topic and his interest in CSR has made him want to pursue to a PhD, so that he can expand his knowledge ‘*and actually make an impact to the field*’.

Many undergraduate students from all levels spoke about actively engaging in volunteering work, and seeking employment only in companies that display ethical values. Exhibiting greater ethical sensitivity was also evident:

I’m now more cynical with some ads I see. I was very naïve two-years ago thinking that Apple was ethical. Bankruptcies, scandals and corruption have changed my perceptions about certain companies. I don’t think now I would want to work for a company that is unethical (Second Year, Female, Group 4)

When a group of final year students won an award for their enterprise project, they commented that during the competition they saw how other universities did not place an emphasis on CSR issues, which they thought gave them the win. It was typical that their attitudes towards responsible education changed their way of thinking:

I am now more grateful to my University, I am now happier and committed as a student and I know I can make an impact as a manager in the future. Ethical-legal practices as well as philanthropic practices will be my priority. I remember being irritated that I had to look five minutes to find the university’s bins, I was so lazy to even bother buying something healthy to eat, but now it’s unconceivable not to! (Final year, Male, Group 6)

IMPLICATIONS AND RECOMMENDATIONS

This study provided empirical findings to understand students’ perceptions on CSR activities of their university and the impact upon their studies and future as managers. Considering that University is a good experience of education, its efficacy can be measured by evaluating its impact on students (Petruzzellis et al. 2006). This approach is consistent with an organisation market-oriented to satisfy students (DeShields et al. 2005) which has implications for other universities on a wider scale. Incorporating intense CSR initiatives and responsible management education in the curriculum, appears to be an appropriate strategy for universities (especially business schools) to implement and to address the problems in the higher education marketplace. In this sense, our findings suggest that CSR, has an important role in promoting student satisfaction and intellectual development, given the overall perceptions that CSR and responsible management modules had an effect on student satisfaction and has met their expectations as future managers.

This study showed that the majority of students showed strong awareness and displayed positive attitudes and perceptions toward sustainability and CSR initiatives of their University. At the same time, they showed that their education had beneficial impact in both their perceptions and in their way of lives, as they referred several times to values, such as quality of life, environmental management, welfare and animal protection, meaning that there are high social perceptions related to CSR practices and responsible education. The findings confirm what is reported in the literature that CSR is increasingly recognised as important to students, with increasing and positive benefits to them (Lämsä et al., 2008 Luthar & Karri, 2005); yet this study did not find any differences in awareness, perceptions or impact between genders as other studies found (Ritter, 2006).

It was noteworthy, however, that many students raised concerns that despite the intense exposure to responsible management education and engagement with the PRME principles, it may not be sufficient when considering the fierce competition in the real world. Therefore, a major challenge for responsible management education is to train business students to think beyond their own self-interest, to resist profit-oriented ideals and be persistent in their moral values. Exposure to active learning and to project involvement – rather than just abstract curricula – is more likely to produce students who resist, collaborate, survive and thrive in the workplace, as already suggested by other studies (e.g. MacVaugh & Norton, 2012; Roehl, Reddy & Shannon, 2013).

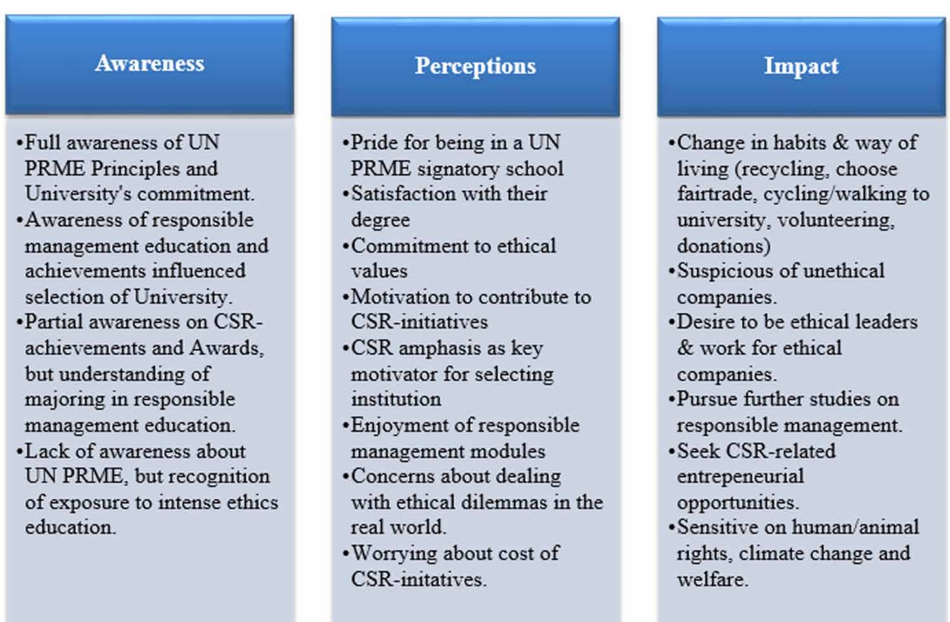
This research has important implications for HE scholars, policy makers and businesses. As shown in this study’s findings, students as future employees, employers, leaders, entrepreneurs and as consumers highly evaluate CSR programs. Especially students from younger generations, as the ones who participated in the study, come from a generation that is more engaged in philanthropic causes and is more likely to research the issues a company supports and the extent to which the company contributes (Hollender & Breen, 2010; Williams et al., 2018). Therefore, it is essential that the opinions and experiences of this generation are taken into consideration, as they will soon become the future workforce. Engaging in communication with the young generation (ie. millennials, generation Y) will help to develop a co-constructed dialogue, to ensure that compulsory, and not optional, responsible education is embedded in all HE institutions. Given that students of this study mentioned several concerns about unethical business practiced, it is also suggested that companies ought to listen to their voices. For example, businesses like Volkswagen, that have been heavily criticised for corporate misconduct, are already showing the beginning of this trend, that when a company is lying or hiding information from its consumers, its reputation and performance are affected almost immediately. The students participants also referred to their consumer roles, therefore, as companies will have to open up, become more flexible and transparent.

Transformation paths towards a more sustainable curriculum and project-based assessments have the potential to shape perceptions and practice of current and future students, via the dissemination of sustainable manufacture and consumption patterns (Roehl et al., 2013; Strayer, 2012). Indeed, young people are potentially very significant agents of change (Alonso-Almeida et al., 2015), and it is particularly vital to understand and proactively anticipate how the sustainable and ethical attitudes of students will grow and how their ethical, responsible and sustainable behaviour will evolve.

CONCLUSION

We began this research with the question on how business students who are part of an award-winning CSR institution experience and perceive their mandatory curriculum on responsible management education. These findings are depicted in Figure 3.The findings of the thematic analysis discussed above align with previous research into students' perception of CSR (e.g. Wright & Bennett, 2011; Aspen Institute 2002; 2007) which shows an influence towards the development of a more positive perception of the subject and its values in recent years. Students in this study attached significant importance to CSR on

Figure 3. Summary of three themes



an academic level, a fact indicated through their awareness and voluntary involvement degree in specific activities related to the concept.

The broad themes we identified (awareness, perceptions, impact), based on an award-winning institutional example, serve to expand and refine our understanding of CSR-based education. For example, we learned that our informants showed highly appreciative of what could be considered as the stakeholder theory and acknowledged that they aim to become ethical leaders, by also contrasting current practices in their workplaces. The students of this study appeared as aware (in their vast majority) and gave insights of how their institution and their education impacted their habits, way of living and perceptions of ethical leadership.

In addition, although the study did not aim to explore variables such as age, gender, academic degree and professional experience of each student, the thematic analysis did not present significant differences in the perceptions that each student has about CSR.

In what concerns limitations of the study, the number of students involved is one important constraint, as it is the fact that the focus groups did not consider demographic factors, which limits the generalisation of the findings. Yet, consistent with qualitative research guidelines (Brown & Clarke, 2006), we emphasised the richness of the qualitative accounts over quantity of data, and on the illumination of the participants’ ‘worlds’. The qualitative interview accepts that researchers’ bias can be an influencing factor in the interpretation of findings, and the inability to generalise, and makes no such claims of generalisability or context-free results in this study. However, in line with guidelines for qualitative research (Lincoln and Guba 1985) we have explained how this study complies with the trustworthy criteria for qualitative research. The findings were developed from the narratives of a diverse group of participants, ranging in age, gender, countries of origin, and experiences of work and life, that allowed us to gain the essence of CSR-oriented education, in the context as they experienced it. Thus, the identified themes are shared by a diverse sample and may be recognisable to and, thus, transferable to other students from other institutions beyond this study with similar experiences (Lincoln & Guba, 1985). Without precluding the possibility that there are other ways in which CSR-oriented education is experienced, the systematic analysis of collective themes across a diverse sample until saturation was reached contributes to the trustworthiness of the data and that the findings will be broadly recognised by other business students. Consequently, future research might include a more extensive and heterogeneous sample, extending to other HE institutions with similar practices and students of different ages and areas, in order to better understand the experiences of these students, as suggested in this chapter, and whether they would lead to different conclusions.

Our findings conclude that using the example of Manchester Metropolitan University, business schools can make someone to be aware of ethical values and can help them to act ethically, and can expose them to important ideas in relation to responsible management education. Business schools can also help students be aware there are social expectations facing businesses, and indeed all organisations. It is this sort of teaching that challenges the shareholder-centric paradigm and should characterise a lot of business school curriculum.

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Chapter 8
Social Responsibility in Higher Education Institutions:
The Example of Mentor Youth Guidance Programme by the University of Nicosia

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EXECUTIVE SUMMARY

Higher education institutions and universities represent a vital part of any society and are continuously faced with numerous new environmental and social challenges. Universities are moving toward corporatization, which calls for them to be good corporate citizens. In order to meet the expectations of the stakeholders, they need to adopt a social responsibility strategy just like other organizations. This chapter discusses how universities could achieve development, sustainability, and competitiveness through applying university social responsibility (USR). It presents a case study of USR, namely UNIC Mentor Youth Guidance Programme applied by the University of Nicosia in Cyprus. The initiative connects university students to at-risk youth, so that they act as agents of social change and mentors. The chapter describes the benefits, long-term effects, and impact of this particular USR activity, both for the organization itself and the various stakeholders.

INTRODUCTION

In the modern era when the world desperately needs to be successful in achieving global Sustainable Development, it is essential that organisations turn their focus on societal well-being rather than just conventional business success. Organisations operate and conduct activities that impact their surroundings (stakeholders, society, and other influenced parties). Are organisations becoming more aware of their impact in society and their stakeholders' expectations? What motivates organisations to commit to

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their social responsibility? These are some of the main issues addressed by Corporate Social Responsibility (CSR) which has been discussed as a concept since the second half of the 20th Century (Mehran et al., 2011). ‘‘Corporate Social Responsibility is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large’’ (CSR: Meeting Changing Expectations, 1999).

Similarly to organisations and companies, social responsibility also applies to higher education institutions and universities. Although their role in any society is vital, resource limitations, political influences and competitive pressures are commonplace with implications for the way in which a university can fulfil its role in society (Nagy & Robb, 2008). The mass expansion of higher education, the decrease of public funding for higher education, the change on how higher education is provided, its internationalisation and commercialisation as well as changes brought by ICT development, are mapped as the challenges that higher education has been facing and have been identified by researchers (Vasilescu et al., 2010; Barbaln, Daxner & Ivosevic, 2007; Eckstein, 2003).

While several observers of higher education argue that a recent change in the higher education system refers to the issue of ‘‘corporatisation’’, the introduction and adaptation of higher education institutions to the concept of social responsibility gains interest (Vasilescu et al., 2010). Universities can no longer fulfil their social responsibilities in isolation from the business sector (Alzyoud & Bani-Hani, 2015; Amorim et al., 2017). Whereas universities have traditionally undertaken activities that contribute to and support communities in which they are located, corporatisation can lead to discourses that draw on parallels between contemporary university and business corporations (Black & Chile, 2015).

Parker’s (2002) research identifies that the traditional role of universities is under threat. He suggests that core values of universities now include financial viability, vocational relevance, industry relationships, market share, public profile and customer/client relations, scholarships, knowledge development and transmission, and critical inquiry have been transformed into exploitable intellectual capital for the pursuit of the ‘‘new enterprise university’’.

Nagy and Robb (2008) raise the question whether universities can be good corporate citizens and discuss the term ‘corporate university’. Their work emphasises that the application of corporate citizenship to universities, serves to highlight the duality of these higher education institutions which operate like corporations, yet have more obvious, historically based, obligations to society. They suggest that as corporations are becoming more aware of the long-term benefits of a societal role for business entities, universities appear to be moving in the opposite direction.

Vasilescu et al. (2010) discuss the shifting from ‘Corporate Social University’ to ‘University Social Responsibility’, by presenting the conceptual framework of Social Responsibility and the university as a special type of organisation which needs to adopt a social responsibility strategy just like the other organisations, in order to meet the expectations of the stakeholders (present and future students, supporters, etc).

This chapter examines the integration of University Social Responsibility (USR) strategies as the means to achieve balance between social roles, needs, responsibilities, the rapidly changing environment and numerous challenges of higher education institutions and universities. By describing the case study of implementation the particular mentoring programme by the University of Nicosia in Cyprus, the chapter provides an insight of how a private higher education institution can implement an innovative USR practice, which goes beyond compliance with laws and regulations for its lawful operation, promotes the Sustainable Development Goals (SDG’s), involves service to society and compliments rather than contradicts the main purpose of the private institution. The chapter will discuss the short term and long term results of the USR practice and explain how its application provides a framework of opportunities for synergies and continuous improvements that benefit the stakeholders and the organisation.

BACKGROUND

The concept of USR, emerged by the need of universities to engage in good practices and respond to their changing social role in a variety of contexts: regional, national, European and Global (Amorim et al., 2017; Christensen et al., 2009). The concept derives from the rich theoretical background of CSR and like in the relevant field, there is little agreement about terminology (Caroll, 1999; Mendez, 2012).

Reiser (2008) defines USR as a policy of ethical quality of the performance of the university community (students, faculty and administrative employees) via the responsible management of the educational, cognitive, labour and environmental impacts produced by the university, in an interactive dialogue with society to promote sustainable human development.

Mendez (2012), in his definition, underlines that USR closely mirrors the concept of Corporate Social Responsibility and that USR asserts that the university manages the broader social and environmental consequences of their actions, beyond the requirements of the legal and regulatory setting in which they operate. He adds that USR provides an approach to science, technology and research in which contributions to the economically disadvantaged are given value and attention.

The work of Amorim et al. (2017), provides guidelines for universities engaging in social responsibility. USR can be broadly defined as the strategic commitment to considering wider society as a stakeholder of the university, and to act accordingly. USR also relates to the identification of more specific groups of external stakeholders, and the pursuit of policies which benefit them, as well as internal stakeholders.

Vasilescu et al. (2010) agree that it is difficult for researchers to settle on a single definition of the USR concept but describe that: ‘‘it is about the need to strengthen civic citizenship, it is about volunteering, about an ethical approach, developing a sense of civil citizenship by encouraging the students, the academic staff to provide social services to their local community or to promote ecological, environmental commitment for local and sustainable development.’’

Most of the current research examining social responsibility of higher education institutions was developed after the UNESCO’s World Conference on Higher Education 1998 which declared that the responsibility of universities and institutions of higher education is not only to educate young people and provide opportunities for them to develop their full potential but also to educate them on how they can apply their knowledge and abilities with the greatest sense of social responsibility. According to UNESCO the welfare of nations is closely linked to the quality and outreach of their higher education systems and institutions. In 2009 the declaration was further reaffirmed by UNESCO, stressing that higher education institutions should perform their core functions (research, teaching and service to community) in the context of institutional autonomy and academic freedom but should also contribute to the education of ethical citizens devoted to the construction of peace, the defense of human rights and the values of democracy (Chile & Black, 2015).

While the rise of social responsibility in higher education is still a fruitful avenue for future research more and more universities around the world are integrating social responsibility in their mission statements including their research and teaching missions, arguing that education is better off when it gives back to the society that is responsible for funding it (Bernnan, 2016). USR entails commitment and engagement within universities, as Resch et al. (2015) describe, it requires knowledge about the needs of external stakeholders (business partners, regional non-profit organisations, associations, local politics etc).

Higher education institutions are progressively expected to be reactive to the needs of society and to engage with a variety of external stakeholders due to their distinct corporate style, ascending from their new operational environment (Naggy & Robb, 2007). According to their role as centres of knowledge and as good corporate citizens, it makes sense to act in ethical and transparent ways as well as to contribute to the welfare of society.

Alzyoud and Bani-Hani (2015) emphasise that similarly to the general principles of social responsibility, USR can be applied to achieve sustainability, development and competitiveness. As Antonaras et al. (2018) highlight, universities increasingly enact corporate social responsibility strategies with the aim of strengthening both their customer and employee satisfaction. Ghobadian et al. (2015) discuss SR as a means to achieve financial success (better business, better regulation, better products and services) and also propose social entrepreneurship as a useful model since it pursues CSR as an end, and financial success becomes the means through which this success is achieved. In their work, Mehran et al. (2011), studied USR of top 10 world universities to discover if world leading universities are concerned about social responsibility and to what extend they are involved and committed in society-relation activities. Their work indicated that world leading universities are committed to their social responsibility and outlined a few ways in which these higher education institutions are served by the application of USR. One example was that it helps universities to discover new ways in which they actively seek to prepare their students to respond to the intellectual social and personal challenges they will encounter through their lives and careers. Another example was the image making of the university. The authors suggest that although this is a justifiable reason to apply USR, and universities were indeed focused on image making at first, their focus progressed and nowadays universities rarely practice social responsibility purely for marketing purposes. They rather integrate it to their strategic direction. In an effort to verify this finding the authors investigated further. They studied the mission statements, values and other contents that were reported in these universities websites. Through them, interestingly enough, it was discovered that most of the studied universities indicated their passion and goal for sustainability and solving world problems. In their conclusions the authors suggest that the application of USR helps these higher education institutions, to form a central charter for public relations, in communicating and creating mutual understanding, managing potential conflicts and to achieve legitimacy.

According to Martin (2015) higher education institutions' core academic activities should underpin the values and principles of social responsibility. In his work he provides a long list of benefits for higher education institutions and universities with regards to the application of social responsibility along with their academic activities. As he explains, the institution/university guarantees academic freedom for its staff and students, widens and diversifies access to education within a commitment to lifelong learning and manages student admissions in a transparent and equitable way using explicit criteria to inform selection decisions and providing formative feedback to unsuccessful candidates. As he describes, the application of social responsibility ensures that public funds provided to support teaching and student fees for the students of these higher institutions and universities, are used for the purpose for which they are provided. Some more examples of benefits are that the application of social responsibility requires that the higher institution's or university's curricula are informed by socially responsible, ethical research and that its graduate attributes incorporate Evidence-Based thinking and decision-making, active citizenship and employability. He adds that the university is facilitated to adopt a learner-centred approach to teaching and student support, ensuring assessment and feedback is used to promote learning. Continuing, he suggests that applying USR facilitates collaborative and independent learning that goes beyond the classroom and into the community. It benefits research, teaching and support for learning, enables international collaborations and supports student and staff cross-national mobility. Lastly, the author explains that USR enforces ethical protocols for research, teaching and related activities.

Higher education institutions and universities can practice the application of social responsibility in a number of ways. Many examples of different types of application of USR that are already taking place, come from European universities. Resch et al., (2015) indicate that the integration of social responsibility in universities and other higher education institutions can be categorised into two clusters: (1) internal policies and government structures and (2) external activities with local stakeholders and targeted groups. Within the European context, recent literature indicates that there has been significant progress in creating a European Higher Education Model of transfer information and knowledge information about the subject, as well as Guidelines for Universities Engaging in Social Responsibility (Vasilescu et al., 2010; Amorim et al., 2017).

Alzyoud and Bani-Hani (2015), point that practicing social responsibility in higher education institutions refers to issues that are important to the public but are within the limits and resources of the institution. The authors mention some general examples, like improving education in the community, pursuing environmental excellence, practicing resource conservation, promoting and pursuing the health of the community, performing community service, conducting research to generate socio economic development and providing guidelines for the development and sustainability of society.

Amorim et al., (2017), list a number of examples of good USR practice across Europe. These include a Junior University reaching out to children in the community, Learning Parks for youth, architectural projects with buildings in the community, lectures for business partners, tutoring or mentoring programmes and institutional examples, such as awards for social engagement by the university, etc.

In the Erasmus+ funded project UNIBILITY-Toolkit for best practices, the authors Resch et al., (2015) showcase USR-practices examples from six European countries, arranged according to five main criteria, those being: (1) research, teaching, support for learning, (2) public engagement, (3) governance, (4) environmental and societal sustainability and (5) fair practices.

The direction of the application of social responsibility in higher education institutions and universities can differ according to how the particular institution defines social responsibility and how the university leaders conceptualise sustainable development. Antonaras et al. (2018), conclude to a framework for the application of CSR in universities. They identify students, society, environment and people as the key stakeholders of a University and explain that, when it comes to CSR, a university's management has to balance the university's mission and vision with the expectations of its key stakeholders. Mehran et al. (2011) and Ghobatian et al. (2015), link corporate social responsibility strategy to human motivation and the notion of balance in organisations and society. The authors conceptualise it as a function of human motivation and behaviour rather than in terms of organisational outputs. Money et al. (2012), refer to a wide range of outcomes relating to human resilience, environmental stewardship, and societal well-being, which can only be achieved if organisations of all kinds work with and through stakeholders, in terms of psychological drivers of human behaviour and behaviour change rather than through a narrow lens of organisational outputs.

In a higher education setting one could find the above approach relating to USR projects that involve students. Amorim et al. (2017) explain that these projects entail the active involvement of students in solving an identified ‘‘need’’ in a community, the clarification of skills or knowledge to be developed and the provision of spaces intentionally organised for reflecting upon the experience. The authors cite Sprinthall (1991) and his strategy of deliberate psychological education and action reflection conditions. The USR projects that involve students, provide the opportunity for taking significant roles in real contexts, balanced with systematic occasions for the careful integration of the meanings of experience, in a context of support provided by professionals, throughout the whole duration of the application of the projects.

Another relevant example of USR, which enables readers to critically examine the emerging concept of a socially responsible university, is a case study of university–community engagement with schools and school communities through a youth engagement programme. The particular youth engagement programme, as Chile and Black (2015) describe, enhances democratic principles in student leadership and raises aspirations for university education for students from disadvantaged backgrounds. Data respondents suggest that university–community engagement produced positive outcomes for the students, the schools and the school communities who participated while the university also benefited in relation to brand recognition and good standing in the community.

USR IN THE UNIVERSITY OF NICOSIA

The University of Nicosia (UNIC) is a private institution of higher education located in Cyprus, an island country in the Eastern Mediterranean. The university has more than 11,000 students from over 70 countries. It is a comprehensive university with over 100 conventional on-campus and online programmes of study. Social responsibility is fundamental to the University of Nicosia and is included in its Institutional Values and Code of Practice. UNIC aims to make significant contribution to society. At the core of the USR initiatives is the institution’s concern and pursuit to bring positive change in six key areas:

1. Access to education
2. Social and environmental sustainability
3. Economic development
4. Investing in people and the community
5. Advancement in research and technology
6. Contributing to informed public debate

The University of Nicosia is well aware that its operations affects other stakeholders, and recognises the impact of its activities on the wider community. It adopts ethical practices in its interactions with society and the integration of social and environmental concerns in its business activities and in its interaction with students, employees and associates, the business community and the wider society. In this context, the Corporate Social Responsibility Report substantiates the social and environmental initiatives undertaken and focuses on corporate social responsibility practices that have been adopted in all key areas of work, students, the environment and the wider society. In its capacity as an educational institution, the University of Nicosia endeavours to fulfill its obligations as a corporate citizen by participating in various activities that contribute to the improvement of society.

A Case of Application of USR: UNIC MENTOR Youth Guidance Programme by the University of Nicosia

In the last two decades there have been sparks of intense academic interest in youth mentoring programmes that focus on providing at risk youth with caring adult relationships (Cooper, 2005). The benefits of youth mentoring to mentors and mentees are well documented (e.g. Bellamy et al., 2005; DuBois et al., 2002; Erdem et al., 2016; Hughes et al., 2009; Miller, 2004; Weiler et al., 2013). Mentoring programmes provide the setting in which these relationships are formed aiming to inspire, nurture, assist, befriend and support protégés, to minimise delinquency, improve school performance and create more opportunities for cognitive and behavioural growth (Baker & Marguire, 2005). Many mentoring programmes are being implemented by universities and research grows on issues regarding how university students perform the tasks of mentoring (Mboka, 2017). At the University of Nicosia the idea of introducing a mentoring programme linked to its USR, was the result of the University's materiality analysis and the SDG's prioritisation process that took place in early 2016.

UNIC MENTOR Youth Guidance Programme connects at risk youth (6-13), with reportedly good potential of development but decreased opportunities for school success, personal and social development, due to increased social challenges faced by their families (e.g. low socioeconomic status of their families etc.), with university students and alumni from higher education institutions. Through the carefully designed procedures of the programme, the student volunteers are selected, trained, supported and supervised to act as agents of social change and mentors. The core belief around which the programme is developed, is that personal development, social integration and academic success are achievable objectives for these at risk youth, who, for various reasons (related usually to their social environment), fail to realise their full potential. This often negatively affects their performance in school or elsewhere. In these cases, mentoring can help decrease the risks associated with the disadvantaged environment in which they live, such as dropping out of school, adopting a negative outlook on life, exhibiting low resistance to negative peer influences etc. While mentoring decreases these risk factors, it also increases the protective factors in the child's life and daily functioning. Mentees learn how to develop positive peer relationships, the motivation for learning increases, they learn to acknowledge their own skills and potential etc. Minimising risk factors and increasing protective factors is required in order to raise the chances of these children to succeed in life and build their own future.

Mentors meet individually with the children for two hours, twice a week. These meetings take place in the community. One option is the child's home (so that the mentor has the opportunity to see the child's life and his family in their home environment), while other options can be the premises of the University, parks, libraries or other places indicated as appropriate by the programme's management. The activities are supervised by the coordinators of the programme, who provide guidelines and in collaboration with mentors, set personalised goals that can be achieved through the activities during the mentor's meetings with at risk youth. The programme specifically requires various mentoring activities that meaningfully affect healthy development of youth, promote SDG's, community and civic engagement, offer guidance regarding future training and career, and enhance prosocial skills for at risk youth (e.g. prepare homework, engage in sports, arts and crafts, play games, watch a movie or take a walk in nature, prepare a healthy meal together, visit a museum, meet professionals from various career orientations etc). Group meetings/ activities for all programme members are also organised, in order to provide more opportunities for the development of social skills, team empowerment and self-organisation, increase self-confidence and self-motivation etc.

The programme's structure resembles the shape of a pyramid. It starts with a central office in the University and branches in regions and neighborhoods all over the country, utilising existing structures of municipalities and state. The director of the programme and the programme's clinical supervisor are responsible for the training and supervision of coordinators, who in turn guide the mentors. The mentors are Undergraduate and Postgraduate students from various disciplines.

Throughout its operation, the programme recruited 80 students (mentors and coordinators) in order to support 70 children coming mostly from the Nicosia district, but also from the Larnaca and Limassol districts. A feasibility study was conducted in order to investigate the hypothesis that the student and child mentoring relationships, would not only serve as protective and empowering mechanisms for the children (Duboi et al., 2011) but also positively affect the student mentor's civic engagement attitudes and behaviour (Goldner & Golan, 2017).

Due to the reciprocal nature of the mentoring relationship, it is posited that mentors experience a variety of outcomes as a result of their participation in a mentoring relationship (Schmit et al., 2004; Taussig et al., 2010). In his review of relevant literature, Hall (2003) found that benefits to mentors can be classified in terms of self-esteem, social insight and interpersonal skills. Rhodes (2002) came to similar conclusions in her review of the risks and reward of mentoring youth, indicating that mentors experience improved health, self-esteem, insight into one's own childhood or children, and public recognition.

Thirty six University students participated in the feasibility study as mentors (33 female students and 3 male students). Twenty two of the participants were undergraduate students and fourteen postgraduate students. They were recruited from 10 programmes of study including Psychology, Elementary Education, Pre School Education, Biology, Philosophy, Law, Accounting, Business Administration, School Psychology and Counselling Psychology. Twenty students received practicum hours as part of their programmes of study.

In order to gather the necessary information the study used self-report questionnaires from mentors, parents as well as detailed notes for every mentoring session with child. Students reported that through their mentoring experience, they were able to develop in the areas of self−esteem, interpersonal skills, understanding of childhood and professional skills. Parents reported significant improvement of their children in three key areas, personal development, school adjustment and social skills.

The study concluded that by offering students the opportunity to mentor at risk youth, universities can contribute to the development of civically minded university students, while simultaneously supporting the development of at risk youth in their communities (Masten & Reed, 2002; Dubois et al., 2011) and overcoming the known barriers to community based mentoring programmes (e.g., insufficient number of mentors for youth, failed relationships due to lack of support). Students received course credit and ample training and supervision as part of their course and had the incentive and support necessary to initiate and maintain an effective relationship with these at risk youth (Weiler et al., 2013).

In the case of this feasibility study and despite the limitations of the study (e.g., selection and assignment to the intervention condition was not random) the results were able to show visible effects of youth mentoring on students. Literature on mentoring often suggests that visible effects are not always the case. A particular study by Goldner and Golan (2015) was designed to explore the delayed effect of participating in youth mentoring programmes, training in civic engagement and activism, in a sample of 337 Israelis, 5 to 10 years after serving as student mentors. The findings of the study correlated former mentors' perception of their contribution of mentoring to their civic engagement attitudes and activism. Further, it correlated the perceived quality of training during mentoring with the overall perceived contribution of mentoring and current civic engagement attitudes. A mediation model showed that the perceived quality training was correlated with the former mentors' perceived mentoring contribution. This, in turn, was correlated with current civic engagement attitudes, which themselves were correlated with their current civic engagement activism. The former mentors' narratives revealed their attainment of new skills and abilities, including an increased ability to relate to and understand young children and disadvantaged populations.

The Contribution of UNIC MENTOR Youth Guidance Programme to USR

The following section of the chapter discusses the contribution of UNIC MENTOR Youth Guidance to USR by further addressing issues like the programme's relation to innovation, the mission, values and strategic pillars of the organisation, the SDG's, the formulation of partnerships, the commitment of the organisation, short term and long term social benefits and results.

UNIC MENTOR Youth Guidance Programme was the first formal mentoring programme of its kind ever implemented in the country. When the programme officially became a member to the European Center for Evidence Based Mentoring in 2018 it was the first time that any organisation from Cyprus was included in this network. The programme's collaboration with Perach International, the largest tutoring-mentoring organisation globally, that acts as source of inspiration and practical support for similar organisations that currently operate in over 25 countries worldwide (Perach, 2018), provided the programme with a significant innovative advantage. Moreover, its application did not only serve as a mentoring programme for at risk youth but as an organised USR practice which in 2017 the Minister of Education highlighted as a replicable practice for all other Higher Education Institutions.

The programme is in line with the mission, values and strategic pillars of the University. The mission of UNIC is to put itself at the service to society through the dissemination and application of knowledge, as well as through innovative partnerships with business and civic society institutions. Two of the most important strategic pillars of the university are being further promoted with the application of this practice, namely the *quality education and learning* and the *service to society* pillars. The programme serves the first pillar by promoting students learning and skills building from the students own real life experiences gained from their participation. It encourages a new practicum and promotes the gradual evolution from a teacher-centred learning environment to a more student-centred learning environment. It creates and sustains a stimulating environment where students have ample opportunities to develop their interests, responsibilities and qualities of citizenship. In order for the programme to serve the second pillar of *service to society* and achieve its objectives as well as specific actions of the practice, (ex. the development of a communication mechanism to find the appropriate child candidates and share information about the practice), formal partnerships have been developed with some of the organisation's most important stakeholders. Those are, the State (Ministry of Education and Culture, Schools, Commissioner of Children's Rights), parents' associations (primary and secondary education), non-governmental organizations (Pancyprian Volunteer Council, Pool of Trainers of the Cyprus Youth Council).

On the issue of the promotion of SDG's, the programme is primarily connected to Goal 4:Quality Education, by providing opportunities for education of its members on sustainable development and global citizenship, increasing the number of programme members with relevant skills for financial success and promoting no discrimination in education by increasing school motivation and mentoring for at risk youth. Quality of education is not the only SDG the programme is connected to. By acting as an evidence based preventive programme for at risk youth the programme connects to Goal 3: Good health and well-being. The work of Peshevska et al. (2016), titled Implementing Sustainable Developing Goals by preventing child abuse and neglect, indicates that attention is needed in preventive programmes that are indirectly also contributing to prevention and reduction of child maltreatment. This is in line with SDG 3.5: Prevention and treatment of drug use and harmful use of alcohol. The authors discuss strengthening the systematic approach for prevention, multisectoral collaboration and capacity building. Their findings emphasise the significance of its recognition and funding as an addiction prevention programme for at risk youth in 2016 by state and in particular by the Cyprus National Addiction Authority. The above also link the programme with Goal 16: Peace, Justice & Strong Institutions. More specifically through its implementation and partnership with specific teams in the Ministry of Education dealing with at risk youth at schools, it created a new venue of collaboration for the University and the Ministry of Education for the success of a common goal, to protect children and youth from abuse and violence in schools (in line with Goal 16.2). Within the setting of this new collaboration UNIC became an active partner involved in actions (research and training) which are included in the National Strategy for Combating Violence in schools. According to Goal 8: Decent work & Economic Growth and its 6th target, youth employment, education and training should be promoted. The programme implements appropriate actions for the goal by educating and training university students to act as coordinators and mentors. The programme also provides certificates of participation (signed by the Commissioner of Children's Rights in Cyprus, who has placed the programme under her auspices) and recommendation letters to all successful participants, enriching their curriculum vitae and providing them with an advantage for future employers to consider. Moreover on the correlation of the programme with SDG's, offering more opportunities to children and youth coming from vulnerable populations of the society, reduces inequalities and provides a practical tool on ending discrimination being in line with Goal 10: Reducing Inequalities.

Moving on the issue of the level of commitment of the organisation to the programme, the organisation provides the basic human resources needed by the programme (director, supervisors, coordinators, mentors). All programme members are volunteers except the programme director. The programme has an autonomous office on the premises of the University and is utilising the campus facilities for trainings and meetings. The organisation is also actively searching for collaboration with companies to provide additional financial resources to enable the programme to grow, both in the number of mentors and in scaling to more geographical areas. Among contributors, were a bank, a telecommunications organisation and a local NGO active in support of vulnerable children. They had arranged access for programme members to interactive exhibitions, workshops and group events around the issue of global sustainability. The University included their logos in its brochures, newsletters and announcements in social media. By acting as such the organisation provided further benefits for these companies.

Through its operation, the programme results in short term and long term benefits, for all stakeholders (at risk youth and families, student mentors, the programme's associates, the organisation itself and society at large). Though many of the benefits were aforementioned in other sections of the chapter, it is important to provide a summary of these benefits and discuss the degree in which they were achieved as well as the stakeholder they are connected to.

As the results of the programme's feasibility study indicated, at risk youth and families gained an important ally. Parents reported significant improvement of their children in three key areas: personal development, school adjustment and social skills. More specifically on the issue of personal development parents reported that their children's mood improved, their children expressed less anger and the children's behaviour at home improved. Parents reported that after the participation their children felt better about themselves and that their children's sense of responsibility increased. On the issue of school adjustment the parents reported that after mentoring their children were less absent from school, the children acquired a more positive attitude towards school and that their children are working harder in order to complete homework than before mentoring. As far as social skills are concerned, parents reported that their children enjoyed spending time with their mentors, improved their relationship with their siblings and friends and that the overall behaviour of their children improved.

One can argue that these benefits, which are notable in the everyday lives of the families who participated, will have long-term positive effects as these children grow. It is hypothesised that many years after the participation of these children in the programme, the mentees will deal with their life's obstacles with a more resilient attitude. Also, that the likelihood of the continuation of personal development will increase and that more of these children will continue their studies and result to earning degrees from Universities. It is possible that the experience from their participation had the effect of protecting these children from engaging in the use of harmful substances, increased the long term quality of relationships with significant others and equipped them with social skills that will allow them to form healthier relationships. It is also possible that these mentees will develop to become members of a more socially sensitive society, in which they will be more likely to behave as responsible citizens acting with greater understanding of global sustainable development. Though measuring the long term results as described above is not easy, the University's intention is to find ways in monitoring the life course of these participants (for example collect future registration data from mentees who become new University students).

As far as student mentors are concerned, they reported that through their mentoring experience they were able to develop in the following areas:

- Self esteem
- Interpersonal skills
- Understanding of childhood
- Professional skills

As in the case of mentees, it is hypothesised that also in the case of mentors the above results will positively affect the life course of mentors, their personal development, the quality of their relationships with significant others and their own children, they will be more likely to continue to behave as civic minded citizens long after their participation in the programme and that it will be more likely that they are employed.

As far as benefits for the programme's associates are concerned, their collaboration with the programme creates mutual trust and respect with the University. As UNIC expands, working with UNIC's programme can provide a framework for opportunities and new synergies. Depending on the characteristics of each collaboration and the degree in which associates commit to, brand image and greater reliability from their customers (who in many cases are the same as the university's stakeholders for example students, faculty etc) is a possible benefit. More research can be conducted in the future in relation to associates' benefits from their involvement in this kind of a mentoring programme, depending of the specific characteristics of the business sector in which they are active.

In conclusion the implementation of this kind of a mentoring programme seems to have beneficial short term and long term results for society at large. The benefits of the implementation of the programme for the organisation its self are emphasised and discussed separately in the following section of the chapter.

Business Benefits

Antonaras et al. (2018) argue that the most important contribution of any kind of USR activity to a university, is to facilitate meeting the expectations of the University's stakeholders. The common stakeholders between the university and the programme are the students, common associates (the state, companies, NGO's, the local community), administrative staff, academic staff who support the programme (employees) and the society at large. All stakeholders benefit by the implementation of the programme in the way previously discussed. The University gains by creating stronger bonds and favourable contacts with the local community, its employees, customers and associates.

Brand recognition and good standing in the community is another important benefit. As the programme grows, receiving favourable feedback among many related organisations, so does the university's recognition as a higher education institution with a strong sense of social responsibility that has the means to address an identified need in the community. In the first year of implementation, the Ministry of Education and Culture highlighted that UNIC MENTOR is a remarkable programme, which falls under the category of social prevention, addressing the cognitive, psychomotor and educational needs of the participating children. In 2017 the Minister of Education addressed a letter to all higher education institutions stating that ‘‘the adaptation of the programme by more if not by all higher education institutions, could significantly contribute to the social and preventive strategy of the whole country”.

The implementation of this practice did not require the engagement of large financial commitment. In conclusion the University of Nicosia by voluntarily committing to develop such a practice was able to promote social responsibility and serve the community by simply managing some of its available resources in an even more effective way.

Contribution to research is another key area for higher education institutions. Mendez (2012), discusses USR as an approach to research in which contribution to the economically disadvantaged is given value and attention. In the example of UNIC MENTOR Youth Guidance Programme, the research generated by the programme, focuses on research into practice. This includes scientific work regarding mentoring best practices and sharing of this knowledge with other countries and mentoring organisations in Europe. This contributes to the existing body of research which aims to discover the best practices for mentoring programmes. A new area of research, examining the dual role of a USR practice and the one of a university mentoring programme has also arisen.

Another important business benefit was the promotion of new business opportunities. This was possible due to a collaboration with an external organisation based in Europe dealing with innovation and scaling. This organisation contacted the programme in order to facilitate one of its projects. The related project involved working with European cities and identifying three shared social challenges, searching together for the most efficient and scalable responses and exploring individually their local implementation. UNIC MENTOR Youth Guidance Programme was chosen as an example of a social innovation programme that generated successful responses in the local community and could assist the project by sharing the lessons learned and best practices from its local implementation to scale up the programme in another country within UNIC's geographical region. By engaging in this project the programme gained favourable new contacts in a market which is of strategic and financial importance for the University.

FUTURE RESEARCH DIRECTIONS

Although over the last decade, some important research was conducted on the issue of applying social responsibility to universities and higher education institutions, this is still a fruitful avenue for future research. There is enough evidence in literature discussed in this chapter, to support that applying USR can help higher education institutions and universities face the rapidly changing environment and challenges. USR can be applied in various ways, and focus on different stakeholders, different social, organisation or environmental issues. Future research could provide more insight for each application approach as well as concentrate on examining the benefits arising from mentoring programmes applied by higher education institutions and universities as part of their USR activity. A new area of research, investigating how a USR practice can be developed as a formal mentoring programme aiming for greater impact to society and other stakeholders of a public or private education institution has also risen.

CONCLUSION

As discussed the responsibility of universities and institutions of higher education is not only to equip young people with cutting edge knowledge and education but also to provide opportunities for them to develop their full potential. Educating students on how to apply their knowledge and abilities with the greatest sense of social responsibility is an equally important task. Acknowledging that higher education institutions and universities function in a high-pressure environment in order to responsibly meet the increasing demands and needs of all stakeholders is unavoidable. Applying USR can be the answer on how contemporary higher education institutions and universities can be successful in serving their dual role. The described application of a mentoring programme is an example of a USR activity. The results of its application indicate that it benefits the university to meet the expectations of its stakeholders and increases the university's brand recognition and good standing in the community. Furthermore, it can contribute to research which gives value and attention to the economically disadvantaged and promotes SDG's while being aligned with some of the university's pillars of contribution to society. The described USR activity has the potential to grow in each of the aforementioned areas, increasing its positive impact for both the society and the higher education institution from which it operates. While applying mentoring programmes seems to be a successful way to apply the concept of USR, each higher education institution and university can seek to design USR activities through an interactive dialogue with the relevant stakeholders' local society in which they operate.

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KEY TERMS AND DEFINITIONS

At-Risk Youth: Children and young adults from low socioeconomic backgrounds, whose families are dealing with social difficulties.

Business Sustainability: The process by which companies manage their financial, social and environmental risks, obligations and opportunities, otherwise referred to as profits, people, and planet.

Civic-Mindedness: A way of thinking which motivates the individual to take actions showing concern for the public good or humanity as a whole.

Mentoring Program: A program which creates opportunities for the creation of relationships between older and younger individuals in order to motivate and mentor the youngest in reaching their potential.

Prevention Program: A program designed to prevent negative outcomes and harmful behaviors for vulnerable populations of the society.

Stakeholder: Any party who is impacted in any way by the function the organisation or business (clients, buyers, employees, associates, etc.).

Student Mentors: Undergraduate and postgraduate university students that act as mentors in formal mentoring program applied by a university.

Chapter 9
CSR in Education:
The Case Study of the University of Birmingham

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EXECUTIVE SUMMARY

The chapter will focus on corporate social responsibility in the education industry, specifically focusing on universities and how they can and are becoming more sustainable in accordance to the environment and the way the University of Birmingham is implementing Goal 12 of the UN's Sustainable Development Goals that will be mentioned in further detail. The fast-paced times of today means that there is constant evolution to create new opportunities and to improve our surroundings, so corporate social responsibility can help identify the needs for specific areas in which to thrive in this space.

ORGANISATION BACKGROUND

The University of Birmingham was established in the early 1900's by Queen Victoria through Royal Charter and was one of the first 'redbrick' universities in the UK. Chancellor Joseph Chamberlain founded the university to signify it as a fine example of higher education. It was the first civic university in England and all students with different religions and backgrounds were admitted on an equal basis. The respected architect, Sir Aston Webb, created the first stage of building on the campus that was completed in 1909.

With the Victorian style buildings of the early 20th century, modern buildings have since been implemented and the university now owns 600,000 m2 of building space that exceeds over £1 billion in value. The university holds over 620 acres of land ranging from the campus to spots in the Lake District and Stratford-upon-Avon. The main sites are located in Birmingham, with the 250 acre campus in Edgbaston and the Selly Oak campus located within a mile of it. Other amenities include their own railway station, concert hall, botanic gardens, geographical museum, art gallery and a Student Union deemed one of the largest in the UK. The academic library is one of the most ample in the country and home to a wide range of literature.

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There are over 30,000 students that hail from over 150 different countries (4,000 international students) studying undergraduate and postgraduate degrees, making it one of the largest international student hubs in the UK, as well as Europe. Within six months of a student's graduation, an impressive 96% of students are either employed or in further education. In terms of staff, there are over 3,000 employees with over £0.5 billion in turnover.

The University has been proud to address issues in society and take on new challenges. The National Union of Students has been one of their achievements as founding members and is the first university in the country to be built using the campus model and form a building dedicated to the Student Union. As well as this, they have managed to:

- Offer dentistry degrees
- Create a hall of residence just for women
- Integrate a medical school
- Launch a faculty of commerce

According to an article published by Weiss 2016, Craig Mahoney, vice-chancellor of the University of the West of Scotland in the United Kingdom, it was mentioned that universities "cannot be sustainable without being socially responsible", specifically when referring to exposing all socio economic backgrounds to higher education by obtaining the adequate funding needed to do this.

SETTING THE STAGE

Corporate Social Responsibility covers many areas in business from health and safety to employee well-being to climate change and more. In recent years, its prominence in the workplace has led to increased environmentally friendly actions, with some institutions now taking it a step further by practicing and using CSR in their companies to ensure sustainable measures are taken. The recent trends in taking care of our environment and being aware of our 'carbon footprint' has led individuals and governments to put pressure on said organisations. This is to ensure that they not only become familiar with CSR, but that they take the adequate action to evolve positively when making these changes.

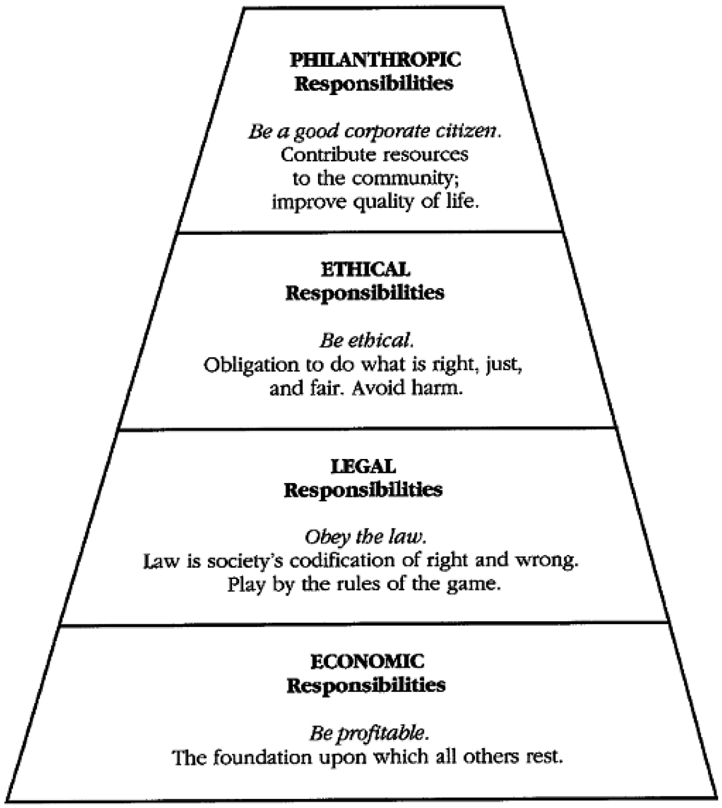
According to the International Organization for Standardization website: ''*Businesses and organisations do not operate in a vacuum. Their relationship to the society and environment in which they operate is a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance.*''

The pyramid below displays the four different components of CSR. The first begins with the notion that the economic responsibilities are the main structures of the building block and 'hold up' the rest. Next is legal, as all businesses are expected to remain law-abiding and professional followed by the ethical responsibilities in 'doing the right thing' and finally, philanthropic responsibilities to improve quality of life, Carroll (1991).

Education in Sustainable Development

The University has six main areas where they focus on teaching sustainable development through a variety of departments:

Figure 1. The pyramid of corporate social responsibility



1. **Life and Environmental Sciences:** A variety of undergraduate courses available in Earth and Environmental Sciences and Geography.
2. **Engineering and Physical Sciences:** An emphasis on energy engineering as well as implementing traditional mainstream engineering. Focusing on topics such as technology and policy, environmental risk assessment, sustainable construction and sustainable development, energy with ethics and renewable energy.
3. **Social Sciences:** Modules on areas such as human rights and global ethics at The Centre for Global Ethics
4. **Arts and Law:** Environmental and socio-economic issues modules are considered and developed at the Centre for West African Studies
5. **Medical and Dental Sciences:** Community based medicine is one of the areas in a variety of courses taught by the Division of Primary Care, Public and Occupational Health
6. **Management:** This section includes components on risk and society, economic development and the environment.

The main focus of activity is at the Edgbaston Campus, followed by the Selly Oak Campus as well as the flagship research facility that will soon be constructed near Coventry. The focus on energy saving to reduce global emissions and the fight in climate changed has put them in the Russell Group of research led universities. A Carbon Management Plan has also been put underway with each of the five campuses producing a separate plan.

CURRENT CHALLENGES FACING THE ORGANISATION AND THE TRANSITION TO SUSTAINABILITY

The positive engagement in local and national community, as well as being an internationally established institution for teaching and research, has enabled the University to formulate a positive impact on sustainable development. Even the Higher Education Funding Council review from 2007 showed that the University is dedicated in its act for sustainability.

Back in 1999, Bosel suggested that since the vast decline in environmental conditions in many areas of the world, human society has recognized sustainable development as a broadly renowned goal. The University is aware of the significance of these sustainable and environmental matters which is why the initiative was launched in the first place. As an establishment of education, the University is taking responsibility for educating students, staff and faculty on the importance of undertaking sustainable practices as well as improving personal performance through leading by example. With this, the Environmental Management System (EMS) has been applied to the ISO 14001 standard to create a more structured method of tackling these environmental impacts. Alta Estate Services Ltd is the company that runs the University's Combined Heat and Power (CHP) based energy centre. As well as ISO 14001, it is also accredited under the ISO 9001 and is currently undergoing approval for the ISO 18001. Sachs 2012 mentions that there has been a great urgency for sustainable development around the world and that is why the idea of sustainable development goals have gained momentum worldwide. With this, he states that although there can be various ways to describe them, they incorporate the triple bottom line approach to the wellbeing of people.

Kates et al 2016 states that there are three main features that signify what should be developed when undertaking these goals – economy, people and society. In particular, over the past years, there has been emphasis on economic development; specifically with employment, wealth and desired consumption provided by the productive sectors. Recently however, there has also been a prominence on human development, especially on goals and values with focus on education, opportunity, life expectancy and equity. Kates et al 2016 also went on to mention that sustainable development has become a social movement where many groups of people all have the same common theme in trying to achieve the same goal in bettering the planet.

With this, the Agenda 2030 set up by the UN '*is a plan of action for people, planet and prosperity,*' as stated on their website. The environmental aspect of this agenda is a global goal and by focusing on the University we can identify the ways in which it is becoming more sustainable, whilst addressing any gaps to make recommendations on how it can raise awareness to become as green as possible.

Koehler, G. (2017) mentions that before the implementation of sustainable development goals, the Millennium Declaration (MD) and the Millennium Development Goals (MDGs) at the forefront. Under the UN development agenda setting, the plan at the time was to innovatively merge the two to form ecological and developmental agendas. Now however, the path has been paved for SDGs and over 190 countries are implementing the Agenda 2030, which already shows the impact and significance of this agenda.

Redo, S. (2017) mentions that the United Nations programme from 2015 includes the 17 SDGs and the 169 targets that are specifically positioned in these groups due to the intra and inter relationships based on the same types of rights (e.g. social justice or property rights) or the same resource base (e.g. oil or water) and so forth. The University is already planning and achieving the goals they have set to ensure positive impacts on sustainability. For instance, they have already achieved their 2020 target of a 20% reduction in carbon emissions from their 2005/6 baseline.

Universities and businesses in general can start small, by simply changing their lightbulbs and refraining from using plastic bags as a first step. They can then evolve to bigger schemes such as growing food, obtaining funds for solar panels and even recycling water. The University of Birmingham concentrates on six different areas to reduce their collective impact – travel, waste & recycling, carbon & energy, sustainable food, nature & wildlife and sustainable procurement. These will be analysed further during the case study. Going digital is also a major way to become more environmentally friendly but can also, in most instances, work out to become more efficient for staff members. Therefore, it is important to identify these stances that are being used not just by the University, but all stakeholders involved in the running of the organisation. The University of Birmingham is also putting pressure on the government to provide them with support to improve their CSR standards. One main project that they are developing is using thermal energy throughout the University. They are also receiving funds to work on ways to advance thermal energy and become leaders in the Thermal Energy Accelerator (T-ERA), which will create thousands of jobs by 2025.

Goal 12: Responsible Consumption and Production

As mentioned by Lu et al 2016, tackling factors such as renewable energy, health, food, water and climate change entails the monitoring and exhibiting on a global scale in a harmonized manner, specifically focusing on economic, social and environmental factors.

Social development goals created by the UN are a great initiative that link in well with this particular project as their overall goal is to protect the planet. This chapter will particularly focus on goal 12 'Responsible consumption and production' out of the 17 main goals that have been implemented. Goal 12 is predominantly aimed at businesses and institutions, with one main objective being to reduce waste and efficiently use resources - this in turn ties in well with this chapter regarding CSR in education. This can be used when further identifying the goals of the University as a whole in regards to this initiative.

Goal 12 aims to ensure sustainable consumption and production patterns and to focus on:

- Reducing general waste by 2030 via reduction, recycling, reuse and prevention
- Sustainably and efficiently managing the use of natural resources by 2030
- Reducing global food waste in the retail and consumer sector by half per capita, as well as decreasing the loss of food along supply and productions chains, specifically in post-harvest areas
- Inspiring large corporation's and enterprises to implement sustainable practices and integrate information on sustainability into their reporting cycles
- Cultivating tools to observe and monitor the development of sustainable impacts that can help create jobs as well as promoting the products and culture of an area
- Promoting sustainable procurement practices in conjunction with local and national policies
- Warranting that there is correct and relevant information regarding sustainability and lifestyles that are in congruent with nature for people worldwide by 2030

- Applying a 10 year framework that focuses on sustainable production and consumption, concentrating on developed countries to lead this initiative and encouraging developing countries to get involved depending on their capabilities and development
- Assisting and encouraging developing countries to reinforce a more sustainable configuration of production and consumption specifically in technological and scientific areas
- Managing waste and all chemicals in a safe way from the beginning of their life cycle, by reducing their exposure to water, soil and air in order to minimise the negative effects on human health and the environment by 2020
- Reducing the impact of fossil fuel grants that promote wasteful consumption by slowly removing these damaging subsidies. This can be achieved through restructuring taxation in unison with national circumstances to mirror environmental impacts and eliminate market misrepresentations, whilst considering the conditions and needs of developing countries and ensuring that poor and affected countries and their communities are not impacted directly.

VISION AND STRATEGY

By using the University of Birmingham as a case study, we can identify the CSR strategy they are currently implementing. The University of Birmingham states that 'for the region this means a significant vote of confidence in the capability that the Midlands has in energy research and will spur growth in the region in terms of technology innovation and ultimately, jobs and export opportunity.'

The University has signed a Universitas 21 Declaration on sustainability, as well as the UK university leaders' statement of intent on sustainable development. As stated on their website, 'being sustainable is the only sensible choice in today's world.' The Higher Education Partnership for Sustainability scheme (HEPS) that was completed in 2003 was set up by 17 Universities to help establish methods of how these institutions can understand and respond to their own personal impacts on sustainable development. This mean that a Sustainability Task Group (STG) was formed to implement this strategy and evolve it. With this, the Global Reporting Initiative framework (GRI) has been adopted for this purpose as it describes sustainability performance and addresses CSR.

Thanks to the Chancellor's focus on spending money on the Energy Research Accelerator, there has been funding for the Thermal Energy Research Accelerator (T-ERA) which helps the development of cooling and heating technologies in an ecological way. The University of Birmingham has taken the lead in this drive and this can also help create jobs in the research of thermal energy as well as continuing to lead in the research of cryogenic energy storage and thermal systems.

The University launched the first research facility in the UK called The Birmingham Centre for Cryogenic Energy Storage (BCCES) and it focuses on energy storage using cryogenic liquids. Cryogenic energy focuses on cooling materials and it liquefies air using off-peak electricity. The facility boasts brand new laboratories, modern equipment and a plant for demonstrations. The University won a grant of more than 12 million pounds from the Engineering and Physical Sciences Research Council (EPSRC) to create these facilities and has along the way, developed relationships and partnerships with other players in the industry. Using this technology, the Birmingham City Council, can ensure a positive impact for the city. With this, their partnership with other Universities and Centres to establish an Advanced Thermal Manufacturing Centre (ATMC) will allow the production of a series of thermal energy technologies. This will mean innovative technology in the market, job creation, and general growth for the Midlands. This will also help in the fight for climate change, as Birmingham city council are hoping to reduce climate change in 2025 by reducing CO2 emissions by 60%.

As well as this, the investment from the Energy Research Accelerator will help create the cryogenic energy storage plant. The plant will be built on campus to produce the Birmingham Energy Belt. This will comprise of 25 bioprocessing plants. Each plant will use on average around 20,000 tonnes of biogenic waste and residue per year and will deliver around 600 GWh of heat and green power combined. This will then produce a grid around the city and yield around 60 tonnes per day of green hydrogen that can be used in transport and for fertilisation in agriculture.

As well as this and in conjunction with Goal 12, the University of Birmingham has set up six different areas in which to focus on CSR in the workplace and on campus. These are the six main social responsibility objectives:

Travel

In 2016, a staff and student travel survey was conducted and more than 6000 staff and students took part. The survey was to find out how staff and students travelled to school, why they travel using that type of transport, and how it can become more sustainable. Comparing these results with the previous survey conducted in 2013, the initial feedback showed that more people were using single occupancy cars to get to the University and less were using public transport. The main reason for this change was due to the unreliability of trains and buses which caused delays to get to work and lectures on time. However, there was an increase in people using bicycles and walking to the University. With these results, in 2016, the University decided to take action to encourage people to make more sustainable choices by undertaking the following:

- Hiring more staff at the University's train station
- Buying an extra ticket machine at the train station to reduce queues
- Improving towpaths and adding wheeling ramps to entrances of the University that were difficult to walk or cycle on
- Adding more bikes to their Student Hire Bicycle scheme
- Introduction of premium bus services along busy main roads that lead to the University
- Adding two Brompton folding bikes that staff can use for pool sharing to reduce vehicle usage, especially for short trips
- Encourage the staff loan bike scheme to help inspire communal cycling to work
- Applying for a segregated cycle track from areas of the city centre to the University
- Installing an extra 100 bicycle parking spaces
- Introducing priority spaces for staff who car share

The below shows some of the plans to be finished by the end of 2018:

- Identifying staff and student routes to help identify 'hotspots' and reduce carbon footprint
- Promote a travel plan initiative to raise awareness using publicity campaigns by offering discounts and sending out online information packs. Also show new incoming cohorts the benefits of public transport, cycling and walking
- Reduce the need to travel by video conferencing and teleconferencing

- Introduce new initiatives to encourage people to walk as well as increase the proportion of staff and students cycling to the University
- Cycle repair stands
- Free shower and changing facilities after walk and cycling
- Staff discounts for buying a bike
- More support for those who travel to work by motorbike
- Promoting cheaper fares for staff and students travelling on national express coaches, as well as introducing shuttle buses
- Help promote and increase the use of electric vehicles to reduce carbon footprint
- Make safety improvements on campus such as CCTV and lighting on footpaths
- Increase the number of electric car charging bays

Waste and Recycling

Regarding waste and recycle, a group of seven staff members set up the Environmental Services at the University. The team run the University owned accommodation which they manage and includes the application process for accommodation as well as environmental cleaning services throughout the campus and the accommodation buildings. The team launched in 2003 after claiming the Fair Trade status and being the first University to set up the pay by waste contract that was set up in 2005. It is also the first University to buy electric vehicles and even set up their own hydrogen filling station in 2008. These initiatives earned them the Green Impact award in 2008.

After this, mixed recycling for paper, plastic, glass and other was launched to help implement zero waste to landfills. This is where general waste is incinerated at a waste facility that produces power and heat. This increase in recycling earned the University a Highly Commended Green Gown Award for Continuous Improvement as well as winning the Chartered Institute of Waste Management (CIWM) 'Best Recycling Project' award for a scheme called Junkbusters by having almost zero waste. The Junkbusters team raised £100,000 for the British Heart Foundation and the donations helped fund CPR training in schools, retail shops and new heart schemes.

With this, GREGG was introduced on campus. GREGG is the sustainability mascot that was introduced to raise awareness across the accommodation campus and to change the behaviour of students. With this, a 'bag for life' was given to all students that moved into the accommodation for recycling purposes. A study found that these bags helped the reduction of plastic bags by 85% and that recycling rates increased up to 50%. Bottle Amnesty was launched by students in 2014 and began with bottles being collected for recycling. In the first weekend of launch, almost 4,000 bottles were submitted for this initiative.

Due to increased interest from students, in 2015 the team launched 'The Green Community'. Students wanted to live with other students that were interested in sustainability and that would raise further awareness and drive engagement in the wider community. The mission was to trial new ways to live sustainable and to empower others with this passion. There are now 184 students that are living sustainably in the community with features such as fruit trees, bird boxes, solar panel roofs and a food courtyard. The students can monitor energy usage, volunteer for charities and organise their own sustainability events, which will create a legacy for them to leave behind.

A 'Fresher's Goodie Bag' scheme was launched in 2006/7 and these 'goodies' included a University of Birmingham and Fairtrade branded lanyard, a tea towel with an 'A to Z of environmental tips' printed on it, Fairtrade tea and coffee, a booklet on carbon emissions and energy awareness at the University, and other information regarding the Guild of Students Ethical Society.

Other small projects have also taken place across the accommodation sector to help the dorms become as sustainable as possible. ‘Showerbob’ timers have been implemented to show students the time they shower as well as LED lighting in certain areas and sensor lighting in all three accommodation ‘villages’. There has been investments in combined power and heat to extend the running of energy in heating and hot water. To reduce emission costs even further, a micro fibre cleaning system has been implemented to keep the villages clean without using harmful chemicals. There is also the construction of new accommodation that is being undertaken with the aim to keep energy and emissions as low as possible. A green community social room has been set up using recycled materials and other supplies that may have otherwise been thrown away. This has also raised the initiative for the ‘upcycle workshop’, where students can make new products from recycled materials. Some students even created furniture for their bedroom dorms.

As well as this, the team currently have several running charity projects, including:

- Duvet donations for dog homes
- Over 1000 meals per year to be given to families in need

An online platform called ‘DoNation’ has also been launched to help encourage people to take small actions every day to help the planet. This can include anything from cycling to work instead of driving, eating less meat, or turning down the heating. Every small gesture will help reduce CO2 emissions and raise awareness in doing so.

Carbon and Energy

Carbon footprint can be defined as a variety of gaseous emissions in association with the consumption and production of activities of humans that are pertinent to climate change (Wiedmann et al 2008).

Matthews et al 2008 cites that a variety of organisations and companies are undertaking carbon footprint projects to identify their own involvements to global climate change, and this is due to the increasing concern of carbon emissions and climate change. To help these companies measure and analyse their footprints, carbon registries offer various protocols to estimate the direct emissions within the company and the emissions from purchased energy. The University has already reached its 2020 target of a 20% reduction in legal emissions. By 2015 the University’s carbon footprint was a total of 52,239 tonnes - the reduction they were aiming for.

The main driver for this initiative was that, according to Global Greenhouse Gas Reference Network in May 2017, for the first time in history the concentration of carbon dioxide in the atmosphere surpassed 400 ppm and this was a catalyst for the University to reduce greenhouse gases and help take the necessary steps to reduce their mark on climate change. The Carbon Management Plan was developed to control the use of carbon emissions amongst the different departments across campus. With this, the University has a variety of carbon footprints to focus on. For example, the oil and gas that help run the scientific work areas keep the boilers running and powering the buildings through electricity. Also there is focused research into engine efficiencies and hydrogen power which counterbalances the above to restore equilibrium and even reduce the carbon footprints. Another focus area was on the buildings. This ranges from the interior and fabric to the ‘students switch off’ scheme that was introduced to encourage students to switch off their appliances when not in use. This non-for-profit international campaign was implemented to raise awareness on climate change, and currently has 34 universities across Europe taking part. As well as this, further infrastructure projects have even been nominated for a Green Gown award. The project at hand, called 'The Steam Bridge' takes leftover heat that could have been wasted and is transferred to the Medical School via the energy generating plants. On average, 1500 tonnes of C02 has been saved per year thus far. Other work on buildings includes the enhancement of the Sports Centre and Library to include development in ICT and implementing satellite libraries.

One challenge faced when implementing the carbon and energy sector changes was gaining research funding which can often be difficult, particularly with energy utilisation, energy storage and carbon dioxide effects on ecosystems.

Emissions updates are implemented to compare the differences throughout the years on the decrease in C02. Figure 2 shows a summary from 2014/2015.

The University is also keen to identify the indirect emissions of C02 that are still linked to them and they monitor these emissions also (Figure 3).

Figure 2. Scope 1 and 2 emissions

Scope 1 and 2 emissions

The TOTAL figure for 2014/15 is a 20% reduction against the 2005/06 baseline.

Tonnes CO_2 per year

	2005/06	2010/11	2011/12	2012/13	2013/14	2014/15
Electricity*	23,435	19,607	16,632	15,161	20,304	15,891
Gas*	34,570	35,172	35,433	40,959	31,961	35,571
LPG	11	10	9	7	8	4
Gas Oil	165	377	72	36	302	280
Steam	6,006	0	0	0	0	0
Fleet	423	248	239	238	213	213
Refrigerant loss	345	479	285	265	282	279
TOTAL	**64,975**	**55,892**	**52,670**	**56,666**	**53,071**	**52,239**
Percentage change from 2005/06	**-**	**-14%**	**-19%**	**-13%**	**-18%**	**-20%**

*indicates including distribution losses

Scope 1 are direct emissions from sources owned or controlled by the University.
Scope 2 are indirect emissions from the purchase of grid electricity.

Figure 3. Scope 3 emissions

Scope 3 emissions

Scope 3 emissions are indirect emissions which are a consequence of the activities of the University, such as procurement, waste, water and travel.

Summary activity for 2013/2014

	Tonnes CO_2e	%
Commuting, Students	7,514	10.4
Commuting, Staff	5,698	7.9
Business Travel	4,588	6.4
Water & Effluent	529	0.7
Waste & Recycling	330	0.5
Supply Chain	53,348	74.1
TOTAL	**72,007**	**100**

Sustainable Food

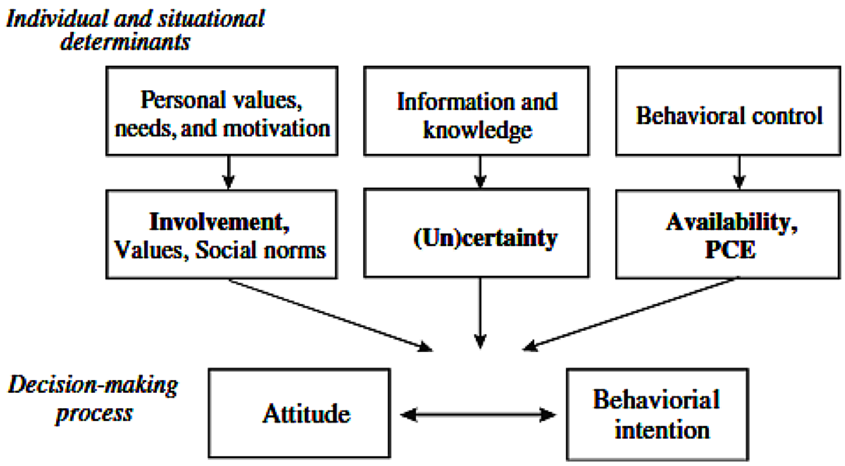
The Public Contracts Regulations 2006 has a set of rules that need to be followed by the University in order to gain value for money, as well as remaining as ethical as possible.

Bartlett 2011 (as mentioned by Fricker 2006; Grey 2000; Hamm 2008) says that with an increase in awareness of green building, water, waste and energy on campus sustainability efforts, there has been a change in sustainable food initiatives over the years. There has been an emphasis on schools, where staff, students and faculty raised concern about the negative effects of the traditional agricultural food system. There has also been a call to change the food system due to issues being raised in public health, air and water pollution and to emphasise the environmental and social measurements on food, not just the economic criteria.

By focusing on making food sustainable, awareness and information can be disseminated to students regarding their diets and nutrition, as well as being environmental effects. Even a small gesture such as introducing cage free eggs in the kitchens helped win the Good Egg award. Fairtrade is a significant part of the sustainable food sector. Fairtrade opens up the market to disadvantaged producers in underdeveloped or developing countries to move out of extreme poverty and give them the opportunity to trade to their benefit, rather than to exploit them (Nicholls et al 2005).

The table below, by Vermeir et al 2006, shows the framework that is used to identify the behaviour of consumers in relation to sustainable food products. There are a variety of areas used to identify consumer behaviour towards sustainable food products, as shown in the model taken from Jager 2000 (Figure 4).

Figure 4. Consumer behaviour model



This ideology focuses on ensuring that there are good working conditions, fair deals in the primary sector (especially in the developing world), and fair pay for all workers. This promotion of social responsibility was first introduced in 2003 at the University, beginning with the purchase of Fairtrade tea and coffee which gained them a Fairtrade status. With this, Fairtrade products are now served at all meetings and events. The 'Fairtrade Steering Group' was formed through this and meets regularly to discuss ways in which to increase sales in Fairtrade products throughout the campus. The group also encourages students and staff to participate in Fairtrade events that take place in and around the city of Birmingham.

Another initiative is the monthly farmers markets that take place on the campus. These markets have been set up to encourage the purchase of local products which can reduce global emissions due to less import costs. It also helps support local farmers and the sale of organic goods, with a variety of stalls selling a range of items from baked goods, cakes, juices, meats and eggs.

The University in general has taken a variety of incentives to support the sustainable food industry:

- **Animal Welfare:** Using British free-range eggs
- **Water:** Bottled water is from filtered tap water produced on site. The sales of these bottles have raised around £6000 per year for charities including MacMillan Cancer Support and LUCIA Charity. There are also water fountains for general use to eradicate water bottles and plastic water coolers
- **Fruit and Vegetables:** Purchased from local suppliers, using seasonal products and encouraging culinary staff to use products from the University gardens when possible
- **Reducing Landfill:** Recycling facilities in the kitchen and food space areas so no general waste is sent to landfills
- **Catering Disposables:** These disposals are made of up to 96% recycled and compostable materials
- **Meat and Dairy:** All fresh meat and most cheese is British and has 'Red Tractor' status, meaning animal welfare of the product is of high standard
- **Fish:** The Marine Stewardship Council certification is used as a benchmark when obtaining fish whether it is fresh or frozen

- **Energy Management:** The catering department is also responsible for conveying University Carbon Management Implementation Plan (CMIP) that insures the reduction in consumption of energy and utilities

As well as this, the introduction of more eco-friendly disposables in the packaging of products, such as sandwiches, is slowly being implemented due to customer demand. There is also the option of using crockery, which although comes at an additional charge, is further incentive to use environmentally friendly disposables.

Figure 5 shows in further detail some of the initiatives mentioned above that are helping the local community in becoming sustainable.

Wildlife and Nature

Even in a built up industrial city such as Birmingham, the University is lucky enough to be home to some great green spaces that are proving advantageous. These spaces are being managed to protect the local wildlife, plants and trees. A biodiversity group has been created to help with this scheme and to implement a University Biodiversity Policy that students and staff will need to abide by. The group complies with biodiversity regulations in the UK, as well as implementing, raising awareness, enhancing and reviewing regular action plans for biodiversity at the University. There are a group of academics with vast experience in this sector that have been willing to help this scheme progress by offering their expertise in the field.

Figure 5. Poster for looking after the community

There is also hope to use external resources to develop the plan to expand this scheme and grow the wildlife and nature sector at the University. At the moment, there is the 'Bee Hotel' where up to fifty seven different variety and breeds of bees are kept and protected in small 'houses' depending on their type. These bees stay in wood, concrete, bamboo or dock homes and produce honey that is sold on site. Beekeeping courses are also available for those interested in helping on this project.

There are over 180 hectares of land with flora and fauna appearing on site and currently over 1,500 trees including Maple, Beech and Oak to name but a few. There are also native flowering plants such as the Iris and Purple Loosestrife which help increase oxygen levels and make the grounds a more welcoming and beautiful place, and improving sustainability.

To promote environmentally friendly practices and actions, an enterprise called The Raymond Priestley Centre, was set up and in conjunction with the environmental charity Environmental Campaigns (ENCAMs), ran a program which awards schools and outdoor centres with awards if they show evidence of implementing a 'green path'. This centre has already been awarded a second green flag due to its outstanding work. The centre has set up its own 'eco- code' to emphasise the high level of commitment to these environmentally friendly practices and actions. The following 'eco-codes' must be abided by the centre:

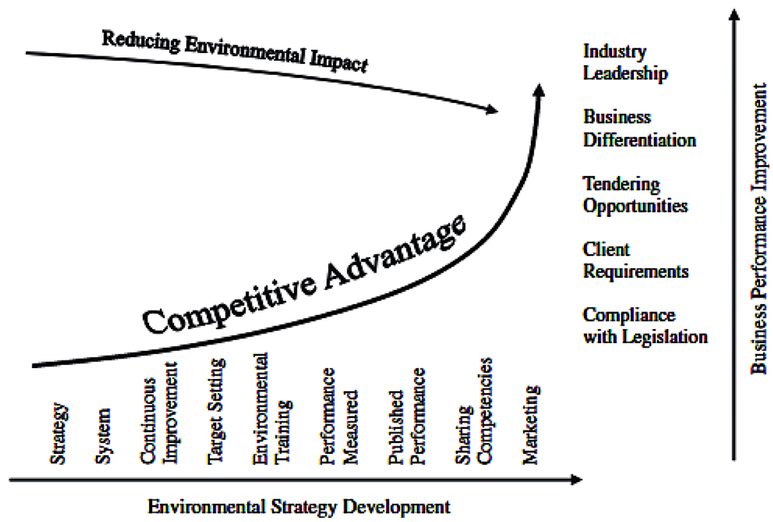
- Endorse a litter-free environment
- Increase progress with on-site waste management systems
- Observe and decrease energy use
- Improve the environment where staff work and live by collaborating with local communities and organisations
- Promote environmental awareness and understanding to clients
- Join forces with suppliers and clients to promote the sustainability of the environment in the area
- Introduce a replacement policy in the energy sector where during maintenance, products are replaced with energy efficient and environmentally friendly versions

Sustainable Procurement

Practices and policies need to go above and beyond the limitations of an organisation to ensure procurement plays a key factor in the sustainability of their whole supply chains (Meehan et al 2011). A procurement strategy has been instigated by the University - the aim of this procurement is to minimise the negative use of goods and services which significantly impact on social, economic and environmental influences. The idea is to reduce negative influences associated with these goods or services as well as augmenting the external influences that may contribute to the economy and society.

With the emphasis on a variety of building and construction work at the University, Tan et al (2011) states that sustainable construction is the combination of social, economic and environmental factors in the construction of practices and strategies in the business world. It begins with the mining of raw material, leading to the planning, design and construction of a building and its infrastructure, through to the final deconstruction and waste management of the project. Figure 6 sourced by Fergusson & Langford (2006) shows the relationship between performance improvement, competitive advantage and environmental strategy development.

Figure 6. Development model



As well as becoming part of the Fairtrade family, other areas to avoid include not buying products made in sweat shops or other poor working conditions, such as child labour. Instead, trying to work with suppliers who are on a similar mission to reduce their carbon footprint and become more sustainable by implementing CSR in the workplace. A central team is dedicated to working only with suppliers that abide by the correct social, economic and environmental factors. These suppliers must:

- Determine their methods of improving positive impact
- Work together with the Central team to see how to implement value for money in as many ways as possible
- Determine how they are reducing their own negative impacts

These impacts are all regulated by deciding how each penny is spent and whether the money is being spent in a positive manner. With this, the University encourages all current and possible future suppliers to complete the NETpositive Supplier Engagement tool to create their own sustainability plan if they have not done so already. This way, the University can work with sustainable suppliers and at the same time, encourage businesses to abide by the procurement strategy and make positive changes in business.

The goal of the procurement strategy is to:

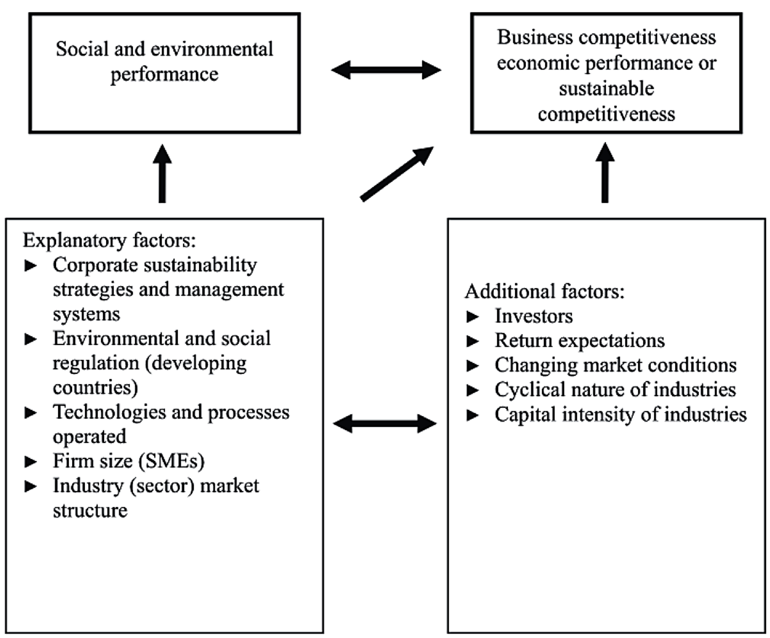
- Inspire the ethos of change and innovation across platforms
- Increase purchasing power and leverage spending using positive methods
- Help the University increase savings by £2 million per year

As well as this, the University is active in ensuring a sustainable and balanced lifestyle for its staff, faculty and students, to ensure that they receive the best possible treatment so they can enhance their performance and satisfaction levels.

Griggs et al (2013) note that these goals assimilate economic, social and environmental elements and help provide direction for people to flourish on a long-term scale. As mentioned by Tan et al (2011), Wagner and Schaltegger (2003) undertook a literature review to assess the link between business competitiveness, economic success and social sustainability performance, which can be viewed in Figure 7.

Finally, the Wellbeing Workplace was initiated into the University in 2007 which is now a fixed scheme in the human resources department. The scope was to enhance the high quality work and professionalism in the work place by taking into account the health, safety, mental and physical welfare of their staff. The aim is to also help recruit future employees and instil these visions from as soon as they join the University in order to aid them, as well current employees. The department is also involved in areas such as diversity, equality and stress management in the workplace. The Wellbeing Workplace covers a multitude of support areas for the employees to assist them in dealing with conflict, possible harassment, stress and personal issues. This program uses a variety of external sources, from expert consultants to volunteers to even local organisations, to retain and prosper this programme. There are a variety of services that include counselling, harassment advisers, meditation and the Citizens Advice Bureau. As well as this, there are also services that help with physical activity and exercise, quitting smoking, assistance on eating a healthy, balanced diet, and development and training. This helps improve sustainability in the workplace and promote positive changes amongst other universities and organisations.

Figure 7. Business competitiveness, economic success and social sustainability performance model



CONCLUSION

To conclude, it seems that the University has not only taken the initiative, but has taken the necessary steps to enter the world of performing in a sustainable manner by adopting certain SDG'S within their company. The six different areas they have focused on to reduce their collective impact – travel, waste & recycling, carbon & energy, sustainable food, nature & wildlife and sustainable procurement are six significant factors in the world of sustainability. They are not afraid to collaborate or apply for grants or help – they are using any means to maintain these areas and ultimately grow them to remain successful and sustainable. In conjunction with goal 12 'Responsible consumption and production', the University is following the guidelines and practicing the main aims of the goal. This includes actively reducing waste and food, inspiring other companies and raising awareness in the sustainability sector, promoting sustainable procurement practices and assisting companies in the underdeveloped/developing world to use sustainable practices in production.

With this, they have set up a trend and have begun to pave the way for other educational institutions to pay attention and follow suit. The University is thriving in this sector and is a class example of a successful case study to model positive sustainable behaviour in education, but also in the workplace. Their vision was to use sustainability to not only help the environment, but to also create jobs, improve technology innovation and help their local community in export opportunities. They have developed and maintained partnerships in their area with other Universities and government authorities such as Birmingham City Council. Their small initiatives go a long way and resonate on staff and students. They are raising awareness and make a positive impact on their company and community. There is still growth and maintenance in this quest to continue to make a statement and improve CSR but it seems that they are leading by example.

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Chapter 10
Sustainable Development Goals:
The Case of Safaricom Limited

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EXECUTIVE SUMMARY

Safaricom Limited is a telecommunications company, the largest mobile operator in Kenya, serving over 20 million customers and occupying two-thirds of the market share in the industry. The company strives to push the boundaries of conventional ways of doing business by focusing on value creation to the society, economy, and environment of Kenya by incorporating the top-down, bottom-up approach to integrate the SDGs into its corporate strategy and its corporate social responsibility projects. The mission of the company is transforming lives, and this is evident from its operations and investing resources in sustainable projects.

ORGANIZATION BACKGROUND

Safaricom Limited is a telecommunications company, the largest mobile operator in Kenya, serving over 20 million customers, and occupying two thirds (67%) of the market share in the industry. The company was started in the year 2000, and it seeks to enrich the welfare of not only Kenyans, but also its other clients around the continent, through services that add value and constant support for community projects. It not only operates in Kenya, but across Africa. The company provides converged communications, financial services and broadband internet. Safaricom Limited is also one of the companies (400 companies) across Africa, whose annual revenue is more than $1 billion dollars (Safaricom Limited, 2018). The company has 4,245 permanent employees, 825 employees on contract, however, the number of the permanent employees decreased by 1% in 2017. The company's workforce is evenly split between men and women; although there are fewer women in the senior management positions, only 31% (Safaricom Limited, 2018).

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The mission or the statement purpose of the company is Transforming Lives, and this is evident through its efforts to upgrade the livelihoods of Kenyans through support for community projects. The company invests a unique way through this purpose to enrich, create opportunities and empower Kenyans, by providing them the tools for economic growth. One of the first innovations of the company was the 'Simu ya Jamii'. This enabled Kenyans to earn money by operating the small mobile pay phones. Many lives were transformed, and there was a significant economic growth and freedom witnessed in the country.

Company's Products

M-PESA is possibly one of the most successful innovations for Safaricom ltd yet. This service has more than 17 million subscribers (Safaricom Limited, 2010), which is supported by an agent network across the country and even beyond (Safaricom Website). Recent reports show that the network agents have more than 79,000 M-PESA outlets in the country. The M-PESA service provides mobile banking services to its clients whereby; customers send and receive money and make money payments. This service is the world's largest and most developed mobile payment system. M-SHWARI is the latest product which allows customers to gets loans and savings options, while earning an interest. All of this is done at the comfort of mobile phones.

Business Model

The business model of Safaricom Limited does not only rely on its provision of network services, but also through relationships with its customers, M-PESA agents, business partners, dealers and stakeholders, who, together, bring about the processes of consumer business, financial services, regional sales and operations, enterprise business and support services. Through these processes, there is an output of pre-paid and post paid voice call plans, mobile money transfer (M-PESA), mobile data, fixed services, messaging and devices (Sustainability Report, 2017). All these outputs ensure that there is value for shareholders, through the annual revenue, value for the Kenyan society-through its CSR projects and finally the integration of the sustainable goals in its business and corporate strategy.

SETTING THE STAGE

There is a paradigm shift on how businesses impact the society. CSR has been at the side-lines of decision making, not until recently, when shifts in governance, behaviors of investors and consumers are forcing companies to integrate CSR as the core of their decision making. This is evident by the fact that most businesses are embracing the methodology of impact management and evaluation, with regards to how a product or service that they provide impacts the society positively or negatively. The shift is moving towards the UN Sustainable Development Goals (SDG's), which are used as a framework to understand and report on the impact of the products and services.

The UN SDG goals, is a set of framework, which has been agreed upon by the world community and is the biggest trend in sustainability. It includes seventeen goals and one hundred and sixty nine targets, which is a comprehensive reflection of the challenges that the world faces today. The SDG goals enable organizations to consider the social and environmental concerns, across all its business functions, and understanding how each function creates an impact, in line with the SDGs.

Business Strategy

Safaricom Limited strives to push the boundaries of conventional ways of doing business, by focusing on value creation to the society, economy and environment of Kenya. This goes beyond just making profits. The company's corporate strategy, as stated in their Sustainability Report of 2017, is based on three main objectives: Putting the customer first; which entails understanding the specific needs of the 28 million clients, by analyzing and grouping them into segments (Sustainability Report, 2017). Having the Relevant products and services is the second objective. This means that the company uses the understanding of their customer needs, wants and challenges to design the relevant products and services to satisfy those needs. The third objective is operational excellence, whereby the company reviews every aspect of the business from the view point of how well the customers are served and how it is assisting the company to deliver more returns to its shareholders (Sustainability Report, 2017).

The quality of life and sustainable livelihoods is done through its telecommunication services and the related products and services. Six years ago, the company developed its first framework, based on sustainability and since then, a dynamic and sustainable agenda has been implemented (KPMG, 2015). There was no one size fits all strategy, and for this reason, the company came up with a tailored approach, which would make use of the relevant literature, lessons from other businesses, while simultaneously, adapting to the specific culture of the organization and in a wider context in its operations. Safaricom Limited incorporated the top-down, bottom-up approach (KPMG, 2015), to integrate the SDGs into its corporate strategy, while involving the senior management and sustainability teams. This approach involved consultations with different departments and levels in the company, by keeping a flexible approach until the relevant SDGs are fit for purpose (KPMG, 2015). This ensured that every department adopted and integrated the SDGs, in a way that made sense to them (KPMG, 2015). Some divisions faced challenges in defining what and how this agenda could be implemented.

The Sustainability report (2017), explained the features of this strategy which included; parallel engagement of all layers of the company, conversation from the business point of view and at the same time review its objectives, areas of improvements and then agree on how the SDGs could improve performance, explore unexploited business opportunities brought about by SDGs, encourage divisions to express the SDGs in a way that they understood and to keep the framework as flexible as possible, to allow for necessary changes until the expression of the SDGs is relevant for its purpose. This approach ensured the co-creation of the vision and the expression of plans and specific targets, relevant to the business units (Sustainability Report, 2017).

The main reason for integrating SDGs into the corporate strategy of the company is to convert the sustainable ideas to a tangible, realistic and meaningful set of objectives for everyone in the company. The SDGs adopted by Safaricom Limited, which fits into its strategy has three main pillars: Excellence in Operation, Relevant Products and Service and focusing on the customer (KPMG, 2015). The SDGs have been intertwined with this strategy to ensure that their purpose statement of 'Transforming Lives' is achieved. The company adopted the following Narrative, where it is *committed to deliver connectivity and innovation (Goal 9) through its products and services, which will provide solutions to meet the needs of Kenyans by enabling access (Goal 10) via technologies and partners (Goal 17), exploring opportunities in Health (Goal 3), Education (Goal 4) and Energy (Goal 7). This will be done by managing the operations responsibly (Goal 12) and ethically (Goal 16). This will then stimulate growth and generate value (Goal 8)*, for the company (KPMG, 2015).

In accordance to their statement purpose of Transforming Lives, Safaricom limited adopted nine on the seventeen SDGs, to create sustainable growth, and at the same time, to empower every Kenyan. The SDGs, adopted will guide the company in this phase of ‘No Kenyan left behind growth Strategy’. For this reason, Safaricom Limited established various foundations to achieve their sustainability goal.

THE FOUNDATIONS

The M-PESA Academy Foundation

The M-PESA Foundation Academy was established in 2015, and it is a state of the art educational and residential high school (M-PESA Academy Foundation, 2018). It offers a world class education, using the Kenyan National Curriculum, to talented but economically disadvantages students, who have shown potential in leadership. The education offered is driven by leadership, technology, entrepreneurship and innovation (M-PESA Academy Foundation, 2018). The vision of this foundation is ‘To develop transformational leaders through innovative approaches to education’.

The M-PESA Foundation

On the other hand, the M-PESA Foundation is a charitable trust, which is independent and was established in 2010, to invest in the interventions that would improve the economic and social status of Kenyans (M-PESA Foundation Website, 2018). The foundation has heavily invested in large scale projects in the areas of water, health, environmental conservation and education. It integrates the use of mobile technology, in most of its investments, while at the same time focusing on areas which have the greatest needs and impacts (M-PESA Foundation, 2018). The mission of this foundation is ‘To create lasting positive changes in the lives of Kenyans’. This is done by giving huge grants and working with investment partners (M-PESA Foundation, 2018).

The Safaricom Foundation

‘Build Communities and Transform Lives’

The Safaricom Foundation was established in 2003, whose main purpose was to transform lives and build communities by funding sustainable projects, which would eventually leave a lasting impact to the beneficiaries (Safaricom Foundation, 2018). The mission of this foundation is to ‘Build communities and Transform Lives’ (Safaricom Foundation Website). The foundation mainly focuses on economic empowerment, health (Goal 3), education (Goal 4), emergency interventions, disaster reliefs, arts and culture. The Safaricom Foundation is probably the largest corporate foundation in Kenya, which works together with other partners. The foundation has managed to impact the lives of more than one million Kenyans all over the country. Some of its achievements include providing classrooms for over 680,000 children (Safaricom Foundation, 2018), empowering communities economically through community based income generation activities; whereby over 230,000 Kenyans have benefited from that (Safaricom Foundation, 2018). Provision of clean and safe water to over 172,000 people across the country and over

830,000 Kenyans have received health services through the medical camps organized by the foundation (Safaricom Foundation, 2018).

Apart from community based projects, the Safaricom foundation has also planted more than 5.6 million trees in large scale forest conservation projects. It not only just signs the cheques for the projects, but it also ensures that it fully participates in the projects being undertaken by the foundation. All these foundations have a mission that is geared towards life transformation, and impacting a positive change in the society. The SDGs are also integrated in the missions of these foundations.

CASE DESCRIPTION

Problem Statement

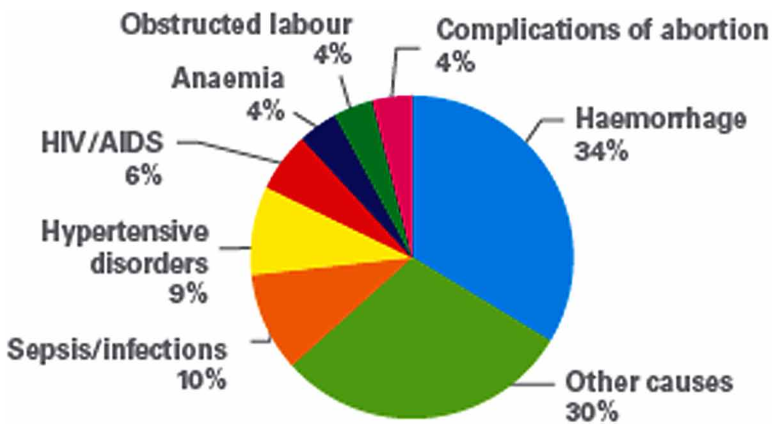
There has been an increase in deaths of women related to pregnancy and child birth complications. The rate stands at around 15,000 women and girls, who die every year this is according to the World Health Organization (2014). For this reason, the Safaricom Foundation, together with its partners, is working towards an increase in ease of access to health services. The foundation has so far invested more than half a billion shillings, towards improving the health sector in Kenya, while impacting the lives of over 980,000 Kenyans (Safaricom Limited, 2018). The SDG goal number 3 aims at ensuring that there is health and well being for everyone, at every stage of their lives. They mostly focus on enhancing access to screening and treatment of chronic lifestyle diseases, and improved health and survival of mothers and infants during childbirth and early childhood. Kenya is one of the most populous countries, with a population of over 45 million people, where approximately half of the population lives in poverty. The country is struggling to provide basic necessities like ease of access to health care services and medical treatment. Those living in the rural areas and densely populated slums are mostly affected. Only 20% of Kenyans have health insurance coverage, which means the other percentage (80%), do not have one, which translates to poor health care.

Improved Health and Survival of Mothers and Infants During Child Birth and Early childhood

Maternal mortality and morbidity relates to death or illnesses, which occur during childbirth, pregnancy (PMNCH, 2012) two months after childbirth or terminating a pregnancy. The mortality rate in Kenya still remains high, with 488 deaths per 100,000 childbirths (PMNCH, 2012). However, this is a significant drop from 1998. As much as this statistic is below the Sub-Saharan average of 640 deaths per 100,000 childbirths (PMNCH, 2012), Kenya's progress at maternal health is still slow. Most maternal deaths are either caused by diseases like malaria, anemia, hepatitis or diabetes, whereas other causes are directly linked to pregnancy like obstetric complications, unsafe abortions, obstructed labor and hypertensive as shown in the chart in Figure 1(PMNCH, 2012)

Kenya is ranked 39th globally in deaths of children who are under five years. Over 7million children (PMNCH, 2012), die every year from conditions that could be treated or prevented. 35% of these deaths occur during the neonatal period, whereas 1/3 of the neonatal deaths are caused by birth asphyxia, severe infections, preterm births and congenital anomalies (PMNCH, 2012). Post –neonatal deaths account for

Figure 1.

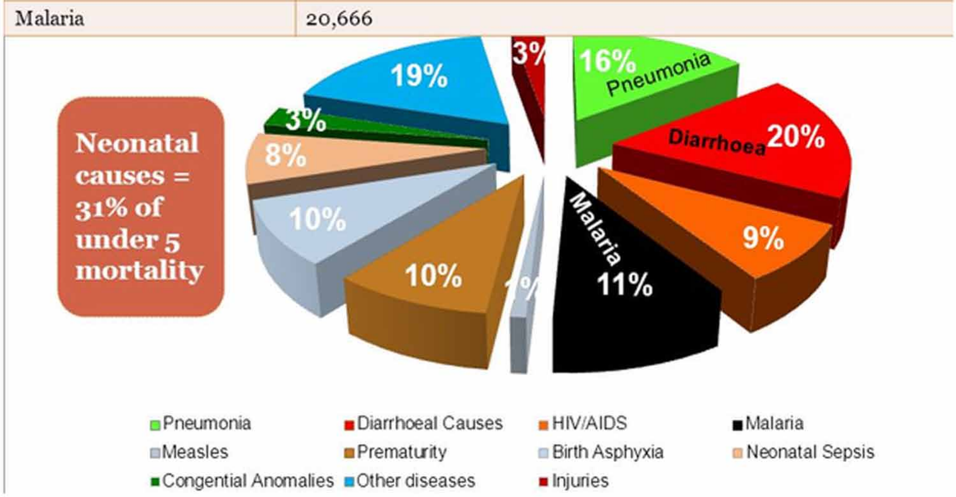


two thirds of the below five years deaths, and some of the causes include diarrhea, pneumonia and still births, as shown in the figure in Figure 2 (WHO, 2014).

Maternal mortality and morbidity in Kenya result from a mixture of social, economical, cultural and logistical barriers, together with underfunded and inadequate health services and high fertility rates. Therefore, improving the health system and the quality of health care delivery is very important, as it will help in reducing the trend of high maternal morbidity and mortality.

Figure 2.

Cause	Deaths
Total Deaths	188,928
Diarrhoea	38,802
Pneumonia	30,406
Malaria	20,666



Enhancing Access to Screening and Treatment of Chronic Lifestyle Diseases

Almost every Kenyan family has lost a member to chronic lifestyle diseases. The World Health organization reported that almost 30% of Kenyans are suffering from premature deaths because of unhealthy diets and lack of physical activities. In the last ten years, more than 100,000 Kenyans die from chronic lifestyle diseases, and they are aged between 30 to 70 years (WHO, 2014). These cases are on the rise, because most Kenyans, lack a culture of regular checkups. In the rural areas, most health centers lack the necessary facilities to conduct screening for such diseases.

Today, chronic illnesses, is not just a disease for the rich, but also people living in poverty are affected by the same. This is because some of the major risk factors for this conditions are the same regardless of economic stability, and they include; excessive use of tobacco, excessive consumption of alcohol, poor diets and physical inactivity (WHO, 2014). Cardiovascular diseases account for most deaths in the country, followed by cancer, respiratory diseases and lastly diabetes (WHO, 2014). These diseases, not only cause deaths, but they also have adverse negative effects to the country, since they drain the resources of the family, which later translates to reducing the economic productivity of the country.

SUSTAINABILITY DEVELOPMENT GOAL NUMBER 3: HEALTH

There have been major strides made by the country to reduce child mortality, improve maternal health, and fight diseases like HIV/AIDS, malaria, tuberculosis, among others. There has been a noticeable drop, as recorded by the Ministry of Devolution and Planning (MDP) (2017); over 50% drop in child deaths in the world, maternal mortality reduced by 45% (MDP, 2017) and infections from HIV/AIDS also reduced by 30%. However, as much as the progress is incredible, there is still more that needs to be done. All this can be prevented through immunization campaigns, education, treatment and sexual and reproductive healthcare.

The SDG goal number three has a bold statement to end this issue by 2030. Its aim is to achieve universal health coverage, provide easy access to safe and affordable vaccines and medicine to everyone. Its targets by 2030 is to: reduce maternal mortality to less than 70%, prevent deaths for newborns and children under the age of five, end the HIV/AIDS, malaria and tuberculosis epidemic, reduce premature death for non-communicable diseases, support research and development of vaccines, among others (MDP, 2017).

The Safaricom Foundation has taken the initiative to implement the SDG goal number three, ‘AFYA’, which translates to Health in English. In accordance to their mission, they strive to ensure that there is health and well being for everyone in the country. It does so, by working together with its partners to ensure that the SDG goal is achieved. This is done by several projects run by the foundation, which touch on improving the health of mothers and infants during birth, and increasing access to screening and treatment of chronic lifestyle diseases.

PROJECTS BY SAFARICOM FOUNDATION

Safe Motherhood, Childbirth and Early Childhood

Magadi Maternal and Child Health Care Improvement Programme

Access to adequate maternal health is still a crucial component to the survival of children and their mothers. The rate of child and maternal mortality in the country is still at an all time high, with almost 7,000 mothers dying from pregnancy related and child birth complications. These deaths can be easily avoided, if mothers can have access to maternal care during and after pregnancy. Kenya has been ranked second in the region and 33rd globally, by UNICEF, where children have the least chances of survival until the age of five (Safaricom Foundation, 2018).

Previously, only 100 out of 1000 mothers, who attended pre-natal at the health center, only went back for assisted delivery (Safaricom Foundation, 2018). This means that a bigger percentage, gave birth without assistance, and only went back to the facility when they developed complications. This would increase the cost of surgery to almost Ksh 50,000, whereas, they would only spend between, Ksh 2,000-4,000, with a normal delivery and proper assistance in the hospital.

Safaricom Foundation partnered with Magadi Soda Foundation, to introduce and implement an integrated maternal health improvement program at the Magadi hospital. This aimed at increasing the quality of services being offered and to also ease access. This was done by provision of equipment in the hospital to ensure safe delivery, create awareness to the community through health campaigns and address cultural barriers. The Safaricom foundation provided equipment which included; infant monitor, patient monitor, ICU beds for maternal surgeries, overhead lights among others (Safaricom Foundation, 2018). This was valued at almost Ksh 7.8m, and it targeted almost 20,000 women who would benefit. There was an increase in the assisted births in the hospital, from 200, to over 600 and a 50% reduction in infant mortality in the area. In addition, the pre-natal to post-natal transition increased by 80% (Safaricom Foundation, 2018).

The Kenyatta National Hospital-Neonatal Wing

Safaricom Limited together with the Safaricom Foundation, are committed to improving health care and reduce child mortality. Safaricom Limited does this by using mobile technology. This is because the company realized that the use of mobile technology can only revolutionize the way the society is able to access, deliver and use health information (Safaricom Foundation, 2018). According to statistics, over 100,000 children before they reach the age of five, therefore, the Safaricom Foundation funded Ksh 100million, which was used towards the rehabilitation of the neo-natal wards and the mental wards at Mathari hospital. Many children's lives, after birth have been saved because of most of them died due to lack of proper infrastructure. Most pre-term babies who heavily rely on oxygen have benefitted from this act (Safaricom Foundation, 2018).

The Kenyatta National Hospital is the largest referral hospital in Kenya, which caters to patients from all over the country and different walks of life. The rehabilitation of the Neo-natal ward at the hospital would ensure that newborn children would survive. This unit caters for almost 100 babies everyday (Safaricom Foundation, 2018), and the children's survival can only be provided by the neonatal ward, which has reliable conditions and infrastructure.

Uzazi Salama

Samburu County is the area that bears one of the worst child and maternal indicators in the world (Uzazi Salama, 2018). According to statistics, only 1 out of 3 women in Samburu have an assisted delivery under a skilled health care (Uzazi Salama, 2018). This shows that there is a high rate of under five and maternal mortality, whereby there is a death rate of 142 deaths out of 1000 births (Safaricom Foundation, 2018). This is majorly caused by lack of access to health facilities, social and cultural barriers, high cost of health care and poor quality of services (Safaricom Foundation, 2018).

Uzazi Salama is a Swahili word which translates to Safe maternal and Child health is a three year project, whose main aim is to improve access to better child services and maternal health care. This program is implemented by AMREF Health Africa, via the institute of Capacity Development, Samburu County Government and PharmAccess. This has been made possible with the funding from the Safaricom Foundation. The Safaricom Foundation put in Ksh 500million towards a program, which integrated both Child and maternal health programs. This program; provided emergency transportation to pregnant women in critical conditions, to the Maralal District Hospital, training of health workers, upgrading health facilities at Suguta and Barsaloi (Safaricom Foundation, 2018), mobile network installation and community education to curb the issue of cultural beliefs that are not safe. In addition, Safaricom Limited introduced the m-health solutions, which included; Health Enablement and Learning Platform (HELP) and the Jamii smart. These mobile solutions provide technological solutions to mothers, newborns and children below five years (Safaricom Foundation, 2018). Its aim is to provide information and access to health information and services. This is a project that is being implemented in areas that need these services urgently like Samburu, Bamba and Busia, with plans to scale up nationwide (Safaricom Foundation, 2018).

This project has had a number of successful and positive impacts, whereby, there was an improvement of health data at the facilities around the Samburu area. There was a 90% increase in child deliveries, with professional assistance in the health facilities and 40% decrease in neonatal and maternal death rates (Safaricom Foundation, 2018).

Mother and Baby Packs-Samburu

In addition to the Uzazi Salama initiative, the Safaricom Foundation, together with AMREF Kenya, has made great contributions towards the improvement of child health and maternal health care. According to a report by UNICEF, more than one thousand children around the world are infected with HIV either during delivery, breastfeeding, labor and pregnancy (Safaricom Foundation, 2018). Most of these cases are reported in the Sub-Saharan countries. Without any medical intervention, almost half of the infected newborns die before reaching the age of two.

Fortunately, there is a social intervention known as Prevention of Mother to Child Transmission (PMTCT), which can prevent mothers from passing the HIV virus to their children. Mothers who participate in this program need to revisit the health facilities several times, for preventive care and drugs. However, in rural areas with poverty and no access to health facilities, the frequent visits are impossible. In addition, these areas; like Samburu, have weak health systems; therefore, preventive treatment may not be administered frequently or sufficiently, to stop the transmission.

The Safaricom Foundation invested Ksh 10.9 million to purchase mother and baby packs, on a monthly basis. The packs being distributed, act as an incentive for women to have regular antenatal clinics and deliver in hospitals. This will reduce the rate of maternal and child mortality, since most births will be done in hospitals under skilled healthcare professionals.

Ewang'ang E-Suswa Community Health Centre Maternity Wing

Located in Narok County, Ewang'ang health centre lacked the adequate facility to attend to women and children who needed health care services. There lacked a sufficient ante-natal and post-natal for mothers and their babies (Safaricom Foundation, 2018). A new maternity wing was constructed through funding from the Safaricom Foundation. This addition cost a total of Ksh 6.4 million (Safaricom Foundation, 2018). The new maternity wing was able to provide maternity health care services to women and children.

Investment in Health Care Facilities

Kiriani Mission Hospital

This is a private hospital, which is under the Medical Practitioners and Dentists (KMPD), (Safaricom Foundation, 2018) under the management of the Catholic Diocese in Murang'a. It caters for the surrounding areas by providing health services at a very low cost. Safaricom Foundation invested over Ksh 800,000 to purchase laundry machines, to cater for the loads of hospital laundry. By doing so, the unhygienic way of living in the hospital was made better. This is in line with the call for good health and well being for all. The hospital is now able to maintain high standards of hygiene by providing clean bedding and garments for the patients.

Dienya Health Centre, Siaya County

Dienya Health Centre was started in 2009 and it only had one clinical officer and three nurses (Safaricom Foundation, 2018). The health center serves the members of the community, who are almost 7,500 people (Safaricom Foundation, 2018). This project was flag shipped by the County Development Fund (CDF). However, the hospital could not accommodate mothers, since it did not have adequate maternity equipment. For this reason, the Safaricom Foundation provided funding for the hospital, which was used for renovation and equipping of the facility. A maternity wing was also added, which would cater for mothers and their new born children. This project cost about Ksh4.5 million (Safaricom Foundation 2018); where a water tank was purchased, 65 new hospital equipment and materials were bought to provide the nurses and doctors what they needed, and to ensure the safe delivery of children and good health and well being for their mothers.

St. Francis De Sales Health Center

The St. Francis health center is located in Chuka, Thara Nithi County, where it serves the surrounding community with health care services. Nonetheless, patients had to travel from 10km to Chuka town to get blood screening, because the hospital lacked the equipment. In addition, the hospital also lacked enough bed capacity, unavailable doctors, forcing patients to stay without being attended to. The Safaricom Foundation, via the Pamoja scheme, provided funding for purchasing the hematology analyzer, which costs almost Ksh 800,000 (Safaricom Foundation, 2018). The machine enabled the hospital to handle more patients in the hospital on a daily basis. In addition, they were able to generate more revenue, provide more bed capacity to the community. The machine can now assist doctors to test for a variety of disease and provide the proper medication. Members of the community now do not need to travel for long distances to get proper health care service, as it is being provided by the health facility near them.

Kangemi Health Centre

Kangemi health Center is situated in Nairobi County and the City Council in Westlands region (Safaricom Foundation, 2018). This health care had issues with frequent power shortages, which interfered with its operations. The Safaricom Foundation, in ties with the SDG goal 3 of good health and well being for all, invested Ksh 2 million (Safaricom Foundation, 2018) to purchase a generator. The issue of power blackouts will be history, and the health center will run its operations without any issues, and in turn provide better services.

Medical Camps Initiatives

Operation Smile Mission in Kenya

The Operation Smile initiative has been active in the country since 1987. They have provided surgery to over 8,000 children who suffer from cleft palate and cleft lip deformities (Operation Smile, 2018). This is usually done through free medical missions every year. Most of the beneficiaries have been from the Nyanza and Western region of the country. Safaricom's Foundation dedication of transforming lives was evident through their contribution of Ksh 1million and Ksh 2million for the Kisumu and Nairobi missions. Almost 130 patients benefitted from the free surgeries. The foundation also pledged a funding of USD30, 000 to support the mission every year (Safaricom Foundation, 2018). This is towards an effort of the mission to achieve self sufficiency. This project has helped many children who were living in social stigma and shame, because of this deformity, to live normal lives. They are now able to speak fluently and express themselves. This initiative truly puts a smile on the children's faces. The image on Figure 3 (Operation Smile Kenya, 2018) shows one of the successful surgeries performed on a beneficiary of this initiative.

Operation Ear Drop

In the spirit of promoting good health and well being, the Safaricom Foundation, in conjunction with the Operation Ear Drop Kenya (OEDK), aims to restore hearing to the affected Kenyans. According to the World Health Organization, there are 360 million people with hearing disabilities globally (Safaricom Foundation, 2018). The deaf population in Kenya is estimated to be almost 600,000 people (Safaricom Foundation, 2018). Some of the major causes of hearing impairment include birth complications, genetics, chronic ear infections, ageing, excessive noises and infectious diseases.

The funding from the Safaricom Foundation has enables the OEDK to conduct successful ear surgeries. All these are free, and the project has run across eight counties in the country (OEDK, 2018). Some of the beneficiaries of this cause include; Kakamega, Kisii, Nyeri, Embu, Laikipia, Nakuru and Machakos

Figure 3.

Counties (OEDK, 2018). During this project, nearly 240 people (Safaricom Foundation, 2018), from the eight counties, who had hearing impairments, had their hearing restored.

Non-Communicable Diseases Initiatives

DMI Camp

The Kenya Diabetes Management and Information Centre (DMI Centre), is a medical charity organization, started in 1999. Its aim was to educate the Kenyan citizens on the alarming rates of increase of diabetes not just in Kenya, but globally (Safaricom Foundation, 2018). The center runs free medical camps, trains healthcare professionals, children with diabetes and lay educators. All this is to raise awareness of the Diabetes menace. The Safaricom Foundation, together with the DMI has implemented several medical camps since 2006. The foundation offered the DMI a grant, which would enable them to continue conducting medical camps countrywide. Some of the medical camps implemented include: Githunguri medical camp, Mathari medical camp, Kisumu medical camp and Buuri medical camp.

Services being offered in these camps include blood screening for hypertension and diabetes. There are also dental teams and eye specialists, who volunteer from the Kikuyu eye hospital and other local hospitals to conduct checkups and cataract surgeries. In addition, family planning services were also provided. All these checkups were done for free in the medical camps, because of the support from the Safaricom Foundation. Each camp attracted close to 1000-3000 (Safaricom Foundation, 2018) people per camp, with various diseases and ailment, and all of them were attended to. So far, the foundation has donated over Ksh 45million to the camps. This is in the spirit of their mission of transforming lives and one of the targets of the SDG goal 3, whereby Kenyans are able to access free screening for chronic lifestyle diseases.

Mithini Medical Camp

A report by the World Bank in 2016 indicated that in Murang'a County, a doctor attends to over 38,000 people (Safaricom Foundation, 2018). This shows that most people who live in poverty cannot afford access to quality medical care. The county is known to be suffering from waterborne diseases; typhoid, malaria, cholera among others (Safaricom Foundation, 2018). This issue needed urgent attention to be addressed. The Safaricom Foundation, together with the DMIC, organized a free medical camp in the Mithini area.

Ksh 2.5 million (Safaricom Foundation, 2018) was invested in this camp. It hosted various clinics like the dental, cervical and prostate cancer, diabetes, hypertension, family planning, VCT and general healthcare services.

More than two thousand people got free medical checkups and treatment. Those who manifested non communicable diseases were educated on how to manage their conditions and at the same time to lead a very healthy lifestyle. Patients screened with cancer and other serious ailments had a free referral to health facilities, whereby they received consultations, further check up and treatment. The Safaricom Foundation usually follows up on the referral cases, till the end.

STRATEGIC PARTNERS, STAKEHOLDERS AND BENEFICIARIES

Beneficiaries

The main stakeholder is the society, the Kenyan People. Safaricom is highly committed to working closely with the Kenyan communities, by not just as customers, but by empowering them and contributing to the economic landscape of the country.

The Kenyan society is the main beneficiary as well from the projects. The efforts made by the foundation have left a lasting impact on their lives, in a positive way. Most of the projects undertaken by the Safaricom Foundation are community based, and its main aim is to transform lives. This is evident from the statistics provided on how many people's lives have been changed and improved. Women, especially mothers and their children have benefitted greatly from the various projects. There is availability of adequate facilities and maternal wings in their nearby health centers. Pregnant mothers are now able to attend pre-natal and post-natal frequently. It is also clear that the maternal and child mortality rate has greatly decreased because most deliveries are now being done in the health facilities with assistance from skilled professionals. In cases where complications occur, the doctors are able to take care of it, reducing the disastrous would have been outcome.

Not only have mothers and children benefitted, but the communities across the country have gained from the foundation's project. The several camps set up in different parts of the country have provided free checkups, consultations and treatments of various ailments and. Those that were screened with non-communicable diseases were educated on how to manage the disease and live a healthy lifestyle.

Furthermore, the use of mobile technology and mobile apps (M-health); Health Enablement and Learning Platform (HELP), Jamii smart and M-Tiba have greatly contributed to the improvement of the health situation in Kenya. Since the inception of the Jamii Smart Platform, in Barsaloi Community, Samburu County, real data can be uploaded using the software, and just by a click of a button, doctors and nurses in the area can easily access a patient's medical information (Safaricom Foundation, 2018). This has enabled specific interventions for specific people and area, as all the information required is readily available. One such case is that of Ms. Margaret, a mother of four, who was in labor and was 3km away from the Barsaloi Dispensary. Fortunately, she was spotted by a Community Health Volunteer (CHV) and her quick response to the situation enabled Ms. Margaret to have a safe delivery and wellness. Since she has now registered with Jamii Smart, future follow ups are easy, since the App sends her messages and reminders about appointments, as well as to the CHV' (Safaricom Limited, 2018)

This is just one of the many success stories after the intervention of Safaricom Foundation with its partners, to ensure the health and well being of mothers and their children. Many lives have been saved through this project. The HELP platform has also been successful and beneficial to the community, since over 70 Community Health Volunteers have been trained (Safaricom Foundation, 2018). The content is provided in text and audio, which is in both Swahili and English, on a weekly basis.

Apart from the communities being major beneficiaries, the health facilities have also gained from the Foundation's funding. Several hospitals have been renovated, maternity wings have been built, education has been provided to the caregivers and adequate equipment has been purchased. This has seen an increase in patients who visit the hospitals and lives being saved. In addition, the traffic of patients in the hospitals has enabled the health facilities to generate revenues, which are used to further improve them (Sustainability Report, 2017). The Safaricom Foundation still provide support even after the projects are already rolling. In summary, The Safaricom Foundation has touched so many lives, and this is in accordance with their mission of 'Transforming Lives and Building Communities'. It also fulfills one of the main areas of focus, which is 'Afya', which goes hand in hand with the SDG goal number 3 of good health and well being for all.

Strategic Partnerships

The Safaricom Foundation has partnered with various, like-minded organizations, to support the projects, so that the impact can be felt by as many Kenyans as possible. These stakeholders are divided into five high impact partnerships and they are:

- **Funding Partnerships:** These are partnerships which are forged with donors, the Private sector and other Foundations, to manage the funding for their investments, in their focus area.
- **Co-Funding Partnerships:** These are partnerships in which the Safaricom Foundation partners to co-fund certain investments, in their areas of focus.
- **Implementation Partnerships:** This is whereby the foundation will partner with organizations, whether public or private sectors, to use its investments to achieve set goals for a project in the focus area.
- **Advisory Partnerships:** These are partnerships with organizations', who would use their knowledge and technical leadership in certain focus areas
- **Policy and Advocacy Partnerships:** The Foundation partners with various organizations, to advocate for favorable policy environments, which would enable them to achieve the set goals in the focus area.

Organizations that are in partnership with the Safaricom Foundation in achieving the SDG goal 3 of good health and well being, in the 'Afya' focus include:

- **CBM Kenya:** CBM is an international, Christian organization, which aims at providing quality life for people with disabilities in poor countries. CBM Kenya is an independent member of the CBM family.
- **Bethany Kids:** This is an evangelical medical mission, which aims at improving both the physical and spiritual health of children. They do so by providing free treatment to children with cleft lips and cleft palates, and other life threatening ailments like Spina bifida.
- **Sabatia Eye Hospital:** It is a non-profit, independent hospital, which specializes in eye care. The hospital has been involved with a number of outreach programs in conjunction with the Safaricom Foundation and those who attended these camps got free treatment and surgeries.
- **Kenyatta National Hospital:** KNH is the oldest, public and referral hospital in Kenya, which provides general and surgical services to Kenyans all over the country and walks of life.
- **Operation Smile:** Operation Smile Kenya mission is to correct facial deformities. Together with Safaricom Foundation, they have organized several camps, whereby children born with cleft lip or cleft palate have received free surgeries, and are able to live their lives as normal children.
- **AMREF:** This is a Non-governmental organization, whose operations are in all the 47 counties in Kenya. The solutions that they provide address the needs of children, women, and issues of non-communicable diseases, infectious diseases and maternal and infant mortality.

The head of Corporate Responsibility, Sanda Ojiambo, stated that she appreciates the fact that the Safaricom Foundation provides opportunities for strategic partnerships and long term relationships with not only its partners but community members as well (Safaricom Foundation, 2018). These projects would not be beneficial without the efforts of these partnerships (Safaricom Foundation, 2018).

IMPACT OF SDG's TO THE ORGANIZATION

Inclusion of SDGs as part of the strategy has had quite a positive impact on the company, mainly because it increases the value for all the stakeholders operating the business, because they all share the same value. In addition, there is an increase in higher revenues, competitiveness and better risk management. These in turn have a positive impact on the returns for the shareholders of the company (Sustainability Report, 2017). Safaricom Limited has witnessed a growth in its sales, market share and its brand. The society is able to relate the business with the good initiative of the company, therefore, profitability is bound to increase, market share and brand also inevitably increases, because customers would prefer to be associated with the brand than its competitors. The initiative by the company, through the Safaricom Foundation, has also enabled it to transform its business model from not only focusing on the revenue, but also focusing on the social goal.

The 2017 financial year report indicated a substantial growth from the contributions made by the Safaricom Foundation, and its other foundations. The contributions have doubled in the previous years, from 3.6 to 6.6 billion (Sustainability Report, 2017). The focus areas that showed the biggest growth is the health and education (Sustainability Report, 2017). The projects run by the Safaricom Foundation have also enabled the company to align itself with the Sustainable Development Goals. Almost 22.1% lives of the population have been positively impacted and the percentage will increase as the years go by. The society ends up getting the value provided by the company.

Not only did the company gain financially, but also the SDGs were a driver for innovation. Safaricom Limited increased its product range by introducing new products and improving the existing ones. The company, in partnership with PharmAccess and CarePay launched the M-Tiba health solution (Safaricom Foundation, 2018), which is a health payment platform. This product enables Kenyans to have access to healthcare, allowing them to save, borrow and share money for health care purposes, at a very low cost. M stands for mobile, where as Tiba is a Swahili word which means Care. This form of social innovation has provided a solution to the society and at the same time securing a long term business growth for the company. Furthermore, Safaricom Limited has greatly increased its partnership efforts with both private and public organizations, which has generated synergies. They have managed to unlock synergies, and thus resulting to better relationships and business opportunities with the various organizations involved, by way of value creation.

RELEVANCE OF THE SDG GOALS

The 2030 Agenda is an intergovernmental agreement, which builds on the concept of the 'The Future we Want'. Safaricom Limited aims at achieving nine out of the seventeen sustainable goals stipulated by the United Nations. The Safaricom Foundation, with a focus on health, which is goal number 3, under the UN SDGs, aims at ensuring that good health and well being is available for everyone, at every stage of their lives. This is done by using its mobile technology to influence access to quality affordable healthcare.

CONCLUSION

Business will not operate the same way, if the level of poverty increases and the world is in crisis. Safaricom Limited realized that in order to end poverty in the country, and empower the lives of Kenyans, their business strategy had to go hand in hand with issues of social needs like economic empowerment, health, education, job opportunities, and at the same time, also touching on environmental protection and climate change. It was the first company, which announced how the SDG goals will be embedded in its strategy, and by doing so, the company now provides services and products, which are in line with these goals.

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KEY TERMS AND DEFINITIONS

***Afya*:** This is a Swahili word that translates to "health" in English.

Corporate Social Responsibility: Projects or initiatives undertaken by an organization, for the benefit of the society.

M-Health: This is a mobile application that provides various health solutions, like information, savings and credit options, among others, by use of mobile phones.

M-Pesa: M stands for mobile, and *pesa* is a Swahili word that means money. It is a mobile application, where Safaricom's subscribers can do money transactions between themselves or with the bank.

M-Tiba: A mobile application, where subscribers can save and borrow money for health purposes. It mostly targets people who cannot afford health insurance in Kenya.

Simu ya Jamii: One of the first products of Safaricom Limited, which was a community phone, used by those who could not afford a mobile at the time.

Sustainability Framework: A planning theory in the activity of an organization, involving the management, so as to have a positive impact in the wellbeing and health of people and the environment.

Sustainable Development Goals: Commonly referred to as SDG's, this is an agenda by the United Nations, in an effort to end poverty and ensure equal opportunities for everyone, in terms of health, education, justice among others.

Chapter 11
Human Capital in Business:
The Case of Overgas

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ABSTRACT

Employees are rated as the most valuable asset of an organization. Therefore, the care, development, and maintenance of strong staff motivation are essential to achieve the core business goals. In the early 90s human capital had completely different value in the post-socialist countries. Unlike East Germany, in Bulgaria private property and entrepreneurship did not exist during the Soviet period. The education of an entrepreneurship spirit in free people had to start from scratch. The first part of the chapter examines the most important theoretical contributions and basis of the human capital and human capital resource theories. The second part is dedicated to the practical implications of these concepts in a newborn Bulgarian company which has a vision to transform the society it operates in. In addition, the chapter analyzes how these concepts reflect on a broader business audience, thus becoming a role model for multiplication of other companies from the responsible business circle in Bulgaria.

INTRODUCTION

According to the latest report from the International Economic Forum in Davos, "the development of previously unrelated areas such as artificial intelligence, robotics, nanotechnology, 3D printing, genetics and biotechnology complement" grow each year. Current trends can lead on the one hand, a total loss of up to 7.1 million jobs and, on the other hand, to 2 million newly created jobs in computer, mathematical, design and engineering specialties. In the Fourth Industrial Revolution, creativity is becoming one of the first three most needed soft skills for workers to work, with a steady stream of new products, technologies, and approaches to make them more creative to take full advantage of these changes.

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HUMAN CAPITAL THEORY REVIEW

In his lectures in Labor economics Acemoglu (2016) accepts the presumption that all pay differences are related to skills (even if these skills are unobserved to the economists in the standard data sets) is not a bad place to start when we want to impose a conceptual structure on empirical wage distributions, but there are many notable exceptions, some of which will be discussed later. Here it is useful to mention the compensating differentials, the labor market imperfections, and the taste-based discrimination

A possible classification can be made as follows:

1. **The Becker View:** Human capital is directly useful in the production process. More explicitly, human capital increases a worker's productivity in all tasks, though possibly differentially in different tasks, organizations, and situations.
2. **The Gardener View:** According to this view, we should not think of human capital as unidimensional, since there are many dimensions or types of skills. A simple version of this approach would emphasize mental vs. physical abilities as different skills.
3. **The Schultz/Nelson-Phelps View:** Human capital is viewed mostly as the capacity to adapt. According to this approach, human capital is especially useful in dealing with "disequilibrium" situations, or more generally, with situations in which there is a changing environment, and workers have to adapt to this.
4. **The Bowles-Gintis View:** "Human capital" is the capacity to work in organizations, obey orders, in short, adapt to life in a hierarchical/capitalist society. According to this view, the main role of schools is to instil in individuals the "correct" ideology and approach towards life.
5. **The Spence View:** Observable measures of human capital are more a signal of ability than characteristics independently useful in the production process.

Acemoglu (2016) summarize four main sources of human capital differences:

- **Innate Ability:** Workers may possess various amounts of skills/human capital because of innate differences. There is likely to be heterogeneity in human capital even when individuals have access to the same investment opportunities and the same economic constraints;
- **Schooling:** Is relatively small, suggesting that schooling differences account for a relatively small fraction of the differences in earnings.
- **Non-Schooling Investments:** That come from the selection of different schools or the selection of various subjects in school.
- **Training:** This is the component of human capital that workers acquire after schooling, often associated with some set of skills useful for a particular industry, or useful with a particular set of technologies. The role of the firm is even greater once we take into account that training has a significant "matching" component in the sense that it is most useful for the worker to invest in a set of specific technologies that the firm will be using in the future.

The understanding of "human capital" is a multidisciplinary category important for several sciences, including sociology, psychology, politics and economics. Since the end of XIX century is becoming the "human factor" is becoming a center in the development of macro- and microeconomics and management.

One of the pioneers, Adam Smith, only in 1759, formulated some of the main aspects directly related to the contemporary concept of human capital in his works “Theory of Moral Feelings” and “The Wealth of People”, namely the moral and economic aspect of the division of labour - as a motor of social development; the reasons for subordination and superiority - personal qualities, age, property, generic origin and belonging; study in a profession with high labour costs and prolonged time; the improving the quality of the workforce; the labour specialization in order to increase productivity and earnings from labour; the equality between people in society; the higher remuneration and material incentives; the combination of selfish and altruistic motives and instincts; and the three responsibilities of the ruler for society and people.

In the early XX century, Arthur Cecil Pigou (1932) stressed on the need to search for a balance between investing in human capital and investing in tangible capital. Good consumption and high quality of life are reflected in productivity and activity - in the next life stages of maturity (in children) and in the duration of working healthy working life (for adults).

The following decades shaped the contemporary theory of human capital as part of the macroeconomic development theory. In the 1950s, Becker defined it the main factors of production comprised land, labour, physical capital and management (Mincer 1962b, Becker 1993).

The term human capital can trace its roots to the early 1960s, when Schultz (1961) proposed that HC consisted of the *knowledge, skills and abilities of the people employed in an organisation*. While concise, Shultz’s initial definition of HC is somewhat limited in that it does not take into consideration the concept of ‘value’ and the importance of ‘investment’ in HC. In 1981, Schultz revamped this definition and defined HC as *all human abilities to be either innate or acquired. Attributes … which are valuable and can be augmented by appropriate investment will be human capital* (Schultz 1981).

The founder of the modern concept of human capital is Gary Becker (1964), who defines it as a “long-lasting and indivisible set of one’s knowledge, skills, health, cultural and moral values, working habits.”

By the 1960s, however, economists had great difficulty in explaining the growth of the US economy based on the aforementioned factors of production (Schultz 1961). Becker (1964), Schultz (1961) and Mincer (1974) explored empirical data and challenged the assumption that growth of physical capital is paramount to economic success. The basic premise behind HC theory was introduced that people’s learning capacities are of comparable value with other resources involved in the production of goods and services.

Another leading founder, Becker (1993) defined HC as the ‘knowledge, information, ideas, skills, and health of individuals’. His definitions were somewhat narrowed but Becker’s understanding is interesting as it creates an extra dimension in terms of the ‘health of individuals’. In fact, the health and well-being of individuals are perceived as an important factor in contemporary research which relates to the contextual development of HC within companies. Bontis (2002) defines human capital as ‘the human factor in the organisation; the combined intelligence, skills and expertise that gives the organisation its distinctive character. The human elements of the organisation are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organisation’. He highlights the importance of specific features as innovation, change and creativity relating them to the human capital. Moreover, the definition emphasises the role of motivation in leveraging these capacities. The definition acknowledges the importance of ‘distinctive character’. Finally, it alludes to the outcome of business sustainability, referring to the ‘long-term survival of the organisation’

Human capital theory changes the equation that training and development are ‘costs the organisation should try to minimise’ into training and development as ‘returnable investments’ which should be part of the organisational investment capital. Therefore, human resource training and development decisions and evaluations have to be done based on clearly developed capital investment models. (Itika, 2011)

In their most recent report McCracken, McIvor, Treacy and Wall (2017) define social capital is the catalyst that converts the knowledge of individuals into the knowledge of the organisation, and vice versa. They put main emphasis on the importance of measurement, because measurement and reporting as a fundamental knowledge source in itself for not only facilitating the development of human capital within organisations but also predicting and sustaining human capital performance in the longer term. They make a robust analysis on the human capital implications both on individual and company level, underlying several important conclusions.

First, the resource-based view and capability perspectives underline the need for the growing focus on HC in the firm performance and competitive advantage debate. For example, it is shown that HC is not only important to individual-level outcomes such as job performance and employee development, but also firm-level outcomes such as capability development and competitive advantage.

Second, from a knowledge-based perspective, they highlight that it is important for management to understand the interactions between human, social and structural capital. Social capital in particular is shown to be the bond which ties all other forms of capital together and plays a key role in both employee creativity and firm-level innovation. Hence, it is vitally important management is able to measure social capital alongside human and structural capital.

Third, from a change management perspective, t HC can be leveraged in times of uncertainty and strategic change. The theory of dynamic capabilities underlines the importance of employee adaption and agility and being able to respond to changing customer and industry demands. For example, an ‘agile’ organisation may favour data relating to employee and workplace flexibility.

Exploring in depth the elements of human capital on both levels the instruments developments we may say how to contribute to the human capital development.

Finally, in light of the above observations, it is vitally important that organisations have a robust HC measurement and reporting function so management are supplied with the data to make more-effective decisions and predictions regarding HC management and development within the organisation.

HUMAN CAPITAL AT INDIVIDUAL LEVEL

According to the classification of McCracken, McIvor, Treacy and Wall (2017) investment in people is realized primarily through:

1. **Employee Training:** It facilitates employee knowledge and skills (KSAOs) through learning and development and is an important generator of employee capabilities. At the employee level, it emphasizes on the impact of training and various researchers show that it is related to the employee earnings, employee productivity, employee job performance, employee turnover, job satisfaction, employee attitudes, employee empowerment, teamwork and commitment.
2. **Workplace Learning:** Education and training only explain a small portion of what employees learn at work. Workplace learning is largely experiential in nature. It is non-formal and based on experience of the employees on the workplace, usually unplanned and not legitimized.

3. **Self-Directed Learning:** Self-directed learning is moved by the person's own rhythm. Individuals review what they have learned, what they have achieved, what their goals are, how they are going to achieve those goals and what new learning they need to acquire. Employees upgrade and follow their own development path.
4. **Mentoring:** According to Klinge (2015), mentoring is 'traditionally a process in which an experienced person (the mentor) guides another person (the mentee or protégé) in the development of her or his own ideas, learning, and personal/professional competence'. The role of a mentor is to provide advice and also help the mentee reflect on their experiences in order to further their development. The mentor's own experience is of particular value to the mentee.
5. **Electronic Learning (E-Learning):** In the narrow understanding e-learning requires the use of computer, networked and web-based technology to provide learning material and guidance to employees. Nowadays it is perceived as an additional source of information for the face-to-face learning. Many companies are turning to web-based learning platforms.
6. **Employee Development:** According to Nadler (1979), "employee development is concerned with preparing employees so that they can move within the organization as it develops, changes and grows". The continued development of employees is important because it is recognized that there is a direct correlation between the workforce development and the competitive advantages of the company. An organization which does not develop its workforce cannot develop its competitive strategies.

Very important part of this development is the measurement of the process. It has already been highlighted how employee development is linked to a wide range of employee outcomes, such as employee performance, job satisfaction, employee turnover, extra-role discretionary behaviours and employee attitudes. Employers must also be able to manage and measure employee development in order to avoid the threat of skill gaps or obsolete skills.

7. **Career Management:** The management of a career must ensure employees have a career path in the organisation. Gaffney (2005) emphasises that it is not enough to have employee development plans in place; career plans must be put in place and aligned with employee goals in order to reduce employee turnover and to increase employee engagement (Byrne 2015). That is why employers provide employees with an ongoing mechanism to enhance their skills and knowledge, which leads to mastering their jobs and added professional development.

Employee development and career management are very important for the employee development within organizations. This means human resource consultants shall link the development plans with employee career objectives in order to align organizational goals with employee goals.

8. **Non-Cognitive Abilities:** A number of authors have highlighted how non-cognitive skills, such as character skills, personality traits, goals, motivations and preferences, are growing in value. Heckman and Rubinstein (2001) refer to these skills as non-cognitive skills, which tend to be softer in nature when compared with traditional cognitive skills. In other words, they are psychological in nature and related to mindsets and behaviours.
9. **Employee Motivation:** Elliot and Covington (2001) define motivation as one's direction to behaviour, or what causes a person to want to repeat behaviour and vice versa. In an organisational context,

motivation can be understood as the desire or drive that an individual has to get work done. There are many different theories of motivation, including Maslow, Herzberg, McGregor, etc. They help to develop an understanding of employee motivation and the design of reward systems. Nowadays companies typically create a unique material and non-material package rewards in order to motivate employees.

10. **Employee Engagement:** There have been numerous definitions of employee engagement. Some perceive it as *a construct composed of three elements, energy, involvement and efficacy* (Maslach, Jackson and Leiter, 1997). The key observation is that each element is the direct opposite of the three burnout dimensions: emotional exhaustion, depersonalisation and lack of efficacy (Byrne 2015).

Others define employee engagement as a motivational state as a *moment to moment state of motivation, wherein one is psychologically present (that is, in the moment) and psycho-physiologically aroused, is focused on and is aligned with the goals of the organisation and channels his or her cognitive self to transform work into a meaningful and purposeful accomplishment does* (Byrne, 2015). Moreover, the Engage for Success movement (2015) embraces the idea of well-being and defines engagement as 'a workplace approach resulting in the right conditions for all members of an organisation to give of their best each day, committed to their organisation's goals and values, motivated to contribute to organisational success, with an enhanced sense of their own well-being'.

11. **Employee Creativity:** *Creativity refers to the production of new and useful ideas which fuels innovation in products, services, processes, and procedures in organisations* according to (Amabile, 1996). It is usually linked to employee creativity because when employees are invested in their work, they are more likely to have a better understanding of their work and therefore opportunities for improvement or experimentation. Moreover, engaged employees are more likely to come up with creative ideas as opposed to employees who simply do not care about their work. It also could be the case that employee empowerment, an antecedent of engagement, could be the catalyst for creativity (Sun et al 2012). Hence, employee creativity is influenced by a multitude of individual- and firm-level factors.
12. **Talent Management:** Talent management is an important individual- and unit-level construct. Under the human capital framework, talent management is predominantly focused on developing talent from within the organisation. Hence, there is a strong focus on employee development and the operation of a fair and equitable succession programme. According to Dowell (2010) *talent management is an integrated set of processes, programs and cultural norms in an organisation, designed to attract, develop and deploy and retain talent to achieve strategic objectives and meet future business needs*.

HUMAN CAPITAL AT COMPANY LEVEL

Human capital can play an important role in the creation of competitive advantage, with a focus specific assets and how it can assist the achievement of strategic goals. Thomas, Smith and Diez (2013) described it in the following diagram:

Figure 1. Human capital strategy
(Thomas, Smith and Diez, 2013)

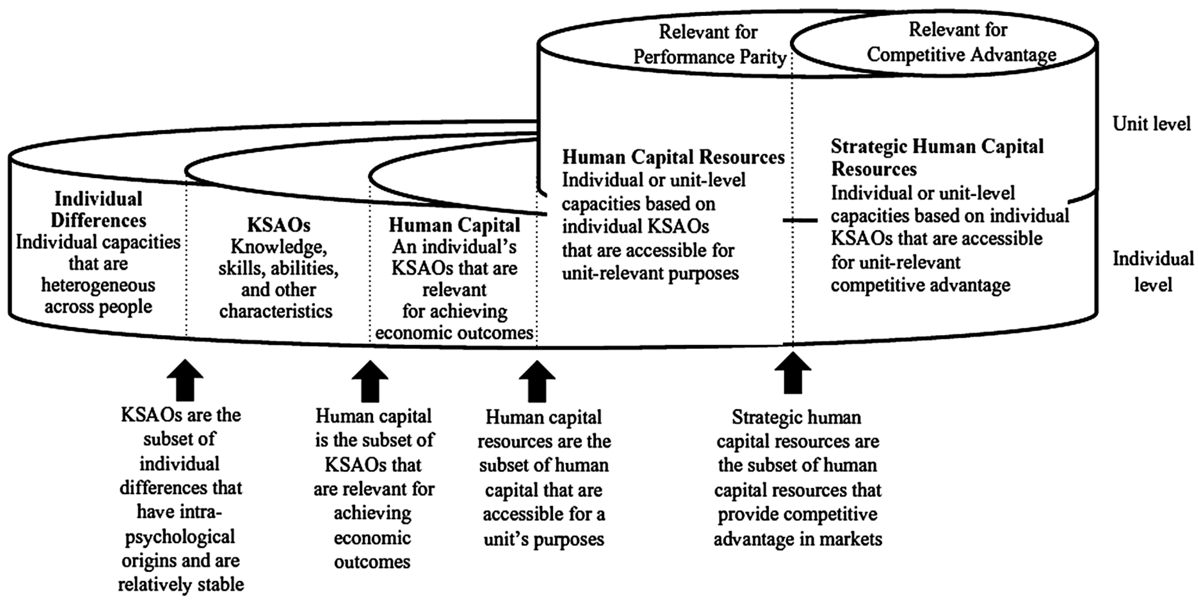
The above sections highlight the important role HC plays in the creation of knowledge capital. Not only does HC combine with social capital to create new knowledge, HC can also interact with structural capital. However, it has also been highlighted that while human, social and structural capital combine to form IC, there can be strategic differences in how the various forms of capital are deployed. In this sense, it is imperative that management can measure the various interactions between the different capitals. McCracken, McIvor, Treacy and Wall (2017) focus on the human aspect of intellectual; capital in terms of management and measurement theory, and acknowledge the relationship between human capital and social capital and structural capital in the following sections.

HUMAN CAPITAL RESOURCES

Resourcing is a concept that has evolved from the concept of “human resource planning”. It focuses on a process of enabling the company to have the right people, doing the right jobs at the right time. This is in line with the challenges facing managers in staffing organisations. It is about planning for the number and quality of employees required under different job categories and to make sure that staffing process such as recruitment, selection, placement, promotions, transfers and downsizing are effective (Itika, 2011).

That is why the researchers argue that Barney (1991) argues that these are company resources include *all assets, capabilities, organisational resources, firm attributes, information and knowledge controlled by a firm that enable the firm to conceive and implement strategies that improve efficiency and effectiveness*. They can be further grouped into three categories, namely, physical capital resources, HC resources and organisational capital resources. However, it is important to note that regardless of the category grouping, any resource that creates a sustainable competitive advantage for a firm must have the following attributes:

Figure 2. Relationship between human, social and structural capital
(McCracken, McIvor, Treacy and Wall, 2017)



1. It must be valuable, that is, it exploits opportunities and/or neutralises threats in a firm's environment.
   a. It must be rare among a company's current and potential competition.
   b. It must be imperfectly imitable; this can be for a number of reasons.
2. The ability of a company to obtain a resource is dependent upon unique historical conditions.
3. The link between the resources possessed by a company and its sustained competitive advantage is causally ambiguous.
4. The resource is socially complex, that is, knowledge-based.
5. The resource is non-substitutable.

As a result, the key point is that the conditions for competitive advantage (valuable, rare, imperfectly imitable resources) also mirror the conditions for company-specific human capital.

According to Ployhart et al (2014), *a human capital resource can be defined as individual or unit-level (collective) capacities based on individual KSAOs that are accessible for unit-relevant purposes, that is, best practices*. In this context, a human capital resource is associated with economic parity or best practice outcomes. The strategic human capital resource, on the other hand, can be defined as 'individual or unit-level (collective) capacities based on individual KSAOs that contribute towards competitive advantage'. Adapted from Schuler (2000) research McCracken, McIvor, Treacy and Wall (2017) present the following classification of the human resource theories.

The researchers consider four key critical areas of focus in human resource management. The first one is the need to interconnect business and human resource strategies, that is, human resource strategies should be developed and save business strategies. As a second one they underline the strong organisational culture for employee commitment. The assumption here is that an engaged employee

Table 1. Human resource theories

Theories	Human Resource Lessons/Assumptions/Implications
Resource dependency theory	● Scarcities of resources determine policies and procedures to be adopted by organisations. ● Employees are scarce resources, which should be carefully managed.
Competitive advantage theory	● Organisations should capitalise on competitive advantage it has over other organisations. ● An employee is a rare resource, immutable, non-substitutable, and valuable ● In order to gain from competitive advantage, there should be creation and support of organisational culture that ensures effective management of training and performance management functions.
Institutional theory	● Organisational norms, values, attitudes and myths are the sources of organisational failure or success ● These need be rationalised in order to ensure effectiveness
Agency theory	● The employer and employee have a principal-agent relationship. ● As there may be disagreement between the two, legal implications have to be carefully considered and, if possible, litigation should be avoided
General systems theory	● Organisations are complex systems. ● Human resource management is a sub system ● Failure/success of each component will have overreaching impact to the organisation.
Human capital theory	● It is an economic approach – people are valuable assets. ● Invest in people as one does in other assets e.g. machinery
Organisational life cycle theory	● Organisation grows in stages. Start up, growth, maturity, decline and revival. ● Manage human resources according to the stage of growth of the organisation. Role behaviour theory ● The means used by an organisation to send role information determines role response (behaviour). ● Human resource management should focus on improving the role information for employees
Organisational change theory	● Organisations pass through different forms, levels of quality, and states over time ● Human resource management should ensure congruence between stated goals, changes, and performance
Transaction cost theory	● It is an economic point of view of governance structures in business transactions. ● It considers costs of establishment, monitoring, evaluation, and enforcement of exchanges (contracts). ● Since managers have limited information for decision making (bounded rationality) before transactions, there must be measures to reduce risks. ● Managers should seek opportunities to be used by employees. ● Human resource management should minimise loopholes in employment relationships like reviewing contracts, monitor, and ensure compliance to set objectives, targets and standards
Strategic contingency theory	● Organisations have several strategic typologies to adopt. ● The choice of typology depends on organisational environment. ● Human resource management should depend on a particular typology chosen.
Organisational learning theory	● The success of an organisation depends on ability to learn ● Employees prior knowledge facilitates learning and application of new related learning ● Human resource management should facilitate continuous learning

will put in the maximum effort required for the desired organisational performance. Thirdly, the focus on the obsession for Quality. In a world of increasing competition, new customer tastes, and choice, no organisation can survive without addressing issues of quality. Quality will always matter in human resource management and the starting point of this is during recruitment, where an organisation should get the right staff right away. Lst but not least, the researchers mention creativity and innovation. This is a critical factor, which distinguishes one organisation from another in terms of how they respond to the environment. Employees have to be able to come up with new ideas and put them into practice in order to exploit business opportunities.

CASE STUDY

In the early nineties, when Bulgaria was characterized with an environment of political uncertainty, rapid shifts in the newly born free market, and people with quite conservative mentality, Overgas, a newly formed company, built their strategy for development on the development of the human capital. One of the most successful Bulgarian stories concerning CSR organizational activity in the field of human capital development started in 1991.

Profile of the Company

Overgas Inc. was founded to build and operate gas distribution networks, and also to sell blue fuel to residential, corporate and administrative consumers. As the largest private gas company in the country, its green investments exceed 168 millions euro. It has 10 licenses for distribution and supply of natural gas in 51 Bulgarian municipalities. The length of its gas distribution network exceeds 2500 km. With over 1,000 staff, Overgas reaches the homes of over 277,000 Bulgarian households and provides an energy alternative to 60,000 families, over 3000 manufacturing companies, hundreds of educational and social institutions. Revenue for 2017 – 87,5 millions euro.

Philosophy of the Company

Overgas is conceived as a community of people who, through their professional skills and expertise, strive to be useful with their work for society at large. The company's ideology is subordinate to the etymology of the word "company," composed of two Latin words - "cum" and "panis" or "together for the bread", ie. "The people I share my bread with" - my adherents, associates, people with whom we are united by common goals and values who are responsible for the people around us and convinced that no one can be forced to be good by law.

Overgas mission covers the following:

1. To make the natural gas accessible to all.
2. To ensure better quality of life and competitiveness to its customers.
3. To create conditions for decent professional and personal realization to all its employees.
4. To affirm the good trade relations with its partners and perceives the competition as a driver for its development.
5. To guarantee the long term interests of its clients.
6. As a good corporate citizen, to create and support projects with positive public impact.

CSR and Sustainability Policy

Increasing business sustainability, leadership, and building a free-of-charge energy market are among the company's goals. The formation of a positive business climate in Bulgaria has always been the overriding priority of Overgas. As a confirmation, the company actively participates in legislative initiatives in the energy sector, observes good commercial practices in relations with partners and accepts competition as a driver for market development. And he always advocates the right of citizens to choose.

Since its inception, Overgas has been striving to provide society with an example of interaction between free people. The corporate culture of the company encourages creative work instead of going to work; the voluntary and responsible implementation of the commitments undertaken instead of the force of the normative act. The founder of the company, Sasho Donchev often says:

… We dream of a better society for ourselves and for our children.

A society in which you are not expected to make people good by law and coercion.

A society in which people are together because they need each other.

In which everyone strives to fulfill their expectations and take on their responsibilities. A society in which people are solid, empowered and willing to cooperate. In which institutions do not dictate people's lives, and citizens impose an institutional agenda.

The approval of Overgas as a good corporate citizen was enshrined in its creation, long before the notion of CSR to enter Bulgaria. Social responsibility is a priority for the company and its employees and is an integral part of the business goals. It is not a one-time act, but a continuous and ongoing activity by which the company assumes responsibility for the impact of its activities on society.

As a responsible company, Overgas also has a long-standing environmental policy with the following priorities in the field of environmental protection: 1/ conservation of nature in the areas of construction and operation of the gas distribution networks; 2/ ensuring environmental safety and technical reliability during the construction, transport and operation of gas distribution networks; 3/ protecting the health of workers; and 4/ improving the state of the environment of the territories in which it operates.

Brief Description of the CSR / Sustainability Project Selected

The selected sustainability-related project showcases the empowerment of the employees, primarily selected on the basis of company corporate needs. In 2013, 22 years after the establishment of the company, a large scale of reengineering of the operating procedures in Overgas took place, involving representatives of all the main directions of the company. Reengineering aimed at reviewing and updating strategic goals, optimizing business processes and achieving greater efficiency in the company's business. It covered the transition period of the company development strategy for mostly infrastructural business to open to the end users. As a result of a two-year process of change, a new Overgas strategy and a new governance model were formulated. From this point onwards, the decision was taken that reengineering is a continuous process aimed at integrating new approaches and ways to optimize the activity, albeit at a smaller scale.

The project includes the following activities: 1/ drafting a new business strategy; 2/ formation of appropriate management process in the company; 3/ reevaluation of the existing projects; and 4/ introduction of new human capital-related initiatives.

MANAGERIAL ISSUES AND RESOURCES RELATED TO THIS CASE

Among the four most important overarching corporate goals of Overgas are to protect the interests of shareholders, to defend the position of leader in the field of gasification in Bulgaria, to ensure effective operation of the company; and to improve the business sustainability and continuity

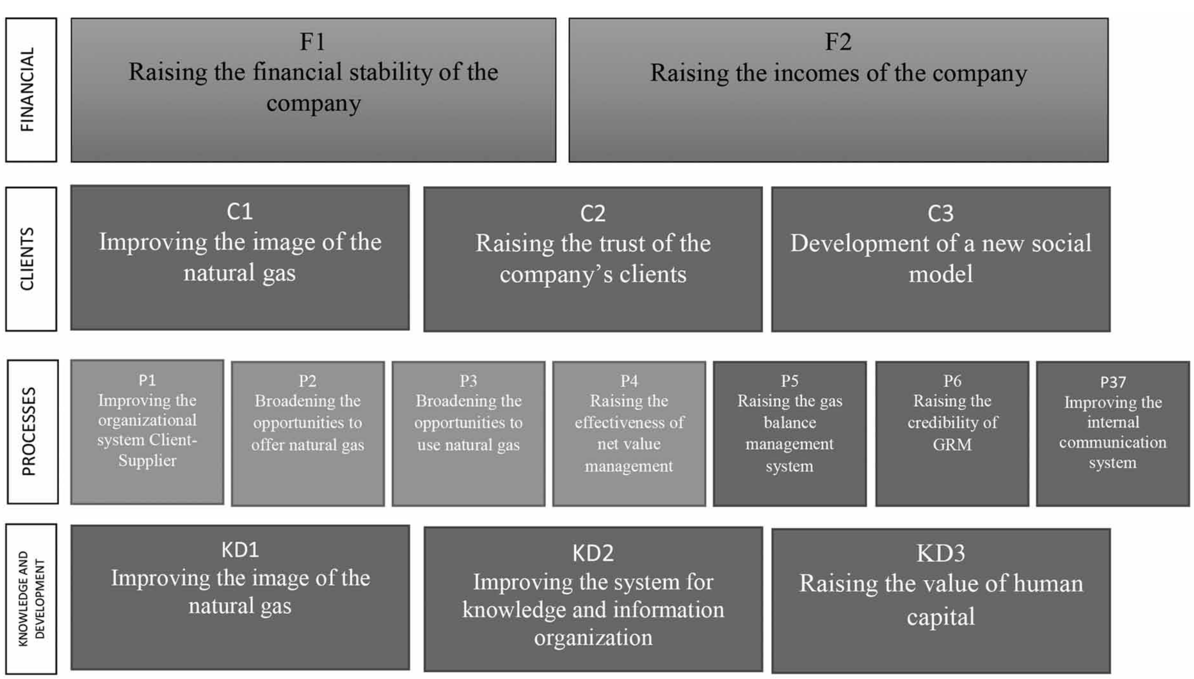
As a tool for the transformation of the mission and strategy, a map of strategic goals was prepared in a set of activity indicators. The basis of the map is the Balanced Scorecard (Balanced Scorecard model by Robert Kaplan and David Norton). It developed strategic goals in 4 perspectives: financial, customer, process, knowledge and development.

In the strategic map, CSR activities and the concept of sustainable development entered the customer perspective, in this case the sub-goal of the development of a new social model. This was in line with Overgas's philosophy to always seek to be the carriers of change. Increasing business sustainability, leadership, and building a free-of-charge energy market are now among the company's goals.

Organizational Issues and Resources Related to this Case

The company has a clear human resources and engagement policy that provides equal opportunities for employee training and development, with strict adherence to labor law, opportunities for participation in various internal and external events and initiatives to extend further employees' full potential. This policy is managed by two separate so-called *processes: "Human capital" and "Overgas society"*.

Figure 3. Strategic objectives map: Balanced scorecard



The "Human Capital" Process is committed to the following activities: personnel selection; occurrence, modification and termination of the labor relations; employee training; introduction and adaptation of newly recruited employees; tracking the health of employees; ensuring healthy and safe working conditions; management of the corporate social program; and career counseling and others. It focuses its efforts to developing human capital in the company - from employee selection and adaptation right after their work to supporting the process of performance evaluation and providing conditions for development within the organization.

The "Overgas Society" Process

The Overgas Society process aims to develop a new social model and active, solidarity and empathy citizens. Overgas achieves a community of free people sharing common values, such as responsibility, empathy, humanity, utility, and helping to revitalize society and make it better by collaborating with employees and customers of the company. All this has contributed to increasing the growth of Overgas trust as a socially responsible company and a corporate citizen.

Stakeholder Groups Engagement and Target Groups

Employees

Since its inception, Overgas has been striving to provide society with an example of interaction between free people. The corporate culture of the company encourages creative work instead of going to work; the voluntary and responsible implementation of the commitments undertaken instead of the force of the normative act.

By creating the conditions for uninterrupted access to new knowledge and the development of employees' skills and competencies, sustainable development is achieved. The Overgas Academy platform provides opportunities for personal and professional development to employees throughout the country. From 2015, the Company has set up a Training Calendar, which announces the upcoming planned trainings at the beginning of the year. Every month, all employees receive up-to-date information about upcoming training events and have the opportunity to join them with both company funding and their own resources if the training is not related to their professional area. Approximately 300 employees per year benefit from the opportunity to update their knowledge and improve their skills in different areas. Among the most desirable trainings are those concerning teamwork, presentation skills, emotional intelligence and creativity. Employees are introduced to various techniques they can use to solve a problem in their work.

Continuous professional development of employees is ensured by taking into account the effectiveness of each training, through exchange of experience, involvement in projects, and participation in apprenticeship programs, mentoring, and others. The company has also introduced an e-learning form of learning that expands the palette of opportunities for acquiring new knowledge and skills and overcomes territorial or time constraints. All these conditions contribute to raising the employees' working potential and their motivation; for the high employer image and organizational culture of the company.

In 2016, the “Find the Key to the Other” initiative was launched, which prompted each employee to look for and find the way to the other in the company, the key being a symbol of collegiality, partnership between processes, respect for the responsibilities and skills of the person to us. was passed 228 times, he traveled to 16 companies, 37 cities, and met over 450. His purpose was to remind that the greatest wealth is human relationships, kindness, patience, gratitude.

In 2017, the company adopted the slogan “Everybody Needs a Good Company,” and under his hat, many projects are being carried out, both for employees as Ambassadors of Overgas (a priority stakeholder), as well as for the public and external audiences.

Potential Employees

The purpose of maintaining the employer’s brand is on the one hand in retaining employees and on the other, making it easier to recruit new ones by recognizing the company as a good employer.

Overgas is working hard on its strategy to promote the employer’s brand, the need for which is due to the demographic changes affecting the labor market and the tendency for the number of job applications and work experience to decrease continuously. A change in this direction is being sought through active participation in career forums, establishment of direct contact and cooperation with leading universities in Bulgaria, where students are trained in the field of gas technologies - Sofia University, MGU “St. Ivan Rilski “University of Rousse.

There is also a lack of awareness among young people about the activities and occupations of the company other than engineering. In Overgas we believe that young people in Bulgaria are smart and ambitious, and their ideas and unconventional approach inspire new companies. That is why a change in this direction is being sought through active participation in career forums, establishing direct contact with leading universities in Bulgaria and working together to raise students’ awareness of career opportunities in the company.

Overgas has a long-standing practice in investing resources and efforts to improve the quality of vocational education and training in achieving a better relationship between taught at school and business requirements for performance. The competition for the best young installer is one of the most popular and massive competitions for high school students and has been in existence for twelve years. It is the first educational and professional competition - the benchmark for creating all the other student professional competitions participating in the annual Panorama of Vocational Education, organized by the Ministry of Education and Science. The competition is a first step in implementing the dual learning model, where students acquire skills in real-world work and are valued by leading energy specialists who have won first place in previous competitions and now work in the gas field. Dual training in gas engineering is carried out at the technical high schools in Rousse, Yambol and Sofia. The curricula of the specialty are developed according to the requirements of the business, and the training of the future gas technicians is conducted in parallel in the schools and in Overgas.

Conducting an Internship Academy and teaching practices for students and students from different specialties supports their practical training and promotes their future full professional realization in Overgas. Since 2007 Overgas has organized ten-year internships for students from vocational schools, students from 1st to 4th grade and future masters from all educational majors. Based on their work during the internship, young people make informed choices in what sphere to develop their careers, and many of them choose Overgas as an employer. Over 350 students from Bulgarian and foreign universities participate in the program, with 25% remaining in the company after the end of the internship. What all trainees receive is knowledge in practice, and teambuilding and teamwork on projects coalesce young people, create friendships, and workplace becomes not just a job but a useful and enjoyable experience.

External Stakeholders

With the motivation to change the business environment in Bulgaria, 11 years ago Overgas became a member of the world's largest corporate sustainability initiative - the UN Global Compact. In 2010 the company was among the founders of the formal Bulgarian Local Network. Mr. Sasho Dontchev (founder and owner of Overgas) was the chairperson of the association from 2010 to 2015 and is currently a member of the National Council of the Local network. As one of its most active members, Overgas participates in the creation and realization of collective projects that promote the development of society, empathy and sharing of values:

1. "Proud of my parents' work" project aims to show to children that work is a necessity and value that every person is needed and useful to society no matter what profession he or she is exercising. In Overgas, the project is being implemented annually since 2013 by organizing a children's visit to the company at the special Open day for children and an interesting educational program is being prepared for the presentation of professions and activities in the company. The second phase of the project is a children's bazaar of professions open to the general public. The annual implementation of the project contributes to the creation of a sustained interest in learning and working; enhancement of teamwork and employee engagement with unifying company goals and values; and raising the understanding of the community that the company is working in a socially and ecologically responsible way.
2. "Responsible Choice" project aims to show consumers, through transparency in responsible production and offering by companies, that with their actions and purchases they have the power to change production practices, manage the "fashion" imposed by advertisers, and educate a culture of anti-consumerism self and young people. Citizens are placed in an active position, building up the self-confidence that their daily choices and choices matter. The company has been one of the founders of the project in 2015 and since then organizes various initiatives under this objective.

CONCLUSION

As a capital good, education can be used to develop the human resources necessary for economic and social transformation (Olaniyan & Okemakinde, 2008). With their targeted intellectual and professional impacts, people acquire human capital for higher productivity, greater employability, and individual capacity to work. Investment in people is primarily realized through education, educational initiatives and self-initiatives; skills training and apprenticeship; health and care for good tone and employability; facilitated geographical mobility; shaping appropriate attitudes in personal and social terms; good standard of living and good family environment; and creating working habits and socialization.

This research studied the human capital theories and their implication in one of the leading Bulgarian infrastructural companies. For the Overgas' management is clear that the economic prosperity and functioning of the company depend mainly on its human capital stock. Though the idea of CSR in relatively new in the country and the company is just 25 years old the processes of planning, selection, development and value creation in the personnel are predefined, strategically positioned and carefully managed. In its strategic map, Overgas put the CSR activities and the concept of sustainable development in the customer perspective, in this case the sub-goal of the development of a new social model. This is in line with Overgas's philosophy to always seek to be a carrier of change. Increasing business sustainability, leadership, and building a free-of-charge energy market are among the company's goals. The company actively participates in legislative initiatives in the energy sector, observes good commercial practices in relations with partners and accepts competition as an engine for market development. It always advocates the right of citizens to choose.

The good practice can be further studied and based on its results a company model can be created and multiplied in other interested companies in the production, facilities and infrastructure.

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Chapter 12
Corporate Social Responsibility, Distribution Efficiency, and Environmental Sustainability by the World's Largest Bakery Business Group:
Grupo Bimbo's Green Energy Development

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EXECUTIVE SUMMARY

This chapter describes the innovations in green energy generation and electric vehicles development in order to fulfill distribution and production sustainability needs by Grupo Bimbo, the largest bakery products company in the world. Grupo Bimbo, originated in Mexico, has one of the most extensive distribution systems in the entire globe. Although it has presence in 32 countries in the Americas, Europe, Asia, and Africa, most of its revenues come from sales in Mexico and the United States. This chapter studies Grupo Bimbo's corporate social responsibility (CSR) initiatives and strategies to increase its distribution efficiency in Mexico, while contributing to alleviate global warming and carbon-reduction constraints by producing its own electric vehicles and power them with in-house wind-generated energy. As a result of these initiatives, carbon footprint reductions of 104,400 tons of CO2e (equivalent to reducing the daily usage of 25,000 cars for one year) were achieved in 2016 alone.

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INTRODUCTION

In recent years, the relationship between business and the societies in which they are embedded has been strengthen, demanding the active involvement of companies (both, big and smaller ones) in helping alleviate social, economic and environmental issues. To this regard, in 2015, building on the Millennium Development Goals, the general assembly of the United Nations emitted a resolution concerning the enhancement of people, the planet resources and general prosperity, establishing what was called the United Nations general agenda for sustainable development 2030, asking for cooperation and coordination of efforts between governments, big multinationals and civil societies alike (UN, 2015). This responsibility of businesses in alleviating social, economic and environmental concerns is known in the business literature as corporate social responsibility (CSR). From the business perspective, companies engage in CSR seeking either a way to increase profits, gaining power by increasing their responsibility in the political arena, integrating social demands into their strategy in an aim to assure continuity and growth, or merely considering an ethical consideration engaging in social responsibilities (Garriga & Mele, 2004). The truth is that whatever the motivation for companies to engage is, their positive involvement in, and commitment to society in particular and to the planet in general is more needed than ever before. This chapter provides a description of the most relevant and impactful environmental initiatives pursued within the food industry, by the world's largest bakery firm. Grupo Bimbo, originated in Mexico in 1945, is now the largest bakery business group, with operations in 32 countries around the globe in the Americas (USA, Canada, Latin America), Europe, Asia and Africa, having 3.2 percent of the world's bakeries market share, which is continuously growing. These initiatives are: 1) the development and production of its own electric vehicles for the distribution of its products and 2) the development of a wind farm -the world's largest developed and used in the food industry. This is even more significative if we take into consideration that Grupo Bimbo has one of the largest distribution networks worldwide. The wind farm is big enough to power not only its electric vehicles, but also most of its operations in Mexico, which include 55 production facilities, 131 sales centers, 57 bread shops, 2 distribution centers and the headquarters buildings. At the global level, it is estimated that Grupo Bimbo will provide renewable energy to power 75 percent of its facilities worldwide by the end of 2019 (CanadaBread, 2018).

The rest of the chapter is organized as follows. In the next section, a literature review consisting on the UN 2030 agenda for sustainable development goals and a brief review on the evolution of CSR definitions and its classifications is offered. Then, an overview of Grupo Bimbo, with a focus on the pillars of its CSR strategies, namely People (providing a great workplace for employees -or associates), wellbeing (by offering nutritious products and promoting healthy lifestyles), Community (supporting the areas where they operate) and Planet (contributing to sustainability) is presented (BimboBakeriesUSA, 2018). The forth section details Grupo Bimbo's environmental initiatives, followed by some concluding remarks.

LITERATURE REVIEW

The United Nations 2030 Agenda for Sustainable Development

The resolution adopted by the United Nations general assembly in 2015 regarding economic, social and environmental sustainable development established 17 specific goals (United Nations Sustainable Development Goals, UNSDG) in order to enhance the general good of people (alleviating poverty, respect for human dignity), the planet (alleviating climate change, protecting natural resources) and overall prosperity by improving the standard of living of all human beings while stimulating peace (eradicating violence and fear) and promoting partnership among all countries to participate together in achieving these goals hopefully by the year 2030 (UN, 2015). In the words of the United Nations, the 17 goals were designed to transforming our world into a more inclusive, peaceful and perdurable one for future generations to come. These goals, that are to be applied to all people in the planet, are self-explanatory and can be mentioned as follows: 1) End poverty; 2) end hunger, promote food security and improve nutrition; 3) ensure healthy lives and promote well-being; 4) ensure inclusive and equitable education and learning opportunities; 5) achieve gender equality and empowerment of women, 6) ensure sustainable management of water and sanitation; 7) ensure affordable, sustainable and modern energy; 8) promote economic growth and full and productive employment; 9) Promote inclusive and sustainable infrastructure and industrialization; 10) reduce inequality among and within countries; 11) make cities and human settlements safe and sustainable; 12) ensure sustainable consumption and production patterns; 13) combat climate change and its impacts; 14) ensure sustainable use of oceans and marine resources; 15) Protect, restore and promote terrestrial ecosystems (manage forests, combat desertification and take care of biodiversity); 16) promote peaceful and inclusive societies (sustainable development, access to justice, building effective, accountable and long-lasting institutions); 17) strengthen the implementation and promoting global partnership among all countries and individuals for sustainable development (UN, 2015). The present chapter focuses on how the currently largest bakery business group in the world contributes to environmental sustainability, and more concretely to goal 13 of the United Nations 17 UNSDG. The goal number 13, which is the one that concerns to the CSR environmental initiatives detailed in this chapter, dictates urgent action to combat climate change and its impacts and establishes guidelines to be followed for that respect, which are 1) strengthen the adaptive capacity to climate-related hazards and natural disasters in all countries; 2) integrate climate change measures into the counties' public policies, strategies and planning; 3) improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning (UN, 2015).

A Review on Corporate Social Responsibility

Many scholars have reviewed and studied issues on corporate social responsibility (Carroll, 1999; Carroll & Shabana, 2010; Dahlsrud, 2006). Even though the basic notion of what we now understand as corporate social responsibility –that being the responsibility of corporations towards the community in which they are embedded– has existed since the beginning of the modern corporation itself, clear definitions of CSR began to appear in the business literature until a few decades ago, since the mid-20th century (Carroll, 1999).

A comprehensive study of the definition (or definitions) of CSR is given by Dahlsrud (2006), analyzing 37 definitions of CSR from various perspectives. It is important to notice that the oldest of those definitions appeared in 1980, and it was indeed still very vague, stating that "corporations have an obligation to constituent groups on society other than stockholders…" (Jones, 1980); while most of the definitions appeared before the year 2000. The environmental element, which is the focus of this chapter, formed part of the formal definition of CSR until very recently, by Frederick, et. al. (1992). Two of the most cited definitions of CSR are given by the Commission of the European Communities focusing on environmental and social aspects of CSR (COM, 2001), while the World Business Council for Sustainable Development addresses the need for businesses commitment to sustainable economic development (WBCSD, 1999). A complete definition of CSR, however, should integrate at least environmental, social and economic concerns, labeled as the three dimensions of sustainable development by the United Nations agenda for sustainable development 2030 (UN, 2015).[1]

Dahlsrud (2006), trying to analyze and categorize the various definitions of CSR distinguishes five dimensions based on words commonly used in related studies. Those dimensions are: 1) environmental, 2) social, 3) economic, 4) stakeholder (how organizations interact with their employees, etc.), and 5) voluntariness (actions not prescribed by law, but rather by legitim willingness to make a contribution to the world). That could be seen as integrating the stakeholder and voluntariness elements to the social dimension of the previously mentioned dimensions by the UN 2030 Agenda for CSR (social, economic and environmental).

Most studies of CSR in developing or emerging-market economies focus on corporations trying to alleviate social and economic issues (Blasco & Zolner, 2010; Casanova & Dumas, 2010). That is in part because of the ubiquity of institutional voids, typical of less developed countries, particularly in social welfare and education, in which business leaders and corporations have assumed an increasing responsibility to contributing to social and economic development (Bergman, Bergman, & Berger, 2017). Regarding studies on CSR by Mexican companies, Logsdon, et. at (2006) argue that CSR activities of indigenous companies in Mexico are a result of Mexico's particular history, culture and values, rather than an influence of practices developed by companies in developed countries. The author of this chapter believes that Logsdon's statement is true to a great extent for some aspects of CSR, like alleviating poverty, education-related initiatives and developing infrastructure. However, some modern environmental aspects of CSR are influenced by global practices and recently developed technologies such as renewable energy (eolic -wind energy, solar-generated, etc.), electric vehicles and green transportation, etc., which are a central part of this chapter.

DESCRIPTION OF GRUPO BIMBO

Grupo Bimbo (Bimbo) is the largest baking company in the world, having 3.2 percent market share of the world's 415 billion USD baking industry, in 2016.[2] Bimbo produces, distributes and sales a diverse variety of bakeries such as sliced bread, buns, cookies, snack cakes, muffins, bagels, salty snacks, tortillas and confectioneries, among other foods and snacks. The company was founded in Mexico City in 1945, by second-generation immigrants from the Catalonian region of Spain, that made of Mexico their new home, bringing with them the knowhow of bakeries.[3] Nowadays Grupo Bimbo has operations in 32 countries in the Americas (Latin America, USA and Canada), Europe, Asia and Africa, presenting a sustained growth rate in sales of 11.1 percent on average per year since 1990, mostly due to international revenues (Jarque, 2017). Headquartered in Mexico City, Grupo Bimbo owns and operates 196 production plants, has more than three million points of sale and employs more than 139,000 people around the globe, as of December 31st 2017 (GrupoBimbo, 2017a).

Grupo Bimbo has been a socially responsible company since the very beginning. In 1964, when its founder, don Lorenzo Servitje was 45 years old, Grupo Bimbo joined the Social Union of Businessmen in Mexico (Union Social de Empresarios Mexicanos, USEM), with the conviction of "improve society and stimulate a positive transformation of businesses and societies in Mexico and the world" (USEM, 2017). Since its origin, Grupo Bimbo has always been a people-oriented company, treating its people respectfully, calling them collaborators (or associates) rather than employees, and taking care of their needs and well-being. Grupo Bimbo, for example, was the first company in Mexico to establish a stock-purchase program for its people in order to stimulate loyalty and strengthen the notion of common interest among its staff (Casanova & Dumas, 2010).

Additionally, Grupo Bimbo has contributed to environmental related issues since long ago. For example, since 1988 the company began to contribute to reforestation efforts, culminating with the creation in 2002 of a non-governmental organization focused on reforestation issues (Logsdon et al., 2006). In 2013, Grupo Bimbo launched an app called *Reforesting Together* to communicate its CRS environmental initiatives and programs developed by the company and get communities around the globe (in the 32 countries in which Grupo Bimbo operates) to participate and get involved. In the next section, the two most important and impactful environmental initiatives undertaken by Grupo Bimbo in Mexico (and worldwide) are detailed.

GRUPO BIMBO CSR ENVIRONMENTAL INITIATIVES

Grupo Bimbo has maintained a strong commitment to the environment since long ago. Regarding environmental CSR, Grupo bimbo focusses on four main aspects, namely 1) carbon and footprint reduction (climate change); 2) water footprint reduction; 3) the use of natural capital (the world's stock of natural resources) along the supply chain; and 4) waste management. To continuously improve the addressing of these issues, Grupo Bimbo has developed an environmental CSR cycle, or recurrent process which they call "Permanent Road Map." This cycle consists of five phases, which are: 1) analyzing environmental world standards and best practices; 2) adding (and enhancing) recently developed best practices to the company's environmental management system; 3) developing and implementing pilot environmental programs and new technologies; 4) managing and measuring improvements; and 5) assuring adequate compliance and governance of the whole process (GrupoBimbo, 2016). This chapter describes two interrelated environmental initiatives (programs) regarding carbon footprint reduction (aspect number one) and the impact and improvements due to their implementation. Firstly, the development of electric vehicles (clean transportation) to be part of the distribution logistics. Grupo Bimbo, with more than 58,000 distribution routes worldwide, has one of the most extensive distribution systems in the world. Significative reductions of carbon footprints were achieved as a result of this initiative. Secondly, the development of wind-generated energy, enough to power all of its production plants in Mexico (55 production facilities), and most of the transportation vehicles employed for the distribution of its products (all the electric ones).[4] In 2009 Grupo Bimbo joined the Consumer Goods Forum, becoming within the next five years signatory of the New York Forum, with the commitment of protecting fundamental human rights and achieving zero net deforestation by 2020 (GrupoBimbo, 2017a).

Development of New Green Technologies in Distribution

Grupo Bimbo has one of the largest distribution networks in the world by both, number of routes (58,000 in 2017) and vehicles (GrupoBimbo, 2017a). Distribution logistics in the form of new more environment-friendly vehicles and energy development has been a priority and a key piece of the company's successful environmental efforts. This journey towards an ecological distribution system started long time ago, from the use of better and more productive fuels, to the development of a totally electric distribution force. In 2012, *Moldex*, a subsidiary in Mexico of Grupo Bimbo started converting regular vehicles by adapting them with a mechanism that allowed them to be powered by electricity (the Mx45 model). Later on, *Moldex* opened a larger assembly plant developing vehicles able to reach speeds of 70 km per hour, with a greater autonomy, being able to produce (adapt) up to 1,500 distribution vans per year. Nowadays, these distribution vehicles are still being deployed throughout Mexico, saving 8.7 tons of CO2 every year.

Grupo Bimbo developed what they called *Ecologic Sales Center*, which imply that the distribution of its products, from the factory to the ultimate point of sale will be powered entirely by renewable, green energy. A crucial part of these ecologic sales center are totally in-house developed electric vehicles. These vehicles are equipped with an electric motor capable of generating 45 Hp, powered by eight deep-cycle (lead-acid) batteries that allow them to reach speeds up to 60 km per hour, with an autonomy of 35 km and a total charge time of 10 hours, which makes them a suitable fit for distribution logistics within cities. The vehicles have a transporting capacity of 300 kilograms. Additionally, they are also equipped with regenerative brakes, that use the vehicle's momentum to generate and storage electricity into an auxiliary battery while slowing the vehicle once they are activated (GrupoBimbo, 2018b). The electricity used to power the entire distribution system (the transportation vehicles, and the center itself) is generated by the company's own wind farm (see next section).[5]

Moldex continues to do research on more efficient electric transportation, constantly redesigning battery banks and chargers for better performance. Currently, there are 350 electric vehicles in the distribution force of Grupo Bimbo in Mexico that were totally designed and produced by *Moldex* (GrupoBimbo, 2017b).

A huge step towards an environmentally responsible distribution was given in 2017, when Grupo Bimbo in a joint venture project with Grupo Inbursa, of one the largest financial business groups in Mexico and Latin America, launched a company to totally produce electric vehicles in Mexico. Giant Motors, a subsidiary of Grupo Inbursa is in charge of designing the technology while the electric vehicles are manufactured by a company created jointly by *Moldex*, from Grupo Bimbo and Giant Motors (Estevez, 2018).[6] These electric vehicles are planned to be used not only as part of the distribution force for Grupo Bimbo, but also, at a greater scale, to be introduced into the public transportation system (namely taxis) in its first stage, and eventually will be available for purchase at affordable prices to the general public, helping develop the electric vehicles industry in Mexico, while contributing to alleviating pollution in the big cities and environmental constraints countrywide.[7]

Development of a Wind-Generated Electricity

Nowadays, Grupo Bimbo powers most of its production and administrative facilities and distribution electric vehicles in Mexico with green, wind-generated energy, due to the construction of a wind farm in the southeast part of Mexico, in Oaxaca state. The wind farm, called *Piedra Larga*, was built by a joint venture between *Desarrollos Eolicos De Mexico* (Demex), a subsidiary of the Spanish renewable energy firm *Renovalia Energy* and Grupo Bimbo. The *Piedra Larga* wind farm generates 825,732 GJ (gigajoules) of clean energy, equivalent to saving the production of 104,000 tons of CO2 emissions or, approximately, taking out of the roads more than 25,000 cars each year (GrupoBimbo, 2016). To make the project possible, Grupo Bimbo coordinated efforts not only with companies in charge of developing and deploying the technology, but also with local people so that they agreed to have the wind farm in the region (as it is a source of employment and economic development in the zone); with the federal government of Mexico, so that the energy generated could be uploaded to the national electricity network; and with development banks (those in charge of financing infrastructure projects in the country) and regular commercial banks as well (GrupoBimbo, 2012; Juarez, 2012). The joint venture invested 200 million USD, of which *Desarrollos Eolicos de Mexico* contributed with nearly 30 percent, and the remining was financed through *Banobras*, the national development bank of Mexico, *FONADIN* (acronym for *National Fund for the Development of Infrastructure*, in Spanish), *Nafin* (national development bank in Mexico) and the subsidiaries in Mexico of the Spanish private commercial banks *La Caxia* and *Santander,* as well as the Portuguese bank *Espiritu Santo* (Juarez, 2012).

The wind farm is located in the town of *Union Hidalgo*, in the southern state of *Oaxaca*, in a region called *Istmo de Tehuantepec* (Isthmus of Tehuantepec), which is the shortest route between the Pacific Ocean and the Gulf of Mexico (that connects with the Atlantic Ocean).[8] Currently dedicated to agriculture, the zone is one of the windiest regions in the hemisphere, making it a perfect location for establishing a wind farm electricity-generating facility (Gobierno-de-la-Republica, 2012).

The *Piedra Larga* wind farm was developed in two phases. In the first phase, developed in 2010, the wind farm was provided with 45 aerogenerators (wind turbines) onshore (on land) build by *Gesa Eolica Mexico*, a subsidiary in Mexico of the Spanish company *Siemens Gamesa Renewable Energy* (Model G80/2000), able to produce 2 megawatts each, generating a total nominal power of 90 megawatts per year.[9] Additionally, it is equipped with its own electrical substation in order to transform voltage from 34.5 kilovolts (kV) to 230 kV (Gobierno-de-la-Republica, 2012).[10] In the second phase, built in 2011 and deployed in 2012, the wind farm was equipped to produce 137.5 megawatts, generating a total energy combining the two phases of 227.5 megawatts each year (Gobierno-de-la-Republica, 2012; WindPower, 2018). Once the energy is generated, it is transferred through an 18 km-long transmission line from the wind farm to an electrical substation belonged to the Federal Commission for Electricity (*Comision Federal de Electricidad* CFE, in Spanish), organization from the Mexican government in charge of providing and regulating electricity issues in Mexico, to be uploaded to the national electricity network. It is important to mention that in order for this project and projects alike to be possible, it was necessary to adapt the country's energy law to allow companies to upload electricity to the country's electricity network, called *Sistema Nacional de Electricidad* (National System of Electricity), so that the amount of energy uploaded from the wind farm can be retrieved from the network at any available point in the country.[11] To this effect, the *Law for the use of renewable energy and financing the energy transition* in Mexico was issued in 2008, stipulating that renewable green energy can be generated privately by any national citizen or business legally incorporated and that it is the duty of the ministry of energy to provide the necessary infrastructure so that such projects can be interconnected to the country's electricity-transmission network.[12]

The agents involved in the development of this environmental initiative are diverse. Apart from Grupo Bimbo itself (the final consumer of the wind-generated green energy) and the subsidiary of *Renovalia Energy* (in charge of developing and managing the wind farm and providing the electricity), several institutions from the government of Mexico were also involved. These government agents are the *Ministry of Environment and Natural Resources* (SEMARNAT, for its acronym in Spanish); the government of the Oaxaca state (one of the 32 states conforming the federation of Mexico); the municipal (city or town) government of Union Hidalgo, where the wind farm is deployed; the *Commission for the Regulation of Energy*; and the *Federal Commission for Electricity* (government-owned company in charge of providing electricity to households and businesses).[13] Also involved in the project are the landowners that rent their parcels for the wind turbines to be installed in. This land is collectively owned by farmers that agree for the installation of wind turbines, so that they can receive an extra income (rent), while still having the land in between the turbines for cultivating sorghum (Gobierno-de-la-Republica, 2012).[14] Finally the institutions that provided financing also played a key role to make this initiative possible. As mentioned above, these financial institutions are commercial and state-controlled development banks, which are: Mexico's national development banks *Banobras* and *Nafin*, the *National Fund for the Development of Infrastructure*, and the commercial banks *La Caxia*, *Santander* and *Espiritu Santo*, from Spain and Portugal, respectively (through its subsidiaries in Mexico).

Regarding the lifespan of the project, it was decided that the energy produced by the wind farm will be sold entirely for a period of eighteen years, extendable for ten more years, to Grupo Bimbo and to what they called Grupo Bimbo's friend companies, which are, in this case, *Papalote Museo del Niño*, a science-related museum for kids, which in 2010 opened a branch called *The Green Museum*, oriented to provide environmental education and related activities for children; *Grupo Calidra*, a factory of calcium hydroxide; and *Frialsa Frigorificos*, a company that provides storage and distribution of fresh, refrigerated or frozen food or beverages (Juarez, 2012).[15] *Desarrollos Eolicos de Mexico* agrees to operate the wind farm constantly, while Grupo Bimbo agrees to buy the entire production of electricity, again, for at least 18 years, extendable to 28 years (Gobierno-de-la-Republica, 2012; WindPower, 2018).[16]

Among the positive impact of this initiative beyond the environmental benefits themselves, is the creation of eight hundred direct and indirect jobs in the community of Union Hidalgo. Additionally, *Desarrollos Eolicos de Mexico* (subsidiary of *Renovalia Energy*) contributed to the infrastructure of the town by building a bridge (6mt long, 6mt tall and with weight capacity of 120 tons), allowing an extra path to cross the river between the town and the agricultural land, facilitating mobility for transportation vehicles and pedestrians as well. In order to stimulate healthy habits among young people, sports teams (soccer and volleyball) were created and sponsored by the company (Gobierno-de-la-Republica, 2012). This project contributes to alleviate global warming while stimulating economic and social development regionally where the wind farm is deployed.

With this environmental CSR project, Grupo Bimbo has managed to obtain an economic gain in the long-run while contributing to alleviate climate change (goal number 13 from the UNSDG), since the price of purchasing a megawatt of electricity from the *Federal Commission of Electricity* for the industrial sector ranged around 65 USD in 2017 compared to 30 USD that cost producing a megawatt through an onshore wind farm (Irastorza, 2017; Sharma, 2018).[17] Grupo Bimbo aligned its CSR environmental strategy with the country's (Mexico) commitment to contributing to the global transition to a sustainable energy future, and in a global scale, to the United Nations 2030 agenda for sustainable development by taking urgent action to combat climate change and its impacts (goal number 13).

In 2016, Grupo bimbo connected its operation and production facilities to the *Piedra Larga* wind farm, providing clean renewable electricity to its 55 production facilities, 131 sales centers, 57 cake shops (called *El Globo)*, 2 distribution centers and the corporate headquarter buildings in Mexico (GrupoBimbo, 2016). With this environmental project, Grupo Bimbo became the first food-related company in Mexico to power its operations with green energy, and, along with its solar-panels infrastructure, it is the largest user of renewable electricity in the food industry worldwide (BN Americas, 2018) . Similar environmental efforts are being developed by Grupo Bimbo worldwide. It is expected that by the third quarter of 2019 Grupo Bimbo will obtain 75 percent of its entire global demand for energy from renewable sources (CanadaBread, 2018).[18]

CONCLUDING REMARKS

This chapter describes the innovations in green energy generation and electric vehicles development in order to fulfill distribution and production sustainability needs by Grupo Bimbo, the largest bakery products company in the world. These two initiatives increase its distribution efficiency while contributing to alleviate global warming and carbon-reduction constraints by producing its own electric vehicles and power them with in-house wind-generated energy. These initiatives are enhanced by the previously created central environmental management system to coordinate and monitor the company's green efforts; the continuous development by *Moldex* (a subsidiary of Grupo Bimbo) of new green technologies in production and distribution facilities; the continuous adaptation and internal enhancement of the world's best sustainability practices; and the development of its own renewable energy facilities (in this case a wind farm complemented with solar panels), big enough to power most of its operations in Mexico, which include 55 production facilities, 131 sales centers, 57 bread shops, 2 distribution centers and the headquarters buildings. As a result, in 2016 alone carbon footprint reductions of 104,400 tons of CO2e were achieved, equivalent to reducing the daily usage of 25,000 cars for one year.

With the development of its own internally produced electric vehicle, Grupo Bimbo not only contributes to the efficiency of its distribution logistics, while helping alleviate climate change and reducing CO2 emissions to the environment, but also contributes in helping develop a domestic automotive industry for electric vehicles, since these are the first of their kind produced at that scale by a Mexican company.

Grupo Bimbo, as a global player, was a major agent in promoting and stimulating the energy reform in Mexico by continuously insisting the federal government to take the proper actions towards a new legislation for green energy, aligning not only itself, but also contributing to the alignment of the whole country with the United Nations global concerns regarding climate change and environmental issues (goal number 13 of the UNGSD). The fact that most of the *Piedra Larga* wind farm project (nearly seventy percent) was financed though national development banks (in this case *Banobras* and *Nafin*) is also in line with the idea of the United Nations Framework Convention on Climate Change (UNFCCC) of facilitating public funds to finance environmental-related projects (UN, 2015).[19]

The entire wind farm environmental initiative, orchestrated by Grupo Bimbo, is beneficial for all of the agents involved. Grupo Bimbo obtains energy to power its operations at more affordable prices while contributing to alleviating climate change (with all the indirect benefits involved by pursuing environmental CSR), reinforcing its commitment with society and with the planet, and its positioning as a leader, responsible company in the food industry. For *Renovalia Energy* and its subsidiary *Desarrollos Eolicos de Mexico* the operation signifies an opportunity to continue expanding the market (and its share of it) for wind-generated energy in the country, which is expected to grow, since the energy reform of 2008 was enhanced (amended) in 2015 to stimulate the development of more green renewable energy in Mexico, specially wind-generated one. For the community of Union Hidalgo, Oaxaca, where the wind farm was built, the project increased the dynamism of the town, stimulating economic and social development. For the country (Mexico), the project and the adequation of regulatory issues related to it, helped first developed and shape the integration of climate change measures into national policies, strategies and planning, which is (literally) what is stated by the UNSDG number 13 (concretely, 13.2) of the United Nations document Transforming our World: 2030 Agenda for Sustainable Development (UN, 2015).

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ENDNOTES

1 It is important to notice that the primary international and intergovernmental forum for negotiating the global response to climate change is the United Nations Framework Convention on Climate Change, which was created in 1992.

2 According to IBIS world global bakery goods manufacturing report, August2016.

3 The Servitje family immigrated from Spain to Mexico and founded a bakery shop called *El Molino* in 1928. At the beginning of 1940's, the elder son of the Servitje family (Lorenzo Servitje), who was born in Mexico, detected the necessity of producing white sliced bread (as sandwiches had started to be popularized in Mexico) so he, along with his cousin and his brother-in-law, imported machinery from the United States to produce white sliced bread and founded what is now Grupo Bimbo. He was 27 years old at that time.

4 Grupo Bimbo has more than 13,000 products worldwide. In Mexico, it directly distributes to all retailing formats, from convenience stores and pop-and-mom shops to large supermarkets.

5 The *Ecologic Sales Center* also includes several other environment-friendly mechanisms such as collecting pluvial water and promoting the reuse and treatment of water to wash the vehicles, etc. (the centers collect 45 cubic meters of rain water and treats and reuses 101 cubic meters of water per year) (Grupo Bimbo, 2018b). As of the beginning of 2018, Grupo Bimbo has five of these Ecologic Sales Centers operating in Mexico (Grupo Bimbo, 2018a).

6 Grupo Financero Inbursa, controlled and originally funded as a brokerage house (*Inversora Bursatil)* in 1965 by Carlos Slim, developed in what today is one of the largest financial business groups in Mexico, with annual revenues of 3,635 million USD in 2017. Carlos Slim is also the major stockholder of America Movil, the largest telephony company in Latin America and one of the largest worldwide; Grupo Carso, a widely diversified business group with holdings in restaurants, department stores, mining companies (copper, zinc, etc.), industrial companies manufacturing aluminum, tiers, auto parts, etc. and construction companies (heavy infrastructure such as highways, etc.) (Jarque, 2017). This is important because the synergy formed among those companies have helped developed (and consolidated) the telephony (including mobile telephony) and telecommunications industry in general by heavily investing in infrastructure, and the retailing industry by developing a new format of restaurant-department store chain popularized countrywide. The natural expectation as a result of this electric vehicles initiative is that the automotive industry in Mexico modernizes, developing a domestic industry for electric vehicles and making clean transportation more accessible (and affordable) for the general people, while helping in CO2 emissions reduction. This in line with the *National Strategy for Energy Transition and Sustainable Energy Use*, derived as a public policy from Mexico's *Law for the Use of Renewable Energies and Financing the Energy Transition*, promulgated in 2008, and more globally, with the United Nations 2030 Agenda for

Sustainable Development, Goal number 13, concerning urgent action to combat climate change and its impacts (IRENA, 2015).

7 This part of the project is particularly meaningful if we take into consideration that transportation in Mexico is one of the most demanding sectors for energy (it accounted for almost half of Mexico's total energy demand in 2017), which at the moment most of it is been powered by fossil fuels (IRENA, 2015).

8 Approximately 215 km or 133 miles (Google maps).

9 *Siemens Gamesa Renewable Energy* was formed by the merging of the wind division of the German company *Siemens AG* and the Spanish company *Gamesa*, complementing each other's technologies and being able to offer wind-generated power onshore (on land, or more accurately, powered from wind coming from the sea to land), offshore (turbines located on the sea) and monitoring services (Siemens Gamesa, 2018).

10 Commented by the Director General of *Renovalia Energy*, D. Juan Domingo Ortega Martinez, at the inaugural ceremony of Piedra Larga wind farm, in 30th December 2012 (Gobierno de la Republica, 2012).

11 There are nowadays in Mexico 53 wind farms from 38 actors (companies and government), capable of generating 4.14 gigawatts, while another 16 wind farms are being constructed to make a total energy generation of 5.9 gigawatts by 2019 (Wind Power, 2018).

12 Law for the utilization of renewable energy and financing of energy transition (Mexico, 2008), Art. 11-IV. This law also stipulates that "renewable energy projects that produce more than 2.5 megawatts per year should include the participation of the local people living in the area where the project is located, offering employment and stimulating social development while taking into consideration the best practices shared by international organizations (Art. 21-I-III). It is important to mention that consequently to this law, in 2014 a new Electricity Industry Law (for all sources of electricity) was promulgated, enabling the establishment of electricity suppliers that can freely negotiate power supply contracts and tariffs, stimulating a new wholesale electricity market in the country.

13 Before the energy reform and the new law was created, the Federal Commission for Electricity (CFE) was the only company allowed to provide electricity in Mexico (although several concessions were allowed for private consume at very small scales).

14 This land was given collectively to farmers between 1911 to 1917, in an aim to stimulate agriculture in Mexico, stipulating that it should be owned collectively and used only for the purpose of cultivating. However, in 1992 an agrarian reform allowed for some of this land to be used for different uses, if all of the members of the cooperative society agreed.

15 One of the founders (advising founder) of the *Green Museum* and former director general, is Marinela Servitje, the daughter of Grupo Bimbo's founder, D. Lorenzo Sevitje (Papalote Museo del Nino Monterrey, 2018).

16 This means that after a 28-years period the *Piedra Larga* wind farm would be able to extend its capacity and sell electricity to third parties as well.

17 Please note that both prices are estimated from the CFE electricity wholesale price for 2017 and from the International Renewable Energy Agency report, respectively. The current price of producing a megawatt by *Renovalia Energy* has not been publicly specified. However, it is expected to be nearly 30 USD (average in the region), or even cheaper overtime as the original investment is amortized.

[18] Additionally to the wind-generated energy environmental CSR initiative, Grupo Bimbo has also a solar-generated electricity initiative called "Bimbo Solar," launched at the beginning of 2018. In its first stage, this initiative will be equipped with 33 distributed generation systems that will be capable of producing 3.7 megawatts per year, avoiding annual emissions of 2,500 tons of CO2, equivalent to reducing the use of oil in 3,115 barrels each year, or having 120 thousand extra trees planted (Grupo Bimbo, 2018a).

[19] The Goal number 13, section 13.a of the UNGSD stipulates the implementation of the commitment by the developed-country parties of the United Nations Framework Convention for Climate Change to mobilize $100 billion USD annually by 2020, from all sources, to address the needs of developing countries in mitigating climate change (UN, 2015). In this case, of course, the financing was made by a national development bank (or banks) and commercial banks supported by a long-term contract by the world's largest bakery company to purchase all the production of electricity generated from the wind farm.

Chapter 13
Accountability, Responsibility, and Public Trust in Non-Profit Institutions:
Linking Conceptual Pillars for the Construction of a "Bridge" of Virtuous Managerialism

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EXECUTIVE SUMMARY

This chapter assumes that there is a gap between the request for non-profit sector managerialism and the need to ensure that it continues to represent the economic actor (probably the only one, in this sense) able to ensure the provision of goods and services of high social value for citizens and communities. In this perspective, we should abandon the idea that the non-profit sector can be a mere tool to "fill" the residual spaces left by the two "giants": the market and the public administration. In this sense, the main aim of the research is to identify a possible link between accountability, responsibility, public trust, and communication in NPIs, possibly through a potential multidimensional managerial model in which these conceptual elements can be represented in a coordinated and systemic way.

INTRODUCTION

In 1989, Peter Drucker wrote:

Twenty years ago, management was a dirty word for those involved in nonprofit organizations. It meant business, and nonprofits prided themselves on being free of the taint of commercialism and above such sordid considerations as the bottom line. Now most of them have learned that nonprofits need man-

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agement even more than business does, precisely because they lack the discipline of the bottom line. (Drucker, 1989, p. 89).

Since that time, almost 30 years ago, much has changed on the subject of Non-Profit, and Non-Profit Institutions (NPIs), especially concerning:

- Their nature,
- Their functions,
- Their management models.

The importance of NPIs is considerably increased in both developed and developing countries (Salamon & Sokolowski, 1999).

In this sense, nowadays, Non-Profit is so complex, multifaceted and articulated to represent one of the main actors in the supply and provision of certain categories of goods and services, as well as being one of the main employers of a very high number of workers (Salamon & Anheier, 1996).

Consequently, this means that the awareness and the need for managerial or "professionalization" of the Non-Profit Sector is considerably increased: as just highlighted, given the role of NPIs, it is absolutely indubitable that the related governance models and management must necessarily be based on levels of efficiency and effectiveness that can guarantee that the functioning of these organizations can ensure the supply of those goods and services, in many cases, of vital importance for the communities and citizens.

NPIs, in effect, could be considered as the direct result of civil society as they are able to improve government effectiveness and ensure higher levels of economic development and community satisfaction: some scholars (Putnam, 2001) claim that the value of NPIs consists precisely in:

- Their ability to support and promote in their communities,
- Their role in promoting and sustaining the commitment of local communities and their citizens,
- The creation of networks to exchange information from/to the resident population and, in general, extensive forms of social and professional networking.

In other words, NPIs have to do daily with what we could call "civic-engagement objectives", which makes it very complex:

- Their management (and necessary activities);
- The correct reporting and demonstration of the value that they are able to generate.

BACKGROUND

Given these premises, we can clearly note that the need for NPIs' managerial techniques inevitably clashes with the absence of traditional for-profit price mechanisms, creating important potential confusions (Moore, 2003), as well as lead to an "overload" of managerial schemes (Skelcher & Smith, 2015).

This paper assumes that there is a gap between the request for Non-Profit Sector managerialism and the need to ensure that it continues to represent the economic actor (probably the only one, in this sense) able to ensure the provision of goods and services of high social value for citizens and communities. In this perspective, we should abandon the idea that the Non-Profit Sector can be a mere tool to "fill" the residual spaces left by the two "giants": the market and the public administration.

Consequently, this chapter aims to answer the following research question:

- Does the social function and social purpose typical of Non-Profit Sector necessarily require a business-style managerialism?

or, similarly,

- Does the evolution of NPIs governance approaches (aimed at inevitably improving their efficiency and effectiveness) poses the introduction of principles, tools and techniques borrowed from private-business organizations as essential for them?

To achieve this goal, in the first part of the research we will deal with a literature review on management approaches in NPIs.

Secondly, the work focuses on the identification of a three-dimensional theoretical model aimed at explaining a possible systematic management model in the NPIs that try to avoid, or at least limit, the search for hybrid approaches constituted by the simple "transplant" of tools and techniques taken from the market or from the public administration context. On the contrary, this theoretical model is designed to constitute, metaphorically, a "bridge" to ensure the overcoming of the gap between managerialism and the social function of the NPIs: in this sense, accountability, responsibility and public trust should constitute the "pillars" of this conceptual bridge.

A FIRST RISKY APPROACH: THE "BUSINESS-LIKE" SOLUTION

As argued by some scholars,

A central part of the management process is performance measurement. (Speckbacher, 2003, p. 267)

This may bring up the issue just introduced seemingly simple or even trivial: the construction of effective management models for NPIs lies in the definition and implementation of consistent and coherent performance measurement systems. Nevertheless, the real question relates to the fact that, despite for-profit organization, in Non-Profit Sector measuring of performance could be very hard (Speckbacher, 2003). Thus, the absence of traditional for-profit price mechanisms in NPIs – that are usually helpful to balance revenues and expenditures, supply and demand, or goals with their activities as in other sectors (Anheier, 2000) – determines the emergence of a "gray area" in which it is very difficult to find and recognize models, principles, criteria and tools that can ensure the optimal management of such complex entities as the NPIs.

If we start from the simple question "why do Non-Profit Institutions exist?", we could answer by using the mainstream economic theory (Rosen, 2004) which states that each one of main economic actor – market, government and NPIs – is more suitable and specialized in providing a particular category of goods and services:

- Market should best supply pure private goods and services;
- Government should be more appropriate with reference to pure public goods and services;
- NPIs would have the natural role (at least prominently) to take care of quasi-public goods and services.

Basically, this leads to the demonstration that NPIs exist because of what is called "failures" situation.

The concept that Non-Profit Sector is halfway between market and government, however, could generate the idea that its operating principles and, principally, its models of governance can (and should) be constructed by a combination (or mix) of instruments and criteria belonging, respectively, to these two "extremes" of a hypothetical continuum: this, however, leads not only to a possible confusion, as mentioned above, but rather to a real and concrete danger.

In this sense, Non-Profit literature has highlighted the need for NPIs to be more "business-like" oriented: many Scholars (Weisbrod, 1991; Austin, 2000; Brinckerhoff, 2000; Frumkin & Andre-Clark, 2000; Moore, 2000; Dart, 2004) ask for almost a necessity of a social entrepreneurship (Emerson & Twersky, 1996) or to employ for-profit tools and strategies to gain success in Non-Profit Sector (Kearns, 2000), although without declining the specific characteristics of that orientation.

In fact, some scholars, on this subject, state:

Does your organization really need business development skills, even though it is a not-for-profit? Absolutely! (Brinckerhoff, 2000, p. 2)

In this respect, in fact, we should point out that, recently, NPIs have been part of a "professionalization" process, through the introduction and implementation of a wide range of tools typically used in business-like organizations (e.g. formalization, budget tools, fund raising, performance management strategies, etc.).

On the other hand, of course, this could be somewhat dangerous because adaptation of managerial approaches could have serious organizational and managerial consequences (Speckbacher, 2003; Downe, Grace, Martin & Nutley, 2010; Kislov, Humphreys & Harvey, 2017). In this sense:

[…] it seems obvious that private-sector concepts and tools for performance measurement and management are not (easily) transferable to nonprofit organizations. (Speckbacher, 2003, p. 268)

The absence of profit aim in NPIs as, in general, the lack of any specific financial parameter and measure, leads to an ambiguous assessment of their performance (Civitillo, 2016). Because, as shown above, NPIs are mainly built on everything that is not driven by profit, they are governed by a group of interests and values which, essentially, is vast, unclear, vague, imprecise, heterogeneous and difficult to express with measures. Therefore, the achievement of their goals is conditioned by values pursued within their mission and vision and, mainly, their value system (Najam, 1996; Porter & Kramer, 1999; Putnam, 2001; Speckbacher, 2003; Toepler & Anheier, 2004): politics, religion, ethics, voluntarism, philanthropy, compassion are just some example. In this sense:

In nonprofit and governmental organizations, the substantive vision is usually described in terms of the mission of the organization and the particular activities it undertakes in the pursuit of the mission. (Moore, 2000, p. 183)

Indeed, some scholars come to conceive the connection between NPIs and their value system so tight that this leads to a lack of interest by these organizations towards more economically and financially profitable activities:

They are also very value driven, so many community nonprofits have very little interest in expanding their earned income. (Smith, 2008, p. S138)

All of this can be easily synthesized using Moore's words once again:

The mission of a nonprofit or governmental organization defines the value that the organization intends to produce for its stakeholders and for society at large. As such, it occupies the same holy place for nonprofit and governmental organizations that the maximization of shareholder wealth occupies for commercial enterprises. Because the mission defines the value of the organization to society and creates the organization's purpose, it becomes the metric that is used in judging past performance and assessing future courses of action. (Moore, 2000, p. 190)

A SECOND RISKY APPROACH: THE ROLE OF "PROFIT" IN THE NPIs

As Many theories have tried to correctly interpret the existence of NPIs, most of which are relatively recent (DiMaggio & Anheier, 1990; Ben-Ner & Gui, 1993; Hansmann, 1996; Rose-Ackerman, 1996; Salamon & Sokolowski, 1999). Concerning the objectives of this work, particularly relevant are the Trust-related theories (Arrow, 1963; Ortmann & Schlesinger, 2003) and the Entrepreneurship theories (James, 1987; Rose-Ackerman, 1996; Dees, 2001) which, however, seems to pose a crucial question: whether market economies are aimed at profit, why are there some organizations that decide not to foresee profit as a priority of their system of values?

To answer this question, some Scholars (Salamon & Anheier, 1996) have tried to identify the main characteristics of the NPIs, to build a structural-operational concept of this particular species of economic organizations, which:

emphasizes not the purpose of the organization or its sources of income but its basic structure and operation. (Anheier, 2014, p. 72)

Based on this approach, it's very interesting to highlight that NPIs could (or probably should) be more correctly considered as "Non-Profit-distributing" organizations rather than as "Non-Profit-making" entities (Anheier, 2014, p. 196), also because:

According to this criterion [Non-Profit-distributing], non-profits ensure that whatever surplus revenue might be generated is devoted to their mission and activities and is not distributed to their owners, members, founders, or governing board. The fundamental question is: how does the organization handle profits? If profits are not distributed as income, what happens to them? If they are reinvested or otherwise applied to the stated purpose of the organization, the organization would qualify as a non-profit institution, assuming the purpose is charitable or in the public benefit. Thus, non-profits organizations, *unlike private businesses, do not exist primarily to generate profits, either directly or indirectly, and are not primarily guided by commercial goals and considerations. (Anheier, 2014, p. 73)*

However, it must be stressed that the distinction "profit" towards "non-profit" is anything but trivial and, on the contrary, requires – for the purposes of a correct interpretation – a rigorous clarification of the concept of profit: in many cases, the aforementioned distinction tends to assimilate the term "non-profit" to the mere denial or rejection of profit or, indeed, to the real abandonment of the typical patterns of economic organizations (Civitillo, 2016).

On the other hand, what was affirmed by Anheier makes it clear that NPIs are only functionally and structurally responsible for a "non-distribution constraint" principle of monetary values.

All this, therefore, necessarily requires an overall and general rethinking of the concept of profit, which is one of the most relevant conceptual elements with regard to Non-Profit Sector.

Basically, we can start by stating that it does not exist a universal and unique definition of "profit": this term differs profoundly according to the purposes assigned to it from time to time. For example,

Cambridge Dictionary defines this concept as:

money that is earned in trade or business after paying the costs of producing and selling goods and services. (Cambridge Dictionary, 2018)

Alfred Marshall, in his book "Principles of Economics" defined the concept of "profit" in this way:

[…] we may briefly say here that when a man is engaged in business, his PROFITS for the year are the excess of his receipts from his business during the year over his outlay for his business; the difference between the value of his stock and plant at the end and at the beginning of the year being taken as part of his receipts or as part of his outlay, according as there has been an increase or decrease of value. What remains of his profits after deducting interest on his capital at the current rate may be called his EARNING OF UNDERTAKING or MANAGEMENT. (Marshall, 1890, p. 142)

From the two previous definitions we can understand that the traditional distinction between "for-profit" and "non-profit" organizations is based on a very complex and, above all, extremely multifaceted concept: therefore, we can easily understand that the related distinction does not it may at all be considered limpid and crystalline, but rather blurred in the perimeters of the two conceptual categories.

NPIs MANAGEMENT: THREE KEY POINT

From the considerations up to now shown, it is clear that further reflections appear necessary with regard to NPIs management issue.

We can group these considerations into three key points, as follows.

KP1: NPI vs. NEI: "Non-Profit Institution" Does Not Mean "Non-Economic Institution"

NPIs could be considered as economic organizations in which the "non-profit" qualification serves only to qualify that the primary purpose is not the creation of profit; however, this does not mean that they should not behave according to "economic" principles and methods (it is in this sense that their management is not different from that of profit-oriented organizations).

If we admit that only in the competitive environment typical of companies, businesses and firms the economic conditions depend on the "profit" or, in general, on the value attributable to the production factors and to the goods and services produced, on the other hand it is necessary to underline how the economic behavior of NPIs is not linked, in general, to financial or market values.

From this derive profound repercussions on the correct consideration of typical business dynamics of the Third Sector: the acquisition of resources (financial and otherwise) will be very sensitive to levels of efficiency and effectiveness in the pursuit of the aforementioned institutional needs, with obvious management consequences. In this sense, the management of NPIs can never allow the abandonment of the basic economic patterns typical of any economic organization, regardless of whether it is of the "profit" or "non-profit" type: in both cases, the models managerial and managerial are substantially similar, to diverge only for aspects related to the specific purposes of the individual organization (precisely, "profit" or "non-profit") (Civitillo, 2016).

KP2: The Correct Use of the "Profit Compass"

Since profit is a fuzzy and multiform concept, it cannot be assumed as a possible absolute indicator of the capacity to create value of any type of economic organization: this is particularly true for NPIs that are not institutionally prearranged for profit, although in "profit-oriented" organizations profit can still be useful for "guiding" the choices of a company (Oster, 1995), as some scholars have noted:

Value is created in business when customers are willing to pay more than it costs to produce the good or service being sold. The profit (revenue minus costs) that a venture generates is a reasonably good indicator of the value it has created. If an entrepreneur cannot convince a sufficient number of customers to pay an adequate price to generate a profit, this is a strong indication that insufficient value is being created to justify this use of resources. (Dees, 2001, p. 3)

However, the same scholar has also pointed out that when the economic activity of an organization is directed towards social purposes, as for the social entrepreneurship, the "profit" ceases to have the same indicative efficacy:

Profit is not the gauge of value creation; nor is customer satisfaction; social impact is the gauge. (Dees, 2001, p. 4)

In the same way, but even more explicitly, Moore states:

Importantly, the value of neither nonprofit enterprises nor government bureaucracies is particularly well measured by their financial performance. (Moore, 2000, p. 186)

KP3: The Potential of "Accountability" in the NPIs

In the perspective just outlined by Dees, many other scholars (Porter & Kramer, 1999; Putnam, 2001; Tenbensel, Dwyer & Lavoie, 2014) argue that the value expressed by non-profit organizations consists precisely in their role in supporting, promoting and sustaining the commitment of local communities and their citizens.

Peter Drucker, for example, already in 1989, with his work "What business can learn from nonprofits" clearly highlighted the potential of NPIs:

We hear a great deal about the decay and dissolution of family and community and about the loss of values. And, of course, there is reason for concern. But the nonprofits are generating a powerful countercurrent. They are forging new bonds of community, a new commitment to active citizenship, to social responsibility, to values. (Drucker, 1989, p. 93)

Furthermore, other research (Porter & Kramer, 1999; Wondolleck & Yaffee, 2000; Smith, 2008) has identified many other fields in which the Non-Profit Sector is able to generate indisputable advantages in terms of social value production, such as the creation of networks to exchange information from/to the resident population and, in general, extensive forms of social and professional networking:

Skills in negotiation and bargaining are especially helpful given the value to public managers of working effectively with nonprofit organizations. Many examples illustrate the point. State contract managers of home care agencies need to work with nonprofit staff and their association on rates and regulations. Regional transportation officials work closely with environmental and transportation advocacy organizations. And many nonprofit educational associations and groups are engaged in educational reform at the state and local levels, including vouchers and charter schools. (Smith, 2008, p. S142)

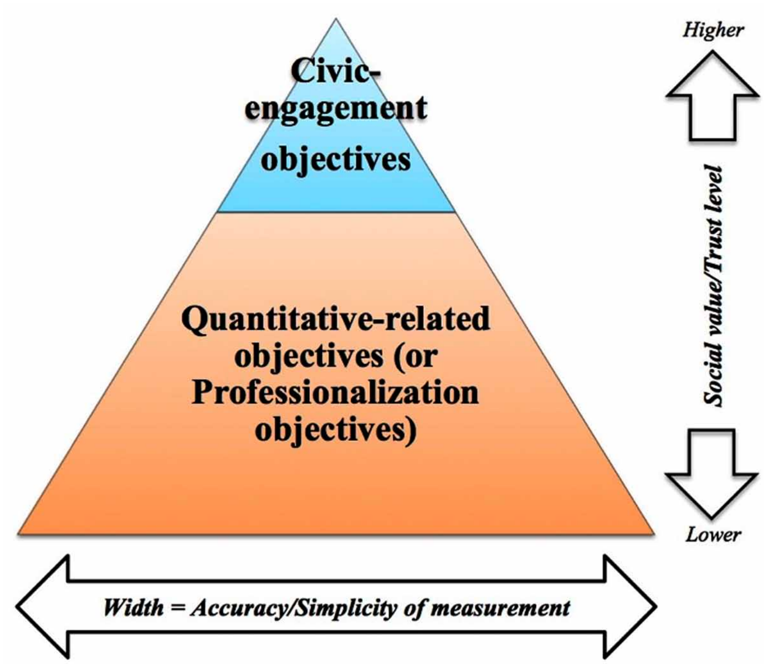
In this regard, we can speak of "civic-engagement objectives" (Smith, 2010) which are characterized by (Figure 1):

- High levels of social value;
- A greater complexity of their measurement.

The pyramid can be analyzed according to a horizontal or vertical perspective. Following the vertical perspective, we can move between:

- A higher level, where we find the objectives of civic-engagement, with high levels of social value;
- A lower level where, instead, we can place financial, operational, and quantitative-related objectives which, of course, are characterized by more limited levels of trust and social value.

Figure 1. The pyramid of NPIs objectives



According to a horizontal perspective, instead, we assume the width of the pyramid as the accuracy or simplicity of measuring the objectives and we can distinguish between:

- The objectives characterized by a greater "base" and, therefore, by a greater ease in their measurement (the lower part of the pyramid);
- The civic-engagement objectives, that are more complex in their measurement (the upper part of the pyramid).

The real problem, in this sense, is that the recent "professionalization" process of NPIs, with the implementation of typically business-like tools, has led to a clear loss of their sense of belonging and their civic-engagement in terms of membership, community focus, citizen participation, staff/client interaction, social citizenship. The final result is a clear decrease in the representativeness and democracy of the NPIs which, in turn, would also determine a certain decline in the political and citizens' commitment (Smith, 2010; Skocpol, 2013).

All this creates a sort of trade-off between two seemingly opposite concepts: performance targets and civic-engagement goals in NPIs.

In truth, however, we could identify a sort of complementary element to the performance objectives: it is the accountability concept which, in this perspective, does not represent an obstacle to the performance objectives of the NPIs but, on the contrary, a process that is able to improve the overall management of these organizations (Fyffe & Derrick-Mills, 2017; Ricci & Civitillo, 2017; 2018). This means that:

non-profit organizations emphasize notions of performance measurement and accountability more and more. Scholars argue that constituencies can assess whether the organization fulfills its mission properly only if non-profit organizations provide information on their performance. If such an assessment is not possible, public trust in non-profit organizations is bound to be lost. (Speckbacher, 2003, p. 268)

As many Scholars have argued, performance measurement systems are a general part of a larger strategic approach, in which the first ones are very useful to assess periodic reports on stated goals. In fact, since 1980s there has been an increasing attention on performance measurement and accountability techniques in NPIs (Rossi & Freeman, 1989; Alie & Seila, 1997; Hunter & Koopmans, 2006; Boris & Kopczynski Winkler, 2013; Ceptureanu, Ceptureanu, Bogdan & Radulescu, 2018).

The need for accountability, especially for NPIs (Arenas, Lozano & Albareda, 2009; Baur & Palazzo, 2011; Rademacher & Remus, 2017), has been also demonstrated by some scandals that have shocked this sector and have highlighted a real "crisis of accountability" (LeRoux & Wright, 2010, p. 572). The United Way, Nature Conservancy and American Red Cross cases (Jeavons, 1994; Fleishman, 1999) have emphasized the need for transparent information that demonstrates the actual outcomes (Benjamin & Misra, 2006) produced by any organization. This is especially true for NPIs, as Porter and Kramer (1999) argue:

Some of the money that foundations give away belongs, in a sense, to all of us. That is why we look to foundations to achieve a social impact disproportionate to their spending. We look to them to create real value for society. (p. 122)

In this context, therefore, accountability plays a fundamental role (Dubnick, 2011), as the following definition underlines:

The term "accountability" implies the duty to act in a responsible way and to be accountable to others for one's actions, in order to maintain effective and logical links between planning, deciding, action, and verification. (Ricci, 2016)

In other words, accountability refers to the need to make the use of financial and nonfinancial resources transparent, but also about the correctness of the management capacity, the adequacy and conformity between actions and objectives, and the clear reporting of results achieved by the organization (Rosenfield, 1974). To do this, it is necessary to provide a clear representation of organization policies, rules, and political, social, cultural, and environmental requirements in which the organization operates (Ricci, 2016).

It is clear, therefore, that performance measurement and accountability, although linked (as previously mentioned) do not pursue the same communication purposes: accountability implies complete and transparent disclosure of both the financial and nonfinancial dimensions (Civitillo, 2016). However, it is very important to point out that for "accountability", in this work and with specific reference to NPIs, we intend to emphasize, above all, the transparency and disclosure of non-financial information (Behn, 2001).

This resulting "integrated information" (Rademacher & Remus, 2017) also allows to demonstrate the real use of money in the organization and what services and benefits are actually produced. It is only in this way that the user is able to know the public value generated (Moore, 1995, Esposito & Ricci, 2015).

CSR IN NPIs: IS IT REALLY NECESSARY?

Although accountability is strictly connected to Corporate Social Responsibility (CSR), it is necessary to remember that the two concepts are not completely overlapping and interchangeable: in particular, a system of accountability towards the stakeholders does not necessarily imply that the same organization is socially responsible as this communication does not translate automatically and mechanically in compliance with social commitments and duties (Ricci & Esposito, 2017).

In this sense, it's very important to highlight that the exercise of any organized economic activity tends to generate different types of obligations. Traditionally, we tend to consider that the business organizations have exclusively economic purposes: in reality, however, the economic objectives represent only a typology of the possible purposes, as some authors (Carroll, 1991; Ricci & Esposito, 2017) point out that the business organizations pursue both economic purposes, and social, ethical and moral responsibilities.

This leads to the concept of CSR which:

[…] implies the awareness that, from one side, whatever economic activity is carried out, the latter is to produce results and consequences, which are not necessarily economic in their nature, upon individuals and people's lives. From the other side, it stands the awareness that there are specific moral obligations that firm behavior should take into account, which go beyond current laws and norms and contribute pursuing directly and achieving objectives beyond purely financial interests. (Ricci & Esposito, 2017, p. 1)

For what has just been said, it could be argued that NPIs, like any organized economic activity (such as private firms and companies or For-Profit Institutions, on the one hand; or the State and Public Administrations, on the other) should be characterized by a high degree of social responsibility. Moreover, trying to overturn this reasoning, it is possible to highlight that, probably, NPIs should be among the economic organizations with the highest levels of accountability and social responsibility: the explanation of this would lie in their general institutional purpose of providing high-quality goods and services. In this sense, studies and researches typical of stakeholder theory have always focused almost exclusively on corporations or, in any case, on private and profit-oriented economic organizations: the success of the latter would be strongly influenced by the wide range of its stakeholders (Freeman, 1984; Den Hond & De Bakker, 2007). However, recently, many studies have shown that the theme of CSR is so multifaceted that it can not and, above all, should not focus only on profit-oriented organizations; on the contrary, for example, these issues are completely current in the dynamics of the Non-Profit Sector and the organizations that are part of it (Rademacher & Remus, 2017).

More broadly, NPIs are able to generate high level of social value goods and services (Campbell, 2002) which, very often, are not actually supplied either by the Market or by the Public Administrations since they do not fall within their respective productive or strategic advantages: consequently, CSR can be the ideal tool to increase the visibility of these organizations and to guarantee the effective creation of social value which, naturally, is one of their main objectives (Krisch & Grabner-Kräuter, 2007).

In spite of this, however, the scientific literature shows how the studies have always focused almost exclusively in relation to the For-Profit Institutions (Habisch, Jonker, Wegner & Schmidpeter, 2005; Barth, Wolff & Elgar, 2009; Idowu, Schmidpeter & Fifka, 2015).

Instead, despite the critical social role just mentioned (Campbell, 2002), research on the level, methods and evidence of Corporate Social Responsibility in the NPIs are today characterized by a lack of depth (Guthrie, Ball & Farneti, 2010).

In this sense, some scholars (Nardo & Siboni, 2018) have pointed out that Corporate Social Responsibility is a prerequisite for NPIs because it allows them to demonstrate to the stakeholders the effective ability of the organization to pursue the objectives set by its mission.

As mentioned above, unlike profit-making companies, which take profits in excess or distribute them to shareholders, non-profit companies must redirect their financial surplus to the organization. The goals of non-profit agencies include programs, educational programs, charitable dissemination, religious education and art exhibitions. If the public loses trust in non-profit, it is through illicit, mismanagement or some other inability to live up to the stated goals, then donations will decrease and the source of nonprofit revenue will dry up. In this sense:

[…] for NPOs, the adoption of social accountability instruments, such as social and mission reports or the use of social-networks, is as pertinent as the use of standard financial accounting tools in profit-driven organizations. For these reasons, we considered different ways and tools to which an NPO can be "accountable" in this research as follows: the use of social reports (and not only financial statements); the basis of financial accounting (cash based or accrual based); the use of social networks; the declared use of a strategic plan; and the publication of information about the volunteers (on the website or in the reports published by the NPO). These last three instruments are considered in the literature to be good practices for organizations to improve their performance. (Bellante, Berardi, Eynaud, Nissi & Rea, 2016, pp. XII 190-XII 191)

In other words, the maintenance of public trust in Non-Profit Sector is no longer a simple option but rather:

- A real need, in order to improve the management of the NPIs;
- A moral or ethical duty or obligation, in consideration of the institutional goals of the organizations in this sector.

In this perspective, the importance and urgency of finding an appropriate solution to the problems of accountability and CSR in the Non-Profit Sector have further increased following the development of the SDGs and the 2030 Agenda for Sustainable Development by the United Nations:

All countries and all stakeholders, acting in collaborative partnership, will implement this plan. We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. We are determined to take the bold and transformative steps which are urgently needed to shift the world on to a sustainable and resilient path. As we embark on this collective journey, we pledge that no one will be left behind. (United Nations, 2015, p. 3)

Following the program envisaged by the SDGs, all the actors of civil society are called to contribute to reach a concept of sustainability:

1. True, trying to overcome the traditional notion of development through the broader concept of prosperity;

2. Multi-faceted, as it includes the multitude of social actors and the numerous aspects of sustainability such as efficiency, responsiveness, innovation, etc.;

Dynamic, as it should not be a static conceptual goal, but rather a dynamic balance, able to absorb and react to the different dynamics of the external environmental context.

FILLING THE GAP IN NPIs: THE "BRIDGE" OF MANAGERIALISM

From the above, it is clear that a possible solution to the aforementioned trade-off between performance targets and civic-engagement goals should require an overall rethinking of the traditional approach to performance management in the NPIs: this could consist of a broader integrated and more comprehensive concept of NPIs' level of performances and

a more holistic understanding of the value of non-profits and their contributions to local communities. (Smith, 2010, p. 142)

A recent research (Civitillo, Ricci & Simonetti, 2018) work has attempted to analyze a case-study represented by a sample of small-medium Italian NPIs through the statistical tool of Multiple Correspondence Analysis (Benzécri, 1973; Mossi, Venuleo, Tondo & Salvatore, 2012). This case-study is particularly relevant also because of a recent legislative reform (Law of June 6, 2016, n. 106) which seems to have a significant impact on the future configuration of the entire non-profit phenomenon in Italy. With the Legislative Decree of July 3, 2017 n. 117, the Code of the Third Sector (CTS) is in force, which introduces the qualification of Third Sector Authority (TSA) for a very diverse group of organizations with potentially social purposes. One of the most important changes introduced by the 2017 reform is the obligation to draw up the social report, up to now not provided for by any law. Article 14 of Legislative Decree no. 117/2017 provides that TSA with income or revenues in excess of one million euros must deposit in the single national register of the Third sector, and publish on its website, a social report document with specific reference to the nature of the activity exercised and the size of the institution, also for evaluation of social impact of their activities. In addition, TSA with income or revenue in any case denominated in excess of one hundred thousand euros per year must in any case publish annually and keep updated in its own website, any emoluments, or fees for any reason attributed to members of the administrative and control bodies, or managers.

This Italian case-study highlights how it is possible to isolate a group of NPIs which is substantially denoted by a scarce use of instruments typically used by business-oriented organizations while, on the other hand, it is also characterized by:

- Absence of organizational areas deemed to be critical;
- Clear intention to draw up a Social Report in the immediate future, as it is not equipped at present.

The statistical evidence, therefore, highlights a clear relationship between the absence of a social reporting document and the lack of "professionalization" tools of the NPIs (Civitillo et al., 2018).

APPROACH FOR VALUE CREATION AND SYNERGIES BETWEEN BUSINESSES, PUBLIC AND NPIs

The arguments presented above allow us to understand how complex the management of the NPIs is. As already mentioned before, the many peculiarities of the NPIs place them in a "gray area" of which it is difficult to clearly understand the relative management dynamics. Moreover, this "gray area" has determined that the problem of the management of NPIs has been tackled trying to "transplant" into the Non-Profit Sector the concepts and practices of organizations very different from them: in some cases, as seen, they sought to find the solution in the methods of managing for-profit institutions; in others, seeing the NPIs as simple extensions of the public administration.

A more in-depth analysis, on the other hand, shows that NPIs require a specific managerial approach that, in addition to the aforementioned peculiarities, can guarantee the improvement of government effectiveness (Boris & Steuerle, 2017) and higher levels of economic development and community satisfaction (Putnam, 2001).

This is clearly shown by Moore, who explicitly clarifies the specific peculiarities of Non-Profit Sector with respect to Public Administration and For-Profit organizations, in terms of value creation:

The principal value delivered by the nonprofit sector is the achievement of its social purposes and the satisfaction of the donors' desires to contribute to the cause that the organization embodies (Oster, 1995, pp. 139-143). The principal value delivered by the government sector is the achievement of the politically mandated mission of the organization and the fulfillment of the citizen aspirations that were more or less reliably reflected in that mandate. (Moore, 2000, p. 186)

In the for-profit sector, the three concepts of value maximization, financial performance, and organizational survival are all closely aligned. […] In contrast, in nonprofit and governmental organizations, these concepts are not so neatly aligned. The way that a nonprofit or governmental enterprise produces value is to define and achieve valuable missions defined in terms of the achievement of social objectives. (Moore, 2000, p. 195)

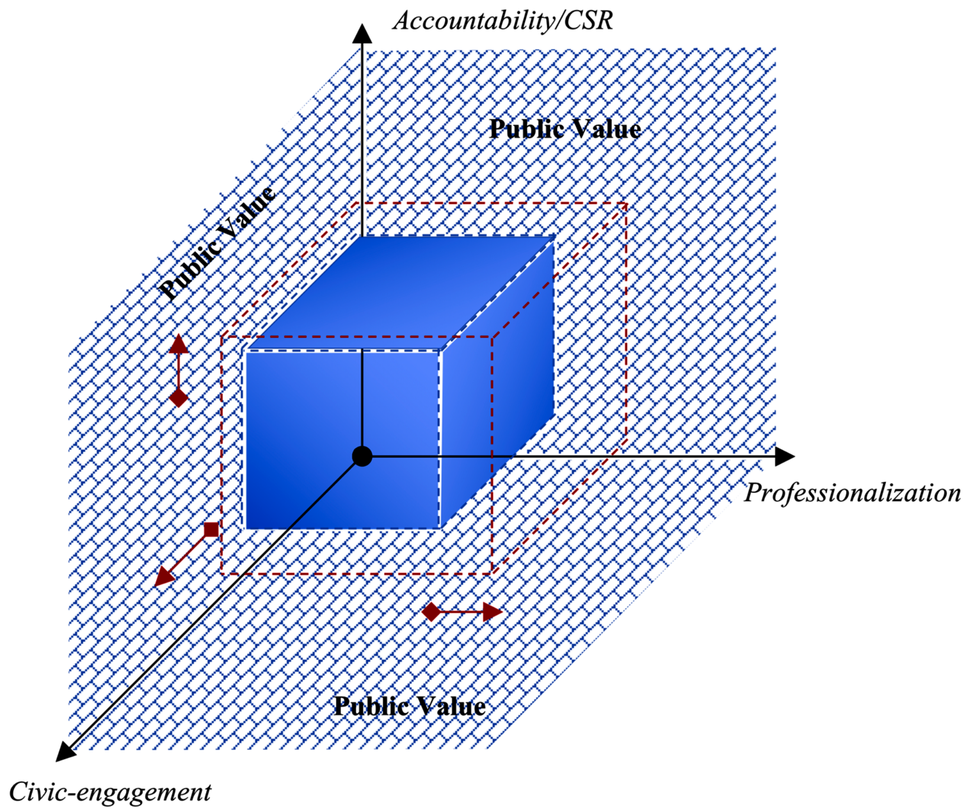
In this sense, the same considerations on the complexity of the Non-Profit Sector can be useful for identifying the ideal trajectories of a theoretical model of reference for the management of NPIs: its purpose is to outline a probable paths for the evolution of the Non-Profit Sector management (at the macroeconomic level) and of the NPIs that are part of it (at the microeconomic level).

It follows a three-dimensional model (Figure 2), whose dimensions are:

1. **Professionalization:** Business-like behavior, performance measurement methodologies, reporting and assessment instruments, efficiency, effectiveness, etc.;
2. **Civic-Engagement:** Citizen participation, strategy approach, values system, mission, vision, culture, etc.;
3. **Accountability/CSR:** Corporate Social Responsibility, transparency and nonfinancial disclosure, morality, ethics, public trust, etc.

It could be defined as "The Cuboid of NPIs Management".

Figure 2. The cuboid of NPIs management: a theoretical non-profit management model



Multidimensionality, therefore, responds to the need for a management of NPIs that is inevitably too complex to be represented by a single dimension. It is precisely for this reason that the one-dimensional perspective, focused exclusively on the use of performance-related methodologies, has gathered the obvious criticalities highlighted above. In this sense:

The notion of non-profit organizations as multiple organizations and as complex, internal federations or coalitions requires a multi-faceted, flexible approach, and not the use of ready-made management models carried over from the business world or public management. This is the true challenge non-profit management theory and practice face: how to manage organizations that are multiples and therefore intrinsically complex. (Anheier, 2000, p. 8)

The geometric term "Cuboid" refers to the multidimensionality mentioned above, but above all it aims to highlight and emphasize the need for a balance (albeit dynamic) between the three dimensions. Therefore, effective managerial growth must be pursued through an improvement in the overall positioning of NPIs for each of the three dimensions illustrated. In practice, it is a harmonious development of a NPIs: the asymmetric development of one or only some of the three dimensions could give rise to "anamorphic" growth, to be understood as a probable loss of efficiency and overall effectiveness of the system of management of a NPI (Speckbacher, 2003; Christensen & Ebrahim, 2006; Downe et al., 2010; Kislov et al., 2017). In this sense, in Figure 2, the public value is represented by the volume occupied by the Cuboid and, therefore, can be interpreted as the result of the synergistic action of perhaps represented by the three dimensions of the Cuboid: only the development of all dimensions is able to produce a significant increase in the public value generated by the Non-Profit Sector.

The “Cuboid” is useful both for describing future research trajectories and for attempting some conclusive considerations of this work.

FUTURE RESEARCH DIRECTIONS

This chapter represents the attempt to identify the possible components of an embryonic theoretical model that can demonstrate the need for a systemic and harmonious approach to the development of the management system in the NPIs. Based on a deductive method, we tried to identify the possible dimensions of the model we defined as “The Cuboid of NPIs management”.

As highlighted by some scholars (White, 2001), Non-Profit sector can be validly investigated through an inductive and deductive reasoning: given its evident complexity, only a combined approach could ensure the necessary completeness of reflection on it.

CONCLUSION

First of all, the theoretical scheme just described seems to clearly represent the typical approach of co-production. To clarify the concept of co-production, we can use the definition of Joshi & Moore (2004):

we use a more exact term – institutionalized co-production – to refer to organizational arrangements, which implicate clients in effective service delivery, on a sustained, regular basis. Institutionalized co-production is the provision of public services (broadly defined, to include regulation) through regular, long-term relationships between state agencies and organized groups of citizens, where both make substantial resource contributions. (pp. 39-40)

In this sense, co-production emphasizes a pluralistic model of public service based on a sort of weaving between public, private and nongovernmental actors and would thus be able to guarantee the creation of public value by improving levels of efficiency, effectiveness and innovation (Osborne, Radnor & Nasi, 2013). In this sense, Nabatchi et al. (2017) define co-production:

as an umbrella concept that captures a wide variety of activities that can occur in any phase of the public service cycle and in which state actors and lay actors work together to produce benefits. (p. 4)

In other words, co-production seems to represent the tools for a renewed public service delivery system in which citizens play an active role for the whole community and for the generation of public value (Ricci & Esposito, 2015), especially in the modern era in which the effects of the global financial crisis make the search for efficiency in the provision of community services an absolute and substantial imperative and not a mere formal option. In other words, we could therefore say that co-creation/co-production represent, today, for politicians and politicians a necessary condition to create innovative public services that effectively meet the needs of citizens within a context characterized by various environmental constraints in which the NPIs operate (Voorberg, Bekkers & Tummers, 2014).

Secondly, the three dimensions of the "Cuboid" can be read in the light of the concept of public value: this could represent an overall and global measure of the whole theorized model.

The literature on public value is exterminated. However, with specific reference to the Non-Profit Sector, the concept can be expressed as:

Public values are those providing normative consensus about (1) the rights, benefits, and prerogatives to which citizens should (and should not) be entitled; (2) the obligations of citizens to society, the state and one another; and (3) the principles on which governments and policies should be based. (Bozeman, 2007, p. 132)

Public value, then, is the combined view of the public about what they regard as valuable. (Talbot, 2011, p. 28)

Public value is about values characterizing the relationship between an individual and "society," defining the quality of this relationship. (Meynhardt, 2009, p. 206)

The concept of public value makes it possible to guarantee a systematic approach to the general purpose typical of NPIs: to contribute to improving the overall level of well-being of the community. In this sense, the public value in the Non-Profit Sector would coincide with the concept of common good. In this perspective, the volume of the "Cuboid" could be associated with the level of public value generated by the management of the NPIs.

In this sense, New Public Management and the other reform movements of '80s, like Public Governance, Public Performance Management and New Public Governance, have led to a "paradigm shift" (Barzelay 1992; Behn 2001), seek to reach the highest levels of efficiency, effectiveness, and productivity within the public sector through the introduction of an entrepreneurial culture, methods, and techniques (Hood 1991). Thus, we can note that the issues related to accountability and CSR in the Non-Profit Sector would seem to represent another "paradigm shift", similarly to what happened precisely for the Public Sector in the 80s:

A new paradigm in development thinking is recognizing the centrality of private enterprise in pursuit of the development agenda – and vice versa. (United Nations Global Compact, 2014, p. 3)

For example, some research has tried to highlight that the private sector has particular strengths to implement in implementing the SDGs, especially in terms of specific skills and resources (Porter & Kramer, 2011). However, the SDGs would seem to neglect some aspects especially with regard to interconnections and mutual dependence between the same objectives: this leads to some potentially very negative aspects as a possible source of perverse outcomes (Stafford-Smith *et al.*, 2017).

Thus, as seen above, all this clearly requires a clearer and broader definition of CSR that can be focused on a broad-spectrum concept of value:

- A long-term perspective;
- And, which includes the financial, environmental, social and ethical terms.

In this hypothetical framework, it is necessary to reiterate the need for a synergistic, systemic and coordinated interaction among all economic actors. In particular, although the role of the private sector, as we have just seen, remains non-negligible, it should be pointed out that private companies can not be limited to the simple formal compliance with the principles envisaged by the CSR. Instead, it would be necessary for their behavior to be effectively aimed at creating "sustainable value" (Scheyvens, Banks & Hughes, 2016). In this perspective:

It means that businesses must avoid causing or contributing to harm, for example, in the form of adverse human rights impacts or environmental degradation. In addition to this minimum responsibility to respect, businesses are encouraged to take additional supportive actions through their core business, philanthropy, collective action and public policy advocacy – which is done as a voluntary complement and not a substitute or trade-off for the requirement to respect universal principles. (United Nations Global Compact, 2014, p. 3)

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KEY TERMS AND DEFINITIONS

Accountability: The duty to act responsibly and to be accountable to others for every action, guaranteeing transparency, correctness, adequacy, and compliance between the management and the clear representation of the results achieved by an organization.

Civic-Engagement Objectives: A kind of social objectives which are characterized by high levels of social value and greater complexity of their measurement (e.g., politics, religion, ethics, voluntarism, philanthropy, compassion, etc.).

Corporate Social Responsibility (CSR): The responsibility for producing non-economic consequences on people by economic activity. In essence, the awareness of moral obligations that exceed current laws and regulations and related to the pursuit of objectives beyond purely financial interests.

Non-Profit Institutions (NPIs): Organizational entities that must be coexist in a conceptual space that is intermediate between business and public government and whose value system implies a very complex performance behavior because the achievement of their goals is conditioned by values pursued within their mission and vision. They are characterized by the following fundamental features: 1) organization; 2) private nature; 3) self-governing; 4) non-profit-distributing; 5) voluntary to some meaningful extent.

Professionalization (or Managerialism): The legislative, scientific, and doctrinal attempt to introduce approaches, methodologies, criteria and tools typical of the for-profit organizations in the Public Sector or in the non-profit sector in order to increase their levels of efficiency, effectiveness, or quality and quantity of services for the community.

Public Trust: The level of public trust in certain types of organization, especially for those in the public sector and for those in the non-profit sector. This level can be weakened by negative phenomena such as mismanagement, wastefulness, or fraud.

Responsibility: Conduct of an action that is rational with respect to the purpose it sets out and which measures the relationship between the means and targets as well as the consequences that the action can produce.

Social Value: The value produced (or destroyed) by an organization through social action in relation to a public service. This value is hybrid in nature since it is not intended exclusively in financial terms. For this reason, its measurement is particularly complex, although very important and useful for the evaluation of public organizations or non-profit institutions.

Chapter 14
Corporate Social Responsibility and Performance in the State of Qatar:
Reality and Challenges

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EXECUTIVE SUMMARY

This chapter aims to examines the situation, facts, and challenges of corporate social responsibility (CSR) and corporate social performance (CSP) in the State of Qatar. Some theories related to both constructs are presented and discussed. In addition, the chapter analyzes the role of different formal and informal CSR organizations' initiatives in raising the awareness about the importance of managing the social side of the business. Highlighting some active efforts to improve CSR in the country, the study concludes that the idea of managing the social side of business is still in its formation stage. Some more initiatives are needed to bring it up to the level that serve the realization of the national vision of the country 2030. The chapter concludes with some discussion on how managers perceive CSR and whether it aligns well with business objectives or no. Some guidelines to future studies and research in the field of CSR and CSP are also presented in the study.

INTRODUCTION

Arab countries share three things in common, namely, religion, language and history. As an Arabic country, the culture of the State of Qatar is shaped by the traditions, norms and values of Islam and Arabic culture. The idea of social responsibility is deeply rooted in the Arab culture, heritage and practiced in different ways such as gift giving, helping needy people, cleaning roads and sponsoring orphans/students (Suliman & Thomas, 2014 & 2018). However, these longstanding cultural traditions and morals

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that supports social responsibility not always reflect the Western understanding and practices of social responsibility (Jamali, 2014). According to Turker (2016, p. 133) "… these spiritual approaches must be backed up with a sound institutional mechanism in order to strengthen CSR within the business community in Muslim countries".

Similar to other members of the Gulf Cooperation Council (GCC) and Arab countries, the concept of Corporate Social Responsibility (CSR) in its modern form and practice is not well developed in the State of Qatar. According to Kirat (2015), the management of social responsibility and social performance of work organizations in Qatar is still in its embryonic stage.

In this context, Suliman (2010, p. 1) argued that organizations based in the GCC need to understand the concept better in order to act as good citizens. In his words:

Organizations attempt to stay within the law but do not attempt social responsibility beyond what is needed by law. It seems to be the idea of CSR at its infancy stage and not yet mature as a concept and as a practice…Although organizations continually encounter demand from the different groups/entities of the community to devote some resources for the CSR, most companies are very much reluctant in taking serious steps towards managing CSR.

Probably this inactivity in the field of CSR that the Qatar-based organizations show is what encouraged the government to impose a law to govern it. In year 2008, the Law No 13 of the CSR came to effect in Qatar. According to this law, all organizations based in the State of Qatar are required to contribute 2.5% of their net profit to the social activities.

This study aims to study the current situation of social responsibility and social performance of work organizations in the State of Qatar. Following this introduction, the chapter examines the different theories of CSR, Corporate Social Performance (CSP), multifaceted nature of CSR and the antecedents and consequences of CSR. Subsequently, the study addresses the realities and challenges of CSR/CSP in Qatar and concludes with some remarks.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is defined as the business principles that guide managerial decision making and emphasize obligation and accountability to society (Carroll and Buchholtz, 2003). This definition implies that CSR is a multidimensional construct that aims to meet the interests and claims of stakeholders that focuses not only on the economic outcomes but also on social issues, which affect the quality of life for people. The term corporate social responsibility (CSR) emerged originally from the tendency to relate organizations to the natural resources/environment. More specifically, the CSR can be traced to Bowen's (1953, p.6) study that viewed CSR as "an obligation of organizations to pursue the policies and make the decisions that are desirable in terms of the objectives and values of society".

Thought there is a general agreement in the literature regarding the multifaceted nature of the CSR construct, numerous other definitions are emerged to conceptualise it. For example, Carroll (1979) defines it as the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time. Whereas McWilliams and Siegel (2001) describes it as actions that appear to further some social good, beyond the interests of the firm and that which is required by law. Waldman et al. (2006) specify CSR as actions on the part of the firm that appear to advance, or acquiesce in the promotion of some social good, beyond the immediate interests of the firm and its shareholders and beyond that which is required by law. As for Waddock and Googins (2011) they explain CSR as explicitly and discretionary, socially or ecologically beneficial activities that companies undertake to benefit society. Aguinis (2011) prescribes it as the context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance.

The mutual relationship between an organization and environment is a social in nature, because organizations are viewed as social entities. Therefore, this relationship needs continuous improvements in order to make a balance between the economic and social outcomes when organizations operate in business environments. According to Daft et al., (2010), organizations are goal-directed social entities that are structured as deliberately designed and integrated systems that are directly acting and interacting with their environments. This definition is core in understanding the important role of organizations in contributing to the social development. In addition, Daft et al. (2010) argue that organizations shape our lives in which they exist to perform the following:

1. Bring together resources to achieve desired goals and outcomes
2. Produce goods and services efficiently
3. Facilitate innovation
4. Use modern manufacturing and information technologies
5. Adapt to and influence a changing environment
6. Create value for owners, customers, and employees
7. Accommodate ongoing challenges of diversity, ethics, and the motivation and coordination of employees

Today's business environment is characterized by accelerated technology change, high demanding customers, customized products, intense competition, changes in global warm, shorter product life cycles… etc. Work organizations have no choice but to cope/adapt with these changes effectively. This of course alarm organizations to develop more awareness toward the growing concerns over ethics and social responsibility, as well as find innovative ways to integrate CSR into corporate and business strategies in the best way that minimizes the negative environmental/societal impacts. Stakeholders, however, are becoming more socially responsible and they have positive attitudes and concerns about the role that organizations play in managing environmental issues and social consequences of firms' activities.

CORPORATE SOCIAL PERFORMANCE (CSP)

According to Carroll (1979) and Wartick and Cochran (1985), Corporate social performance is a broader concept than CSR because it encompasses three interrelated dimensions: corporate social responsibility (principles or categories), corporate social responsiveness (processes or strategies), and social issues (e.g., the natural environment, human rights, and diversity… etc.). Fischer and Sawczyn (2013) in line with Orlitzky et al. 2011) argue that stakeholders are becoming more aware of social concerns and issues. This trend has induced firms to consider and satisfy stakeholder expectations and interests through transparent corporate activities and initiatives, which ultimately improve a firm's reputation and financial results.

An early definition of corporate social performance (CSP) is given by Wartick and Cochran (1985, p. 758) who defined the CSP model as "the underlying interaction among the principles of social responsibility, the process of social responsiveness, and the policies developed to address social issues". This model according to Wood (1991, p. 692) represents a conceptually advance trend in researchers' thinking about business and society, but it left out some problems unaddressed. First, the term performance speaks of actions and outcomes, not of interaction or integration. Thus, the definition of the CSP model, which integrates these various concepts, could not define CSP itself. Second, social responsiveness is addressed as a single process rather than a set of processes. Third, the final component of the CSP model is too restrictive because policies do not exist in all organizations. Considering the above criticisms, Wood (1991) defines the term CSP as a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships. He argued that each firm can be evaluated on its social performance, and a firm's social performance can be negatively or positively evaluated. However, Wood's (1991) definition of CSP has led her to develop a model of CSP that captures the following three main components of CSP:

1. Principles of Corporate Social Responsibility
   a. **Institutional Principle:** Legitimacy
   b. **Organizational Principle:** Public Responsibility
   c. **Individual Principle:** Managerial Discretion
2. Processes of Corporate Social Responsiveness
   a. Environmental assessment
   b. Stakeholder management
   c. Issues management
3. Outcomes of corporate behavior
   a. Social impacts
   b. Social programs
   c. Social policies

The principles of CSR that suggested by Wood (1991, p.696) are:

The Principle of Legitimacy: Society grants legitimacy and power to business. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it. The Principle of Public Responsibility: Businesses are responsible for outcomes related to their primary and secondary areas of involvement with society. The Principle of Managerial Discretion: Managers are moral actors. Within every domain of corporate social responsibility, they are obliged to exercise such discretion as is available to them, toward socially responsible outcomes.

Table 1 exhibits the outcomes of acting on CSR principles within CSR domains as suggested by Wood (1991). As can be seen from the table, alongside the three principles that he suggested, Wood (1991) highlighted four main domains of CSR.

Table 1. Outcomes of corporate social policy

Domains	Social Legitimacy (Institutional)	Public Responsibility (Organizational)	Managerial Discretion (Individual)
Economic	Produce goods & services, provide jobs, create wealth for shareholders.	Price goods & services to reflect true production costs by incorporating all externalities	Produce ecologically sound products, use low-polluting technologies, cut costs with recycling
Legal	Obey laws and regulations. Don't lobby for or expect privileged positions in public policy	Work for public policies representing enlightened self-interest	Take advantage of regulatory requirements to innovate in products or technologies
Ethical	Follow fundamental ethical principles (e.g., honesty in product labeling	Provide full and accurate product use information, to enhance user safety beyond legal requirements.	Target product use information to specific markets (e.g., children, foreign speakers) and promote as a product advantage.
Discretionary	Act as a good citizen in all matters beyond law and ethical rules. Return a portion of revenues to the community.	Invest the firm's charitable resources in social problems related to the firm's primary and secondary involvements with society	Choose charitable investments that actually pay off in social problem solving (i.e., apply an effectiveness criterion).

Source: Wood (1991, p. 710).

Wood (1991) argued that the implementation of CSR strategy affects the financial performance of firms. In this context, Marti et al. (2015) found that companies that implemented CSR strategies achieved better financial performance compared to those who implement traditional management strategies. In line with Porter and Kramer (2006), Marti et al. (2015) debated that organizations should integrate social and environmental initiatives in their core business strategies to gain a competitive advantage and improve profitability. However, the relationship between CSR and financial performance is a main interest of researchers and practitioners because organizations cannot stay alive and survive without achieving their operational and strategic goals. Therefore, successful organizations are those that can build their performance systems through the combination of financial and non-financial measures of performance.

In this context, Kaplan and Norton (1992) developed the balanced scorecard approach (BSC) that integrates and combines financial and non-financial measures in order to provide managers with a comprehensive view of the organization. Later, Kaplan and Norton (1996) indicated that the measures of this approach represent a balance between external measures for owners and customers, and internal measures for critical business processes, innovation and learning and growth. From the CSR perspective, it can be concluded that the major contributions of the BSC is the strategic importance of non-financial performance for achieving good financial results. This is an indication that CSR through meeting stakeholders' needs and expectations can be considered as a main driver of corporate financial performance. Figure 1 below shows that the BSC consists of four perspectives, namely:

1. Customer perspective: to answer the question: How do customers see us?
2. Internal business process/operational perspective to answer the question: What must we excel at?
3. (Learning & growth/innovation perspective to answer the question: Can we continue to improve and create value?; and
4. Financial perspective to answer the question: How we look to shareholders?

Figure 1. The balanced scorecard
Source: Kaplan and Norton (1996), p. 76

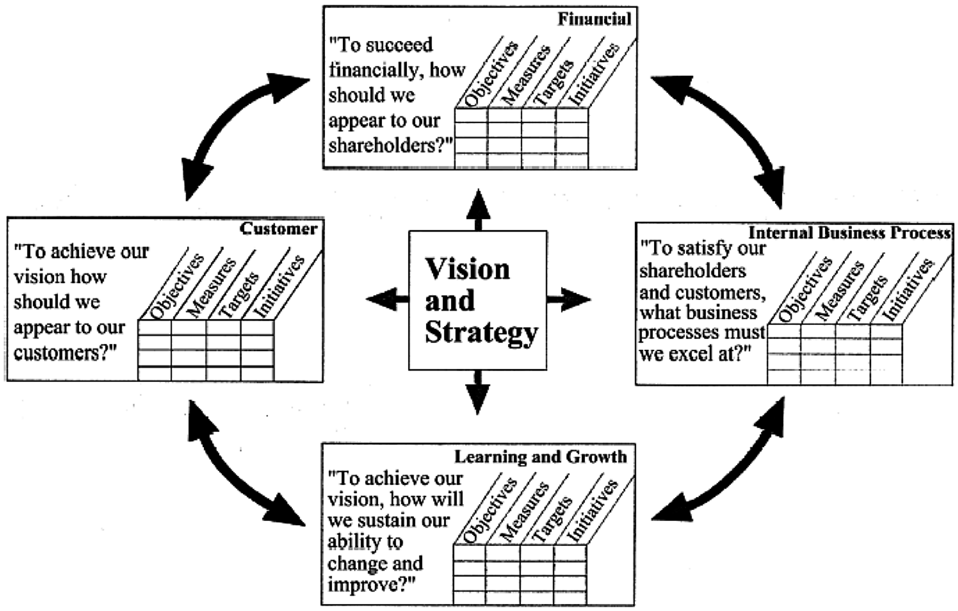


Figure 1 illustrates each of the BSC perspective, in which managers identify which aspects can affect performance. For each aspect, they identify objectives, measures, targets and then they identify initiatives to create improvements. Therefore, organizations should articulate the major goals for each of the four perspectives, and then translate these goals into specific performance measures (Kaplan and Norton, 1992). However, the above argument may lead to the question: which one affects the other, corporate social responsibility (CSR) or corporate financial performance (CFP)? It seems that the two constructs are highly interrelated and correlated where the literature on organizational performance shows empirical evidences on the effect of each construct on the other.

According to Marti et al. (2015), there is no consensus on the relationship between CSR and corporate finance performance. On one hand, some authors (e.g. Choi et al., 2010, Inoue and Lee, 2011, and Ioannou and Serafeim, 2012) support the positive relationships that relate CSR to financial performance in which corporate financial performance leads to better corporate social performance. They argue that organizations that incorporate CSR strategy into their corporate and business strategies can utilize their resources to: (a) attract socially responsible consumers, (b) avoid the threats that come from the external environment, (c) become more legitimist to law and regulations and (d) respond effectively to all concerns of stakeholders. More specifically, Ioannou and Serafeim (2012) investigated the institutional drivers of corporate social performance employing large cross-section firms from 42 countries over 7 years. They found that political institutions, followed by legal and labor market institutions are the most important country determinants of social and environmental performance. In contrast, legal institutions, followed by political institutions are the most important country determinants of governance. Capital market institutions appear to be less important drivers of CSP.

On the other hand, some arguments (e.g. Lee et al., 2009 and Makni et al. 2009) support the idea that views the CSR activities as costly because the commitment to CSR increases costs for firms, which is inconsistent with major objectives and long-term goals of organizations. Likewise, Soana (2011) pointed out that there are four hypotheses that describe the relationship between CSP and corporate financial performance (CFP). These hypotheses are summarized below:

1. **Negative Relationship:** This hypothesis assumes that CSR produces costs derive from the constraints of geographic and business areas, the employment of additional human resources, the increase in expenses relating to activities or processes to satisfy stakeholder requirements;
2. **Positive Relationship:** According to this hypothesis, there is a direct and growing relationship between CSP and CFP. However, their causal relationship seems doubtful.
3. **Mixed Relationship:** This theory suggests that the relationship between CSP and CFP is not constant in time and can take the form of a ‘U’ or an ‘inverted U’.
4. **No Relationship:** According to this hypothesis, CSP and CFP are uncorrelated variables and CSR has no impact on the financial results.

In a similar approach, Fischer and Sawczyn (2013) concluded that there are three different causal-effect directions between CSP and CFP:

- Good management hypothesis suggests that CSP has an impact on CFP. This hypothesis indicates that a firm can improve the relationship with stakeholders when engaging in socially responsible behaviors.
- Slack resources hypothesis suggests that CFP has an impact on CSP because the availability of slack resources due to high CFP can lead a firm to allocate its slack resources to environmental and social issues, such as environmental protection, stakeholder relationships, or philanthropy programs (Waddock and Graves 1997).
- Virtuous circle hypothesis suggests that that CSP seems to be both a predictor and a consequence of CFP (Waddock and Graves 1997).

However, the conflicting views for the contribution of CSR to profitability and competitive advantage of a firm can be attributed to the following:

- Using different methods for measuring corporate performance and CSR performance
- Companies are different in their strategic priorities, which means that CSR does not occupy the same level of importance and concerns among all companies.
- The CSR is a multidimensional construct where different methodologies are used in different environments and all of which lead to different perspectives. For example, Chang (2009) found that the more responsibilities organization fulfill; the better image they have.

CSR AS A MULTIDIMENSIONAL CONSTRUCT

CSR is conceptualized as a multidimensional construct. However, the term CSR is a controversial issue where there is no consensus on how to define and decompose it as argued above. Carroll (1979) originally proposed a three dimensional model of CSR as an attempt to evaluate the following: (1) Four distinct social responsibility categories (discretionary, ethical, legal, and economic); 2) Six social issues (consumerism, the environment, discrimination, product safety, occupational safety, and shareholders); and 3) Four philosophies of social responsiveness (reaction, defense, accommodation, and proaction).

Carroll's (1979) model according to Toliver (2013) is the most widely researched and implemented model of CSR and is considered to be the cornerstone of the field. The model is constructed on the basis that in addition to "focusing on economic outcomes, organizations should also have concern for society, communities, environment, employees and ethics" (Goi and Yong, 2009, p. 46). Carroll (1991) later on revised the original three-dimensional model and transformed it into a four-level pyramid (See Figure 1). The intent was to remove some of the complexity and ambiguity from the three-dimensional model and make it easier to be understood. Carroll (1991) argued that attention was shifted from social responsibility to social responsiveness. This argument was built on the notion that CSR should focus on social responsiveness in order to emphasize corporate action, proaction, and implementation of social roles (Carroll, 1991).

As Figure 2 presents, the pyramid model of Carroll suggested four kinds of social responsibilities constitute total CSR: economic, legal, ethical, and philanthropic, these are explained further in Table 2.

Schwartz and Carroll (2003) developed the three-Domain Model of CSR was as a response to critiques of Carroll's (1979, 1991) previous models. A three-domain model is presented in which the three core domains of economic, legal, and ethical responsibilities are depicted in a Venn model framework. The Venn framework yields seven CSR categories resulting from the overlap of the three core domains. The philanthropic component is not seen in Schwartz and Carroll's model. The refined model gives organizations the freedom to decide whether to engage in CSR activities and, therefore, makes any CSR activity a voluntary act rather than a forced moral fulfillment (Toliver, 2013, Schwartz and Carroll, 2003). Figure (3) depicts the three-domain model of corporate social responsibility that suggested by Schwartz and Carroll (2003).

Figure 2. Carroll's (1991) Pyramid of Corporate Social Responsibility
Source: Schwartz and Carroll, 2003, p. 504.

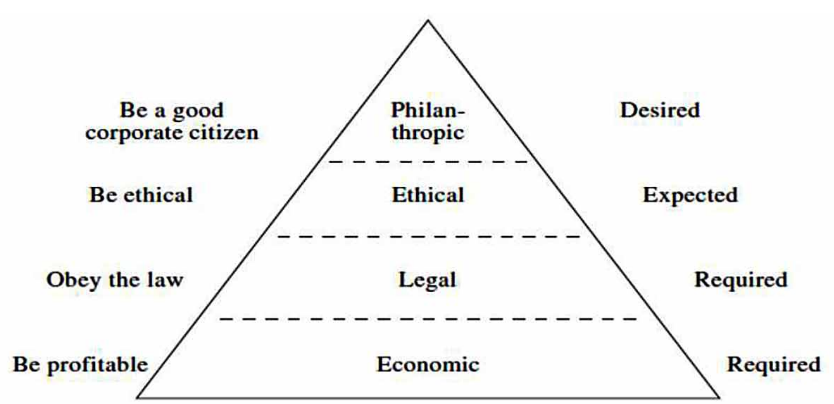
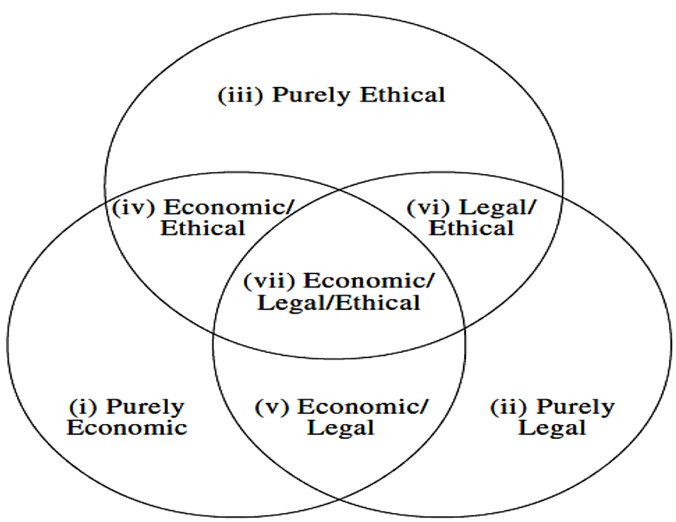


Table 2. Economic, legal, ethical and philanthropic components of CSR

Economic Components (Responsibilities)	**Legal Components (Responsibilities)**
It is important to perform in a manner consistent with maximizing earnings per share	It is important to perform in a manner consistent with expectations of government and law.
It is important to be committed to being as profitable as possible.	It is important to comply with various federal, state, and local regulations.
It is important to maintain a strong competitive position.	It is important to be a law-abiding corporate citizen.
It is important to maintain a high level of operating efficiency.	It is important that a successful firm be defined as one that fulfills its legal obligations.
It is important that a successful firm be defined as one that is consistently profitable.	It is important to provide goods and services that at least meet minimal legal requirements.
Ethical Components (Responsibilities)	**Philanthropic Components (Responsibilities)**
It is important to perform in a manner consistent with expectations of societal mores and ethical norms.	It is important to perform in a manner consistent with the philanthropic and charitable expectations of society.
It is important to recognize and respect new or evolving ethical moral norms adopted by society.	It is important to assist the fine and performing arts.
It is important to prevent ethical norms from being compromised in order to achieve corporate goals.	It is important that managers and employees participate in voluntary and charitable activities within their local communities.
It is important that good corporate citizenship be defined as doing what is expected morally or ethically.	It is important to provide assistance to private and public educational institutions.
It is important to recognize that corporate integrity and ethical behavior go beyond mere compliance with laws and regulations.	It is important to assist voluntarily those projects that enhance a community's "quality of life.

Source: Carroll, 1991, pp. 40-41.

Figure 3. The three-domain model of corporate social responsibility
Source: Schwartz and Carroll, 2003, p. 509



Likewise, Melo and Garrido-Morgado's (2012) study also examined CSR as a multifactor variable. They propose a model that incorporated five components of CSR, namely: employee relations, diversity issues, product issues, community relations, and environmental issues. Melo and Garrido-Morgado (2012) results indicate that the five dimensions of CSR have a significant impact on corporate reputation/image.

ANTECEDENTS AND CONSEQUENCES OF CSR

It has been argued that each of CSP and CFP can affect the other interchangeably which means that the two constructs are highly correlated and interrelated. In this context, Waddock and Graves (1997) tagged this relationship as a virtuous circle where the CSP seems to be both a predictor and a consequence of CFP. Because all internal and external stakeholders are in an exchange relationship with the company, the drivers of CSR can be also divided into internal and external drivers. To this end, it can be concluded that internal drivers include the organizational culture and values, policies and procedures, top management support, corporate and business strategies, and employee commitment and engagement. External drivers include the external stakeholders such as consumers, employees, investors, governments, labor unions, and any category of external stakeholders that can motivate firms to follow CSR practices and interact positively with environmental and social issues.

Based on their review for the literature on CSR, Jamali and Karam (2018) classify the antecedents and sequences of CSR into three levels: Individual level, organizational level, and institutional level. At the individual level, they summarize the drivers of CRS to include:

1. *Personal values and other sociocultural characteristics* such as personal religions orientations,
2. *CSR knowledge and expertise* such as of awareness of CSR and knowledge of environmental issues and commitment to environmental protections, Knowledge of environmental issues and commitment to environmental protections
3. *Other personal characteristics such as:* stewardship of a particular leader, individual consumer, commitments and intentions, individual attitudes towards human rights and/or ethical orientation, and individual perceptions of and attitudes towards various dimensions of corporate responsibilities.

The consequences of CSR at the individual level according to Jamali and Karam's review (2018) include the following

- Increased employee commitment to and engagement in the firm
- Increased employee commitment to the firm
- Increased attractiveness of (identification with) the firm
- Increased firm attractiveness in the eyes of both consumers and employees
- Positive orientations and purchase intentions
- Increased positive orientations and purchase intentions from consumers

In a response to the growing interest of organisations to improve their social performance, especially in recent years, some studies are conducted to examine how CSP can be improved. Table 3 summarizes some of the empirical results that can be taken as recommendations for managing and developing CSP.

Table 3. Suggestions for increasing CSP

Waddock and Graves (1997)	CSP seems to be both a predictor and a consequence of CFP
Marti et al. (2015	Firms located in developing countries should invest their excess resources in the acquisition of existing technologies that improve their productivity growth, mitigating environmental damage
Porter and Kramer, 2006, Marti et al., 2015	Firms located in developed countries should implement a product leadership business strategy, which could focus on product differences, discovery, innovation and flexibility of the production methods that produce competitive advantage and environmental and social benefits
Melo and and Garrido-Morgado (2012)	CSR is a key driver of corporate reputation given its potential to foster hard-to-duplicate competitive advantage
Ntim and Soobaroyen (2013)	Better-governed corporations tend to pursue a more socially responsible agenda through increased CSR practices
Ntim and Soobaroyen (2013)	A combination of CSR and corporate governance (CG) practices has a stronger positive effect on CFP than CSR alone, implying that CG positively influences the CFP-CSR relationship
Shaukat et al. (2016)	Firms with more CSR-oriented boards are more likely to develop a proactive and comprehensive board CSR strategy and they are more likely to achieve superior environmental and social performance.
Fischer and Sawczyn (2013)	Financially successful firms may spend more monetary and non-monetary slack resources for social and environmental concerns and thus improve their CSP
Ioannou and Serafeim, 2012	CSP is related to the risk return profile of a firm. Better performing firms are more socially responsible. Riskier firms are less socially and environmentally responsible.

CSR AND CSP IN QATAR

Similar to most developing nations, especially Arab countries, the CSR/CSP in Qatar is still in its development stage. CSR is growing very fast in Qatar and becoming a major concern for researchers and managers due to the rapid growth of the country in all aspects of life. Therefore, there is a call for prompting organizations to consider CSR in planning their corporate and business strategies in order to cope with changes and challenges associated with sustainable development, globalization, governance, corporate sector impact, communications, finance, ethics among others (Kirat, 2015).

According to Kirat (2015, 442):

In Qatar, overall awareness of sustainability and corporate responsibility is in its formation stage. CSR challenges in Qatar include an expatriate population from all over the World, about 160 nationalities, a local population still enjoying the economic boom and an economy centered on limitless resources of oil and gas. As the country moves forward in meeting the ambitious aims of Qatar's National 2030 Vision, the role of corporations in community development becomes more and more crucial.

Al Saady (2011) targeted public sharing companies listed in the Doha Stock Market and state-owned companies to investigate social responsibility awareness and practices. The results showed that SR activities in organizations in Qatar are not systematically organized, and are carried out in most cases by individuals rather than an organizational unit.

As a reflection of this inception, CSR and CSP as concepts and practices witnessed a weak attention from practitioners, researchers and scholars in Qatar. Only few studies have been conducted so far in this field.

Belal and Momin (2009) investigated the CSR reporting in the emerging economies, including Qatar. They find that the "…CSR agendas in emerging economies are largely driven by external forces, namely pressures from parent companies, international market and international agencies" (p. 119). AlNuaimi et al. (2012) explored the status of CSR and its reporting in the financial and industrial sectors in Qatar. The study found that most coopted organisations published information related to human resources and product development, followed by community involvement. However, the review of annual reports revealed that these companies were reporting no environmental issues. QatarCSR (2015) conducted a study to examine the link between organizational performance and social performance. The sample consisted of 62 firms that have annual spending on CSR of at least 100,000 Qatari Riyal or more. The findings uncover a positive relationship between CSR and performance. However, the most positive, significant and strong factors of the CSR were found to be the CSR related to government (r = .87, Sig. level 0.00) and employees (r = .85, Sig. level 0.00) and future generations (r = .84, Sig. level 0.00). Though both were positive and significant, CSR components related to natural environment (r = .72, Sig. level 0.00) and NGO's (r = .76, Sig. level 0.00) reported the weakest link with performance. As for the spending, QatarCSR found that CSR initiatives/activities related to customers (6.3 out of 7) and government (6.1 out of 7) are the most important facets to the coopted firms. The study concluded that:

…To move forward in business, organizations' have to think ahead to what will affect them in the future, taking into account changes in society, government legislation, environment and the economy, and they have to recognize that they have a role in reacting to these changes and acting, not just in terms of economic issues, but more diverse societal issues as well (p. 36).

Kirat (2015) examined the perceptions and practices of CSR in the oil and gas industry in Qatar.

Though they are the top resourced organizations in Qatar, oil and gas organizations incline to neglect some important morals and social aspects of business, namely human rights, labor rights, work conditions, anti-bribery and anti-corruption measures (Kirat, 2015).

Mallin, et al. (2014) attempted to assess the role of CSR in shaping the financial performance of Islamic Banks across 13 countries. The findings report that surveyed banks tended to"…show more commitment to the vision and mission, the board and top management, and the financial product/services dimensions, whilst least attention is paid to the environment dimension (p. S21)" of the CSR. The hypothesis that CSR positively influence the financial performance is also established in the study. Likewise, Platonova et al. (2018) studied the link between CSR and the financial performance of Islamic banks in the GCC countries. The research uncover that:

… there is a significant positive relationship between CSR disclosure and the financial performance of Islamic banks in the GCC countries. The results also show a positive relationship between CSR disclosure and the future financial performance of GCC Islamic banks, potentially indicating that current CSR activities carried out by Islamic banks in the GCC could have a long-term impact on their financial performance. Furthermore, despite demonstrating a significant positive relationship between the composite measure of the CSR disclosure index and financial performance, the findings show no statistically

significant relationship between the individual dimensions of the CSR disclosure index and the current financial performance measure except for 'mission and vision' and 'products and services' (p. 451).

QatarCSR (2017) conducted a study to examine the role of organizational drivers and communication on the adoption of CSR activities in Qatar. The study coopted 100 organizations from 11 sectors, such as education, transportation, healthcare, oil and gas. As Table 4 exhibits, the findings uncover that companies in Qatar value both internal and external drivers of CSR. For example, about 86% agreed that CSR is a significant factor in enhancing the company's image (Mean = 4.32), whereas 80% (Mean = 4.17) agreed that practicing CSR in global companies helped to adopt it locally.

In their cross-country Comparison of CSR in Germany and Qatar, Schmidt and Cracau (2018) argued that though there is a general awareness of CSR significance throughout the globe the "focus still lies on Western developed countries, their understanding, and implementation of CSR" (p. 67). The results revealed that Qatari respondents valued economic obligations and have a tendency to support philanthropic activities of a business and that the female inclined to value economic responsibilities less importantly than males do. Al-Abdallah and Ahmed (2018) studied the role of CSR in shaping the loyalty of customers in Qatar. The research reported a direct, positive and significant impact and that, customers in Qatar value the CSR activities/initiatives of the organizations. Al-Abdallah and Ahmed concluded that organizations operating in Qatar "…should continue conducting CSR activities and focus more on ethical, economic, and environmental dimensions of CSR. Providers should also work on communicating their CSR activities to the public and customers to increase customer loyalty and maintain their market share" (p. 253).

Table 4. Drivers for CSR implementation in Qatar

No	*Internal Drivers for CSR Implementation*	*Mean*	*SD*
1	CSR assists my company in raising its profile.	4.32	.768
2	My company is keeping ahead of competition due to CSR practice in Qatar	4.02	.869
3	CSR practice improves the global competitiveness of your company	4.12	.895
4	My company has CSR team, which enables it to practice CSR in Qatar	4.20	.881
5	My company has enough experience and knowledge related to CSR practice	4.30	.839
6	My company's management cares about providing staff with the capacity to deal with CSR	4.20	.782
7	My company's managers have programs to improve staff skills in CSR	3.92	.900
Average		**4.12**	**.782**
No	*External Drivers for CSR Implementation*	*Mean*	*SD*
1	Practicing CSR in global companies helps to adopt it locally by my company	4.17	.723
2	The high competence of other local companies encourages my company to adopt and practice CSR	4.07	.698
3	The increase of CSR practicing level by local companies encourages my company to adopt CSR.	4.03	.760
4	There is external pressure by local and global companies in the direction of practicing CSR by my company.	4.45	1.071
Average		**3.93**	**.635**

Source: Qatar CSR (2017).

CSR ORGANIZATIONS/ENTITIES IN QATAR

In order to raise the awareness of the community and its different stakeholders regarding CSR and CSP in Qatar, the governmental and non-governmental organizations and groups launched different bodies/entities. It is hoped that these recently created organizations will play the key role in improving the awareness that aligns well with the country's national vision 2030, which is based on four key pillars, namely economic development, social development, Human development and environmental development. The higher the awareness, the higher the pressure on firms to improve their social responsibility, social performance and actively engage in economic, social, human and environmental development of their communities. According to Kirat (2015, p. 438) "as Qatar moves forward in meeting the ambitious goals of Qatar's national vision 2030, the role of companies and firms in community development becomes more and more crucial".

QatarCSR is the first official CSR network in Qatar that launched in 2007 in order to raise the awareness and encourage organizations to manage and devote some resources to the social side of business. As an independent initiative, QatarCSR produces annually the 'Qatar CSR Report' that documents organizations' practices/initiatives in the field of CSR, including their commitment to the United Nations Global Compact (UNGC) and its ten principles, namely (https://www.unglobalcompact.org):

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: The elimination of all forms of forced and compulsory labour;
Principle 5: The effective abolition of child labour; and
Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: Undertake initiatives to promote greater environmental responsibility; and
Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Besides QatarCSR's and its annual award of the 'person of the year', and in line with the CSR act, Law No 13 2008, and the Qatar National Vision (QNV) 2030 some other CSR organizations, awards and recognitions are lunched in Doha the capital of Qatar. One of these awards is the CSR Qatar Awards, which is lunched in 2015 as part of the CSR Qatar Summit. The awards, which are supported by the Ministry of Economy and Commerce, aim at honoring organizations that instill the principles of CSR in their business philosophy, operations, employ sustainable solutions and maintain positive relationships with their stakeholder. In 2014, Alfaisal Without Borders Foundation (ALF) lunched Alfaisal Social Responsibility Center (ASCRC) as the first of its kind in Qatar that is fully devoted to service CSR and volunteer work. The ACSRC organized its first international conference on CSR in 2015. The conference attracted delegates from different countries such as Algeria, Sudan, Jordan and UK. ACSRC developed Alfaisal CSR Agreement, which was presented, discussed and signed in 2015 following a wide public/open discussion in different events including its first conference of CSR. This agreement, which perceived to be aligned with the QNV 2030 contains six principles, namely: human rights, work practices, environment, operation practices, consumers' right, partnership and community development.

FUTURE RESEARCH DIRECTIONS

The current study examined the reality and challenges of CSR and CSP in the GCC region with a focus on the state of Qatar. Future research need to focus on how to improve and widen the schema of managers in the areas of CSR and CSP, i.e. they are not only cost related issues but if well managed they can yield profits. Some further work is needed to bridge the gap between business objectives and the CSR as perceived by firms/practitioners. Future studies, especially in Qatar and the Arabic context may explore the links between CSR and companies different performance indicators such as financial performance. Furthermore, it is not clear until now how work organizations in Qatar and other Arabic countries, especially those who are CSR-active, prioritize their CSR initiatives. For example, one of the findings in the current study is that some significant areas of CSR are left unattended, e.g. environment and anti-bribery, however it was not clear what are the reasons behind this ignorance. Hence, future research may also attempt to explore this area and highlight the main drivers of prioritizing CSR practices/initiatives by the leaders of work organizations in Qatar and other contexts.

CONCLUSION

This research studied the realities and challenges of social responsibility and social performance of work organizations in the State of Qatar. Though the idea is still relatively new in the country and the region, there seems to be some developments in managing the social side of business in the country. However, this is clearly limited to certain areas of social responsibility such as government, employees, sporting events and product development. Unfortunately, some other crucial areas like environment, anti-bribery and anti-corruption measures are left neglected. As can be inferred from the above discussion, the main reason behind this oversight is the weak/missing link between these areas and the financial performance of the firm as perceived by managers (Suliman, Al Khatib & Thomas, 2016). Organizations seems to be selective when it comes to managing CSR and CSP. They try to service the areas that are significant to the key stakeholders, including government, to avoid problems, blames and damaged reputations. Put it differently and explicitly, many organizations did not reach the stage of willingly and actively managing their CSR/CSP well and beyond what is required by the law, i.e. be a good citizen. Though many studies, some are discussed above, confirmed the positive and significant relationship between being socially active organization and the financial results, many managers/practitioners seem unconvinced. If the perception of alignment is improved and the CSR is mainstreamed into business, both organizations and the communities can benefit (Suliman & Al Khatib, 2015). Referring to work organizations in the GCC, Suliman (2010, p. 2) argued that:

In contexts where organizations are not mature enough to self-manage CSR and to be active community members we need such legislations and system in place whereby we put clear standards and regulations to manage it. Managers need to understand the concept better and look for the positive sides of CSR plus some encouragement from the government regarding the reward of those who are CSR-active in forms of some facilities and advantages that will encourage them and others to continue acting as 'good citizens'.

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KEY TERMS AND DEFINITIONS

Business and Society Relationship: The idea that work organization are open systems that need to act and interact with their societies and attend to their needs as possible as they can.

Corporate Social Performance (CSP): The stakeholders' assessment of the social practices/initiatives of work organizations operating in their communities.

Corporate Social Responsibility (CSR): The extent to which work organizations show some responsibility and obligation to the wellbeing of their communities.

Gulf Cooperation Council (GCC): A regional entity based in the Middle East. The council consists of Qatar, Kuwait, the United Arab Emirates, Saudi Arabia, Bahrain, and Oman.

Pyramid of Corporate Social Responsibility: A structure of four components, developed by Carroll, that examines the different types of CSR in the organization, namely the economic, legal, ethical, and discretionary, and philanthropic.

QatarCSR: A formal organization based in the State of Qatar established in 2007 to monitor, assess, and report the social activities of work organizations operate in the country.

Social Awareness: Refers to the consciousness of the organizations of their role in developing the societies in which they operate.

Chapter 15
Environmental Sustainability in Large Firms and SMEs in Cyprus

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EXECUTIVE SUMMARY

The chapter begins by defining corporate social responsibility and explains its close relationship with environmental sustainability. Then discussion focuses on defining and explaining the underlying principles of environmental sustainability and examining it from a marketing orientation perspective arguing that a strong marketing orientation has the potential to motivate businesses to engage in environmentally sustainable business practices. The chapter then provides some empirical evidence derived from an exploratory case study carried out in Cyprus aimed at revealing the perceptions and experiences of managers of four large and four SMEs regarding the practice of environmental sustainability.

SUMMARY OF THE CHAPTER

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tally sustainable business practices. The chapter then provides some empirical evidence derived from an exploratory case study carried out in Cyprus aimed at revealing the perceptions and experiences of managers of four large and four SMEs regarding the practice of environmental sustainability.

INTRODUCTION

Corporate social responsibility (CSR) has acquired an unquestionably high degree of importance for businesses and their stakeholders over the last decades. Businesses are developing best practices for building socially responsible competences in response to increased consumer concerns regarding unethical and irresponsible business activities. There is also heightened concern for the natural environment among consumers, which encourages businesses to adopt sustainable marketing and through that demonstrate greater social and environmental concern to meet the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs (Kotler and Armstrong 2018). Some businesses have been quick to accept concepts like environmental sustainability, and have integrated environmental issues into their organizational activities. Others though have stayed behind. Responsible managers must assess whether their actions are sustainable not only at present but also in the long run. Sustainable marketing demands for socially and environmentally responsible actions that meet the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. The increased trend for customers to become more environmentally aware and demand eco-friendly products and services, can stimulate the adoption of a market orientation within an organisation. It can also have the potential to give to the firm the ability to identify this change in customer demand and the ability to respond by implementing environmentally sustainable business activities such as green supply chain management practices. Market orientation is not inherently an environmental sustainability strategy. Effort needs to be invested in researching customers' needs and using this knowledge and understanding to develop appropriate business strategies and practices.

Over the years, growing attention has been given to the ethical, environmental and social dimensions of business, most often under the CSR umbrella. There are many different views on what social responsibility entails. Kolk, (2010) claims that: "definitions abound, no clear consensus regarding the exact meaning, while various new/related (sub) concepts have been emerging as well." A possible distinction can perhaps be made between those definitions that perceive CSR to encompass activities to advance a social cause beyond compliance (e.g. Portney, 2008, Rodriguez et al., 2006), and those that do not focus so much on the voluntary nature beyond the law but rather, more broadly, as managing a firm in such a way that it can be "economically profitable, law abiding, ethical and socially supportive" (Carroll, 1999, p. 286). It seems though that overall, Votaw's 1973 characterization still seems valid: "The term (social responsibility) is a brilliant one: it means something, but not always the same thing, to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in an ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution…a few see it as a sort of fiduciary duty imposing higher standards of behavior on the businessmen than on citizens at large." (quoted in Carroll, 1999, p. 280).

For the purpose of this chapter, the authors adopt Carroll's (1999) perspective which suggests that CSR is in essence a managerial initiative aimed at achieving a balance between profitability, adherence to legislation, ethical behaviour and social responsibility. This perspective is also reflected in the

European Commission's (2010) definition of CSR according to which CSR is: "The responsibility of enterprises for their impacts on society" (pp.10-25). In order to meet this responsibility, businesses are required to adopt procedures for integrating social, environmental and ethical aspects, as well as aspects related to human rights and consumer rights into both their strategy and core business, in cooperation with all their stakeholders. The concept of CSR highlights the moral obligations and responsibilities that businesses have towards the society encompassing the interests of a wide array of stakeholders beyond what is required by the law.

A meta-analysis of 52 studies, with a total sample size of 33,878 revealed that CSR and environmental responsibility are highly profitable (Does Corporate Social Responsibility Increase Profits? May 5, 2015, Corporate Social Responsibility, Environmental Sustainability, Sustainable Investing. Retrieved from http://business-ethics.com/2015/05/05/does-corporate-social-responsibility-increase-profits/ on 28/02/2017). In a meta-analysis of 300 studies aimed at exploring the relationship between ROI, CSR and corporate financial performance it was indicated that CSR can lead to enhanced marketing performance, enhanced sales and improved employee engagement and retention.

CSR is inextricably linked with the environment. The environmental aspect of CSR is defined as the firm's duty to pay attention to the environmental impact of the company's operations, production and facilities, as well as eliminate waste and emissions, maximize the efficiency and productivity of its resources and in general minimize practices that might have an adverse impact on the environment (Mazurkiewicz, 2004). Societal expectations vis-à-vis business have increased as part of 'blurring boundaries' between concepts such as sustainability, sustainable development, corporate citizenship. Kolk (2016) claims that a body of knowledge on environmental management (and organizations and the environment) has laid the foundations for understanding 'the greening of business', business ethics and business and society with regard to CSR and corporate citizenship and sustainable development. In this context, the authors sought to explore the 'rhetoric' and 'reality' towards the practice of environmental sustainability and sustainable marketing based on the findings that emerged from an exploratory case study carried out in the SME and large business sectors in Cyprus.

Environmental Sustainability

According to a definition provided by the Corporate Social Responsibility Initiative (Harvard's Kennedy School of Government): "CSR goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm." (Whaley Floyd, 20 February 2013. Is corporate social responsibility profitable for companies? Retrieved from https://www.devex.com/news/is-corporate-social-responsibility-profitable-for-companies-80354on01/03/2018).

According to Morelli (2011), undoubtedly there is a need for sustainability. In "The Concept of Environmental Sustainability," Robert Goodland (1995) highlights this need by drawing on previous academic research ranging from Mill and Malthus to Meadows and Brundtland et al., proposing the following definition of environmental sustainability: "the maintenance of natural capital…a concept apart from, but connected to, both social sustainability and economic sustainability (cited by Morelli 2011)

Efforts have been made by members of various professions to give meaning to the term sustainability. Callicott and Mumford (1997) for example, develop the meaning of the term "ecological sustainability" as a useful concept for conservation biologists. In "Economic Sustainability and the Preservation of

Environmental Assets," Foy (1990) suggests that from an economic standpoint, sustainability requires that current economic activity not disproportionately burden future generations. Economists will allocate environmental assets as only part of the value of natural and manmade capital, and their preservation becomes a function of an overall financial analysis. In contrast, the ecologist will seek to preserve minimum levels of environmental assets in physical terms. Not surprisingly, environmental managers have identified "environmental sustainability" as a concept that has a professional meaning for them," (Morelli and Lockwood, 2011).

In the literature there is strong evidence (Ionescu-Somers et al., 2007 and Rothenberg, 2006) suggesting that above and beyond all other pursuits, achieving regulatory compliance is the primary and principal role of the environmental manager in industry. Markusson (2009) expands the related body of knowledge by exploring the characteristic of "environmental championing," giving his own definition: "any effort made by an (individual or collective) actor in a firm to promote environmental issues." However, it is only until recently that effort has been put into discussing the professional goal of the environmental manager as an independent and commonly held meaning of the profession itself. In 2009, Butler argued that a common professional goal for environmental managers does exist separate from, though related to, that of the industries that employ them, and he tentatively identified that goal as "ecological balance." His efforts were supported by a collaborative international research program, established at Rochester Institute of Technology, called the Environmental Management Leadership Initiative (EMLI), which was launched to specifically "define and develop the evolving role of the professional environmental manager in moving our social economic systems toward a more sustainable future," ("Statement of Purpose"). Morelli (2011) posits that without a sustainably productive environment to provide a resource foundation, it would be extremely difficult to have a sustainable society. Similarly, a sustainable economy depends upon a sustainable flow of material, energy, and environmental resources. If it can be agreed that a sustainable environment is a necessary prerequisite to a sustainable socioeconomic system, then it also should make sense that the actions we take to remove threats to and foster environmental sustainability should contribute to such a system.

Broadly speaking, this concept of "environmental sustainability" might be perceived as one that adds depth to the most common definition of sustainable development, i.e., "meeting the needs of the current generation without compromising the ability of future generations to meet their needs," by taking on the general definition "meeting the resource and services needs of current and future generations without compromising the health of the ecosystems that provide them," ("Our Common Future"). More specifically, Morelli (2011) defines environmental sustainability as a condition of balance, resilience, and interconnectedness that allows human society to satisfy its needs while neither exceeding the capacity of its supporting ecosystems to continue to regenerate the services necessary to meet those needs nor by our actions diminishing biological diversity. Kotler and Armstrong (2018, p. 608) provide their own definition: "Environmental sustainability is a management approach that involves developing strategies that both sustain the environment and produce profits for the company."

They argue that today's enlightened companies are keen to take action not because they are forced to or because they want to meet their short-run profit targets but because it's the right thing to do – the moral thing for their customers' well-being, the company's well-being and the planet's environmentally sustainable future.

There are many ways in which businesses can practise environmental sustainability. Based on Stuart L. Hart "Sustainable Value". Corporations can monitor their progress towards environmental sustainability by monitoring their progress through a grid which includes both internal and external *greening* *activities* that will meet the firm's and the environment's short-run interests and *beyond greening activities* that will pay off in the long run. At a very basic level, a company can seek and practice *pollution prevention* that requires more than pollution control which is simply cleaning up waste after it has been produced. The prevention of pollution involves eliminating or minimizing waste before it is created. Therefore, businesses engaging in pollution prevention eliminate or minimize waste before it is created by usually launching internally green marketing programs that may involve the design and development of ecologically safer products, recyclable and biodegradable packaging, better pollution controls and more energy-efficient operations. At the next level companies can implement *product stewardship* which does not only require minimizing pollution caused by production and product design but also all environmental impacts throughout the entire product life cycle whilst reducing costs. Therefore, today's greening activities focus on improving what companies already do to protect the environment. The beyond greening activities suggested by Hart, look forward to the future. Companies can look internally in order to plan for *new clean technology* that will enable them to create and develop fully sustainable strategies. Lastly, businesses can develop a *sustainability vision*, which acts as a blueprint for the future. It depicts how the firm's products and services, processes and policies must evolve and what new technologies must be created to materialise this vision. This vision of sustainability will act as a foundation and will provide the necessary framework for pollution control, product stewardship, and new environmental technology for the company and others to follow.

Kotler and Armstrong (2018) claim that the majority of businesses today focus on pollution prevention although there are some firms that engage in product stewardship and are creating new environmental technologies. However, concentrating solely on one or two of the three sustainability strategies demonstrates a short term focus which is in essence short-sighted. Businesses should instead try to enhance this focus with a long-term vision of environmental sustainability.

Despite the potential benefits that the adoption of environmental sustainability entails, these may not be apparent to all business managers. Not all managers realise the market opportunity that arises from the fact that customers are becoming more environmentally aware and begin to demand eco-friendly products. As customers become more environmentally aware and begin to demand eco-friendly products and services, a market orientation gives the firm the opportunity to respond to this emerging change in customer demand and the ability to respond by implementing environmentally sustainable business activities.

The Adoption of a Market Orientation and Sustainable Marketing by Businesses

Rehman and Shrivastava (2011) argue that sustainability has become a major concern of customers, and as such it must become one of the top priorities for market-oriented businesses (Crittenden et al., 2011). In this context, the demand for sustainable products and services emanates from the end users and the target customers of those products and services. Lafferty and Hult (2001) stipulate that firms with a market orientation are in an advantageous position over their rivals since they can strategically align their business practices with the needs and wants of customers and other key stakeholder groups who share a concern for the organisation's wider responsibilities to the society. Slater and Narver (1994, 1995) argue that market orientation is founded on the collection, analysis and use of market information with the ultimate aim to provide superior customer value. Kohli and Jaworski (1990) posit that market-oriented firms utilise market information in order to meet their customers' needs whilst Carr and Lopez

(2007) support that firms with a strong market orientation identify and respond to their customers' preferences and requirements.

Kohli and Jaworski (1990) and Green et al., (2005) have developed strong theoretical and empirical bases for the strong positive association between market orientation and organisational performance. Recently, more empirical evidence is provided to support that there is also a strong positive association between green supply chain management practices and environmental performance (Zhu and Sarkis, 2004; Zhu et al., 2008) as well as between green supply chain management practices, environmental and business performance (Green et al. 2012a, 2012b).

Green et al. (2015) argue that a market orientation is a necessary prerequisite to the successful implementation of an environmental sustainability strategy. Their study revealed that manufacturing firms with a strong market orientation are more likely to develop and implement environmental sustainability strategies, resulting in improved environmental performance. The achievement of superior business performance demands an integrated effort by the marketing and operations functions within manufacturing organisations to instil and maintain a strong market-oriented culture to enable them to identify changing customer requirements, wants and preferences.

Because an increasing number of citizens views businesses as the main cause for a multitude of social and environmental problems, grassroots movements have emerged from time to time to monitor business activities and keep businesses in line. One of these movements is "consumerism" which is an organised movement of citizens and government agencies focusing on improving the rights and power of buyers in relation to sellers. The movement highlights different proposals put forward by consumerists and consumer protection actions by the government. Some of these proposals are focusing on protecting the environment and preserving it for future usage. Examples include: use of sustainable ingredients, recycling and reducing solid wastes and managing energy consumption (Kotler and Armstrong 2018). Consumers should also make informed choices and reward businesses that act responsibly and penalise those that do not. It is clear that consumers have the power to make the move from irresponsible consumption to a responsible one. Sustainable Marketing concerns businesses, governments and consumers. Consumers not only have rights but above all a responsibility to protect themselves instead of leaving their "fate" on government or someone else.

Whilst consumerism deals with whether the marketing system is serving consumers' needs and wants efficiently, "environmentalism" is a movement supported by concerned citizens, businesses and government agencies aimed at protecting and improving people's current and future living environment (Kotler and Armstrong 2018). Therefore, environmentalists share a concern for the impact that marketing activities have on the environment and the environmental costs of serving consumer needs and wants. Environmentalists do not have a negative attitude towards marketing and consumption but instead they expect consumers and businesses to operate with responsibility and care towards the environment and as such the marketing function should not solely focus on maximizing consumption or offering a wider product choice but rather to enhance life quality which is in essence the quality of the environment in the present and future to enable present and future generations to enjoy its full potential.

In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment (Ottman 1993). A 1994 study in Australia revealed that 84.6% of the sample believed all individuals had a responsibility to care for the environment and a further 80% of this sample indicated that they had modified their behavior, including their purchasing behavior, due to environmental reasons (EPA-NSW 1994). As customer demands shift several businesses see these developments and changes as an opportunity to be exploited. Therefore, it can be proposed that businesses marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. Polonsky (1994a) claims that few academic disciplines have integrated green issues into their literature and this is in fact true of marketing. As society becomes more concerned with the natural environment, businesses have begun to modify their behavior in an attempt to address society's "new" concerns. Some businesses have been quick to accept concepts like environmental management systems and waste minimization, and have integrated environmental issues into all organizational activities. Green or Environmental Marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment (Polonsky 1994b; Polonsky 1994c). Although, there is a general misconception about green marketing referring solemnly to the promotion or advertising of products with environmental characteristics in reality green marketing is more than that since it can be implemented to consumer goods, industrial goods and even services.

Undoubtedly, over the past several decades consumerism, environmentalism, green marketing and possibly other movements, concerns and initiatives have motivated corporations to adopt policies of environmental sustainability and hence, focus on generating profits whilst helping to protect and save the natural environment and the planet. According to Kotler and Armstrong (2018) businesses embracing sustainable marketing are guided by five sustainable marketing principles:

- Consumer-oriented marketing according to which businesses view and organize their marketing activities from the consumer's point of view in order to build sustainable and profitable customer relationships.
- Customer value marketing which holds the idea that businesses should incest their resources into customer value-building marketing investments.
- Innovative marketing to encourage businesses to continuously seek new ways to make product and marketing improvements.
- Sense-of-mission marketing which means that the firm's mission statement is formed in broad social terms rather than narrow product terms.
- Societal marketing which aims at making marketing decisions by focusing on consumers' wants, the company's requirements, consumers' long-term interests and the society's long term interests.

It can therefore be proposed that without a strong market orientation businesses will not be as likely to adopt environmentally sustainable business practices. Marketers must be proactive and the responsibility for sustainable marketing and embrace sustainability principles as a way to create customer value for their present and future customers which is a prerequisite for achieving long-term customer relationships. Managers must accept that even though citizen concerns about business practices towards the environment lead to legislative proposals and regulations regarding the environment, legislation alone cannot control and restrict unethical business practices towards the natural environment and the society's long term interests.

The Practice of CSR in Cyprus: An Overview

CSR practices are becoming increasingly frequent across European companies. This is not least due to the positive correlation between CSR practices and employee outcomes, such as motivation, productivity, loyalty and employee retention which arise out of increased degrees of satisfaction with work and working conditions and practices (Turban and Greening, 1996; Sims and Keon, 1997). One though should acknowledge, the prevalence of CSR practices which varies considerably across countries, even within the Member States of the European Union (European Commission 2014).

Cypriot organizations have been rather slow to embrace CSR practices. There is also a scarcity of studies and academic research on CSR in Cyprus; a fact which although not in itself to blame for the lack of sufficient progress with CSR on the ground, nevertheless is perhaps reflective of a more general lack of enthusiasm for CSR in the country (*cf.* DGEPCD 2013, 8). A study carried out in 2005 by Papasolomou-Doukakis, Krambia-Kapardis and Katsioloudes concluded that Cypriot firms had not sufficiently developed CSR practices aimed at the community, suppliers, investors, or the environment. Encouragement towards developing CSR within Cypriot firms has been sought in the framework of National Action Plans (EU) (European Commission 2010, 2014), in line with EU policy recommendations. The main objective of the NAP-CSR is to promote and integrate CSR to the business strategy and daily operation of Cypriot Organisations in order to play an effective role in the implementation of the "Europe 2020" strategy through, establishing an open dialogue with their stakeholders, and the provision of annual social and environmental information in ways that ensure the process of documentation and transparency.

The responsible government service for the implementation of the NAP is the Directorate General for European Programmes, Coordination and Development (DGEPCD), which was established in 2007. The most recent NAP was drafted for the period 2013-2015, though the relevant service reports that the plan is still valid pending the European Commission´s expected new initiatives in the area (correspondence between the authors and the DGEPCD available). The Commission´s new policy initiatives were expected to be published at the end of 2016 but as of the end of May 2017 no such communication has been issued.

The Cypriot economy is characterised by predominantly micro and small businesses; a fact which generally hinders the development of CSR practices, as these are commonly developed in larger companies. Almost all enterprises on the island (99.9%) employ fewer than 250 people, while the vast majority (95%) employ fewer than 10 people. In total, the number of SMEs in Cyprus is just over 61000 (Cyprus Ministry of Energy, 2017).

The 2013-2015 NAP on CSR reports on a national survey conducted in 2012 across Cypriot businesses. Results are disappointing and point to the fact that only 2 in 10 enterprises give due regard to CSR in their strategic programming or decisions. What is more, only 2.3 in every 10 businesses were stated to be having an ethics code or a CSR code (alarmingly, a rate which is 50% *lower* than the rate which was reported in a similar survey in 2007). Regardless, almost half of all companies surveyed also reported that they had introduced at least one CSR practice in their enterprise, though the majority of those did not have any formal procedures of evaluation or assessment, nor did they issue any reporting statements on CSR. Another aspect of the survey shows a general lack of understanding on behalf of Cypriot firms of the basic tenets and requirements that corporate social responsibility as a concept entails. This is particularly evident regarding, on the one hand, the Cypriot firms´ main understanding of CSR as a something which mainly concerns them vis-a-vis their clientele and, on the other, the policy papers flowing from the European Commission which emphasise that CSR is first and foremost about “the responsibility of enterprises for their impacts on society” (European Commission 2011).

One of the few studies on CSR in Cyprus was carried out by Chatzikosta in 2016. Chatzikosta examined a series of internal CSR practices aimed at the employees of SMEs operating in Cyprus. The study investigated the relationship between employee organizational commitment and internal CSR practices across four themes (i) employee training and development, (ii) justice and fairness in the workplace, (iii) health and safety at work, and (iv) work-life balance. This study is particularly important, not least because it was conducted from the perspective of the employees. This arguably gives an added insight into the matter since, in general, studies that have been carried out so far, including the survey reported in the NAP, tend to focus on the owner/management side. Chatzikosta´s study’s was conducted on the basis of 200 self-administered questionnaires in SMEs across different sectors comprising professional services, the retailing industry, education and healthcare. Questionnaires were structured on a five-point Likert-scale, whilst data was analysed using frequency distribution statistics. The results point to a rather mixed picture, with relatively high rates of employee satisfaction with health and safety policies and standards at work, but a disappointing state of affairs as regards balancing work and life, the encouragement of interpersonal relationships, employer appreciation for the work of the employees, and time off for training.

Against this background, a paper by Papasolomou, Kountouros and Melanthiou published in the Journal of Global Business and Economics Review (2017) looked into the findings of the study that was conducted by Chatzikosta and considered them against relevant policy guidelines in the Cypriot NAP on CSR, and wider legislative and policy developments in the European Union, seeking to draw a number of conclusions on the prospects for improvement of internal CSR practices across the SMEs in the country. The authors concluded that there is a need for a much more active policy framework in order to encourage SMEs in Cyprus to adapt their practices in line with CSR objectives; there is also a need to overcome the difficulties that such an endeavour is likely to face, even if implemented, given the absolute predominance of micro companies in Cyprus; there is a necessity to instil support mechanisms and form partnerships and cooperation at all levels and between all the stakeholders involved.

An Exploratory Study of Environmental Sustainability

The literature reviewed suggests that there is limited knowledge and understanding in relation to the ‘rhetoric’ and practice of environmental sustainability within large firms and SMEs in Europe. Only a handful of research studies have been carried out in Cyprus in the area of CSR and environmental sustainability (Papasolomou - Doukakis et al. 2005). The chapter draws on one of the very few studies that have been carried out in Cyprus in the area of environmental sustainability and CSR by Ioannou, Kalogerou, Christofi and Kokkinou in 2018 (Final Year Thesis, University of Nicosia 2018). Ioannou et al. (2018) examined the practice of environmental sustainability by managers working in four large firms and four SMEs operating in Cyprus. The study explored (a) the managers’ knowledge and understanding of the notions of CSR and environmental sustainability (b) the extent to which these firms implement environmental sustainability and (c) the types of environmentally sustainable activities and initiatives implemented.

This study is particularly important, not least because it sheds light on how managers in both large Cypriot firms (with over 250 employees) and SMEs (100-250 employees) understand the notion and importance of environmental sustainability and whether they implement any environmental sustainability strategies. Ioannou's et al. (2018) exploratory study was conducted on the basis of eight personal face-to-face interviews with senior level managers working in four large and four SMEs across different sectors comprising: Finance, securities and insurance (two businesses); Food and Beverages sector (one business); High tech and consumer electronics (one business); Retailing (one business); Utilities, oil and gas (one business); Fiduciary and corporate services (one business), and Telecommunications services (one business).

As it has already been said the study was exploratory in nature since there is currently limited knowledge and understanding in relation to the perceived underlying ideas of environmental sustainability and its practice within the business sector in Cyprus. For this reason emphasis was placed on collecting qualitative data through the use of in-depth personal interviews aimed at uncovering the managers' perceptions, attitudes and experiences with the notion of environmental sustainability.

The personal interviews lasted approximately 30 – 40 minutes. The interviewees were either the head of the marketing department or the general director of the organisation and they were responsible for CSR. The data collection method used was personal face-to-face qualitative interview which enables the collection of detailed data regarding the views, feelings, attitudes and experiences of the managers with environmental sustainability within their organisations.

DISCUSSION OF THE STUDY'S RESEARCH FINDINGS

The discussion of the findings in the section that follows below is structured around the key themes that emerged from the qualitative data analysis that was carried out through the use of coding. The discussion is supported by verbatim quotes.

Understanding the Notion of CSR and Environmental Sustainability

The study revealed that five of the eight interviewees believe that the natural environment is an integral component of CSR accepting the notion that businesses have a responsibility to control the consequences of their business activities not only on the society but also on the natural environment.

The Perceived Importance of CSR and Environmental Sustainability

Six interviewees claimed that businesses are not doing enough in terms of meeting their obligations and responsibilities towards the society whereas two of them believe that: "local businesses are not serious at all about CSR" and "….they (local businesses) don't put any effort into CSR at all". The managers interviewed agree that environmental responsibility in Cyprus is still at an infancy stage and that a lot still remains to be done to this end.

The factors that motivate businesses to implement environmentally sustainable business practices

As it was important to understand what motivates local businesses to engage in environmental sustainability, the managers interviewed were asked to reveal the rational for engaging in environmentally responsible practices. Some of them stated that engaging in environmentally responsible practices and creating awareness about these in their respective markets will enable them to gain trust and respect from various stakeholder groups subsequently, leading to a stronger corporate reputation. Other factors stated were the need to attract new customers, the necessity to achieve a more efficient utilization of organisational resources and the firms' perceived responsibility towards protecting the natural environment. However, the majority of the interviewees admitted that the local business sector does not really take environmental concerns seriously and is not really dedicated towards managing environmental concerns and problems.

In essence, the study reveals that the Cypriot enterprises studied appear to motivated by different drives in engaging in environmentally sustainable business activities in recent years. The majority of managers admitted that the motives are primarily stemming from the firm's requirements for profitability and efficiency rather than being altruistic.

Lack of Systematic Engagement in CSR

When the managers were asked whether they believe that the local business sector takes environmental concerns seriously and whether they are dedicated in resolving them the results were very disappointing. The local businesses studied do not seem to have a formal and strategic approach to implementing activities aimed at environmental sustainability. They seem to have adopted an ad hoc approach of various environmental and CSR activities which lack synergy and a long-term strategic effort. The study also revealed that the practice is left to the discretion of senior level managers who have however different perceptions regarding the importance and role of environmental sustainability in their business operations.

The exploratory study also revealed that only four out of the eight managers interviewed claimed that the responsibility for managing environmental issues and problems and for implementing the relevant policies is placed in the hands of the marketing managers. These were the large firms that participated in the study. Despite this, the implementation approach of environmental activities within these organisations lacked coordination, cohesions and a strategic long-term approach. Within the SMEs

the implementation of environmentally sustainable activities is ad hoc and left at the discretion of individual employees.

Knowledge of Environmental Problems

The interviewees appeared to have a general idea regarding local and global environmental problems but overall they lacked knowledge and understanding regarding the EU and Cypriot legislation regarding environmental protection. When it came to identifying the biggest environmental problems in Cyprus the interviewees share the perception that these are: climate change, water pollution, air pollution, global warning, shortage of raw materials and natural resources, water shortage, and waste disposal in non-designated areas. Specifically with regards to the later, it was admitted that large quantities of waste such as paper, plastic, metal and other materials are disposed near local communities with potentially harmful effects for human health.

Level of Awareness Regarding Environmental Legislation

One of the study's striking finding is that local managers are unaware of the legal framework regarding the natural environment. Two interviewees claimed that they were unaware of the existence of any legal policies regarding environmental protection whilst more than half of the interviewees supported that there are in fact no environmental protection laws in Cyprus. In fact, only two interviewees supported that there is an emphasis on behalf of the Cypriot government on ISO standards (international standards of Corporate Responsibility ISO26000) aimed at managing the impact on business operations on the natural environment. They also suggested that it is in fact the responsibility of the European Commissioner to disseminate any EU environmental guidelines to the local business sector. Overall, there is ignorance among local managers and even a general apathy in knowing, interpreting the implementing the relevant legislation.

The Environmental Sustainability Initiatives Practiced

Despite their ignorance regarding the existence of both EU and Cyprus laws and regulations regarding the natural environment, the majority of the managers interviewed claimed that generally they invest in creating environmental awareness among their workforce through workshops and seminars as well as through employee training. They also stipulated that within their workplace they implement a number of initiatives such as recycling practices and energy efficiency through the use of LED lights and solar panels. The participants also claimed that they use alternative sources of energy, they have adopted a code of ethical conduct that emphasizes the natural environment, they place emphasis on health and safety in the workplace, and they have taken measures for water conservation.

Customer Concerns Towards the Natural Environment

Five out of eight managers share the view that over the last years the majority of consumers care about the natural environment and believe that businesses have a responsibility towards protecting it. They also accept that this heightened environmental interest subsequently puts pressure on businesses to demonstrate an environmental concern and responsibility.

However, the managers failed to recognise the direct relationship between the customers' perceptions and their purchase choices even though some of them were the marketing managers in the businesses studied. Businesses thrive through the determination of current needs and wants of target customers and satisfying those more effectively and efficiently than competitors do.

The Practice of Green Marketing

Six out of the eight interviewees were familiar with the term 'green marketing' and associate it with the production and distribution of environmentally friendly products in order to meet customer needs and requirements. These managers perceive green marketing to be an important marketing activity which has the potential to meet the requirements of customers and also benefit the natural environment. The managers interviewed believe that the implementation of green marketing has the potential to: help businesses to achieve a competitive advantage; strengthen the company's or brand's reputation; attract new customers; retain existing customers; over competitive products, create better relationships with their customers and their employees. Despite the fact that managers share the view that the implementation of green marketing can help them to respond to customer requirements they do not practice it and the reason is that green products are generally believed to be more expensive to produce, they tend to be heavily regulated and their high selling price may fail to yield customer demand.

The managers suggest a number of measures that can potentially encourage the local businesses to become more environmentally responsible and engage in environmental sustainability these are: strict penalties for illegal and unethical corporate behaviour towards the environment; commitment of senior level management towards environmental sustainability; monetary and non-monetary rewards for best environmentally sustainable business practices; a strategic approach to long-term environmentally sustainable behaviour; clear guidelines for improving existing environmental practices or instilling new ones; clear communication of the relevant legislation and environmental policies to businesses and their stakeholders; emphasis on employee education and training in implementing environmentally sustainable business activities.

CONCLUSION AND MANAGERIAL IMPLICATIONS

Kotler and Armstrong (2018) argue that responsible marketers are dedicated towards identifying what consumers want and respond with market offerings that create value for buyers and in return capture value from them. It is evident though that not all marketers are driven by the underlying principles of the marketing orientation. Some are quite keen to use questionable business and marketing practices that serve their own rather than consumers' interests. Similarly, even those managers that have the consumers' interests at heart may still engage in business activities the needs of their current consumers but may cause future harm to other consumers or the society at large. Responsible managers must assess whether their actions are sustainable not only at present but also in the long run. Sustainable marketing demands for socially and environmentally responsible actions that meet the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs (Kotler and Armstrong 2018).

The authors argue that the failure of the eight firms studied to engage in environmental sustainability could be attributed to the lack of a market orientation which focuses on meeting the company's short term sales and profit targets by engaging with their target customers and giving them what they want. However, it should be said that even if businesses satisfy consumers' immediate needs and desires does not necessarily serve the future interests of neither the company nor the customers' and the society's.

The increased trend for customers to become more environmentally aware and demand eco-friendly products and services, can stimulate the adoption of a market orientation within an organisation. It can also have the potential to give to the firm the ability to identify this change in customer demand and the ability to respond by implementing environmentally sustainable business activities such as green supply chain management practices. Market orientation is not inherently an environmental sustainability strategy. Effort needs to be invested in researching customers' needs and using this knowledge and understanding to develop appropriate business strategies and practices.

Without the adoption of a holistic and strategic approach towards the implementation of a market orientation, firms will not be as likely to adopt and practice environmentally sustainable activities. Furthermore, the adoption of sustainable marketing principles could encourage the local business sector to engage in socially and environmentally responsible marketing activities.

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Chapter 16
CSR Activities in Maritime and Shipping Industries

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EXECUTIVE SUMMARY

In today's global business, customers, governments, and international organizations are more sensitive to environmental (such as oil spills, explosions) and ethical (such as sexual harassment at office, child labor, labor safety) issues caused by business activities. The shipping industry seems to be a "usual suspect" because of comparatively big potential environmental risk taken. Corporate social responsibility (CSR), which is simply defined as adopting continuously responsible business activities to customers, public, and environment, is a helpful tool to achieve many business outcomes such as increased revenue, sales, or firm reputation. This chapter explores CRS in the maritime and shipping industries.

INTRODUCTION

The shipping industry, which is responsible for global transportation of cargo and passengers for commercial purposes, deals with about 90% of global trade (ICS, 2017:12). This huge proportion causes the industry indispensable for business and also urges it to be more responsible. Furthermore, the business environment for shipping companies has significantly changed, due to increased awareness and pressure from various stakeholders for quality services (Fafaliou *et al.*, 2006:413). The importance and extensity of this industry caused it to be a 'usual suspect' mostly, because of the comparatively big potential environmental risks taken in it.

Maritime industry is, in a sense, inevitable, as Hamad (2015:1) asserts, without shipping, the import/export of affordable food and goods would not be possible: half the world would starve and the other half would freeze. But, it is also a very risky business. Until 10.8 million gallon oil spilled from the Exxon Valdez oil tanker into the Gulf of Alaska in March 1989, probably no one could imagine how risky it was. While Exxon spent more than $2.5 billion for only cleanup costs afterwards, the spill resulted in too many irretrievable outcomes, including the death of 250,000 birds, 2,800 sea otters, 300 harbor seals, 250 bald eagles, up to 22 killer whales, and billions of salmon and herring eggs. Although the spill is

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not the largest ever, it is still widely considered the number one spill worldwide in terms of damage to the environment. With around $7 billion of total cost, the Exxon Case is considered the largest punitive fines ever handed out to a company for corporate irresponsibility (Fadul, 2004:5). As the wreckages of some recent massive environmental catastrophes (e.g. Exxon Valdez, Deepwater Horizon) become clear, the maritime industry practices attract much more public attention. In this aspect, the maritime business must be accountable and responsible.

Concept of CSR

The roots of literature on CSR go back to the 1950s. The first comprehensive work on this field might be Howard R. Bowen's *Social Responsibilities of the Businessman* (1953). In his book, he explains the definition of the social responsibilities of businessman as follows: "It refers to the obligations of the businessman 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" (As cited in Carroll, 1999:270). Davis (1973:132) defined CSR as "the firm's consideration of, and response to, issues beyond to narrow economic, technical, and legal requirements of the firm" (as cited in Ciliberti *et al.*, 2008:88). Brown and Dacin (1997) define CSR as "a company's status and activities with respect to its perceived societal or, at least, stakeholder obligations" (as cited in Crane *et al.*, 2008:5).

There are many definitions of CSR and there are disagreements over the appropriate role of the corporation in society. Furthermore, there is also a lack of consensus on the definition of the concept (Fafaliou *et al.*, 2006: 413; Crane *et al.*, 2008:5; Dahlsrud, 2008; Pawlik *et al.*, 2012:206; Ellis & Sampson, 2013:92). Arat (2011:9) prefers to see the concept not just with a definition, but an umbrella term for a concept of operations that companies use to act responsibly. According to her, CSR is built upon voluntary basis, and it seeks to overcome the ethical standards by law.

Finally, the European Commission defines CSR as "the responsibility of enterprises for their impact on society." According to the Commission, companies can become socially responsible by following the law; integrating social, environmental, ethical, consumer and human rights concerns into their business strategy and operations (European Commission, 2018). From the stakeholder perspective, CSR can be defined as "a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders" (Khan, 2013:13). The CSR concept covers many dimensions according to various scholars such as economic, legal, ethical and voluntary (or philanthropic) responsibilities (Carroll 1979, 1991); or environment, social, economic, stakeholder and voluntariness dimensions (Dahlsrud, 2008). From a study related to maritime business, Skovgaard (2018:279) claims that, in order to have a CSR policy any company must report the five issues given in Table 1.

CSR in Shipping

The term 'corporate social responsibility' has different meanings to different industry sectors, due to the different stakeholders involved. In some organizations, CSR is considered to mean compliance to social norms and philanthropy, although some large companies are now placing CSR in a more strategic framework (Froholdt *et al.*, 2014:19). From shipping perspective, Fafaliou *et al.* (2006:413) suggest that, the business environment for shipping companies has significantly changed, due to increased awareness and pressure from various stakeholders for quality services. Nowadays maritime industry feels increas-

Table 1. The five CSR issues

Issue	Concerning
Human rights	Support and respect human rights
Labour rights	Right to collective bargaining, elimination of discrimination, measurement of employee satisfaction
Social supporting	Partnership with NGOs, supporting exposed and vulnerable groups, supporting education and research
Environment	Promote greater environmental responsibility, initiate precautionary approach
Anti-corruption	Work against corruption in all forms including bribery and facilitation payment

Source: Skovgaard (2018:282)

ingly more public pressure with its business activities. To mitigate the negative impact from companies on the climate, environment, and local society, the concept of CSR has emerged (Skovgaard, 2018:279). In this context, as Froholdt *et al.* (2014:4) indicate, the socially responsible shipping company is one that works voluntarily and actively to integrate social, economic and environmental concerns in its operation, with a sound balance between the need for operational efficiency, shareholder value and attention to the interests of non-financial shareholders.

There is also a considerable argument in literature that suggest that CSR activities in shipping are quite different and/or in some cases difficult to implement. Lekakou *et al.* (2016:170) claim that CSR initiatives in the shipping industry are more difficult and complex compared with those in the land industries. According to them, unlike other kinds of land-based companies, where the location of their activities is well defined and the stakeholders are known, the shipping activity crosses the boundaries of a single country and its responsibility may range from local (e.g. coastal shipping) to global (ocean shipping). Hamad (2015:3) briefly explains these difficulties in three aspects. *Firstly,* no ship in the open sea has a permanent geographical working position and neither does its seafarers. Thus, during any dispatch, there would be various stakeholders, who have different priorities. *Secondly,* each ship brings new social problems to the locals on its arrivals including ship-based marine environmental distractions and issues related to social interactions caused by the ship's seafarers when they step ashore. *Thirdly,* countries that are visited by ships have different levels of requirements for CSR, which are related, for instance, to the marine environment or rights during shore leave for seafarers. Another difficulty about CSR is that it is more problematic to monitor the shipping industry and companies, because they operate in different nations and many nations have different laws according to, for example, safety and health regulations (Arat, 2011:15). Maybe for that reason, the maritime industry is considered to be slow in terms of CSR reporting. Skovgaard (2018:279), explains the shipping industry's being a latecomer in CSR reporting with two reasons: (1) shipping mainly operates in the business-to-business (B2B) segment, as he explains that there is a relationship between closeness to the market and environmental reporting and (2) the regulatory regime, which is a method to control the way people, companies or entire societies behave in order to protect public goods (e.g. clean air, clean water, wild life, or a stable climate) that cannot be regulated through the market. Similarly, according to Lekakou *et al.* (2016:170), there has been a delay in implementing a wide range of CSR strategies due to the absence of any direct interaction between companies and the end consumers. Arat (2011:30) has supported this argument with an empirical finding. She claims that, since cruise shipping companies are dependent on their passengers feedback, their reputation is much more vulnerable comparing to other shipping companies. Therefore shipping companies, whose core business is passenger transport, usually have safety and environmental related sections on their official websites, because CSR has such a crucial impact on these companies (Arat, 2011:30). In general, shipping companies increasingly give more emphasis to CSR activities. For instance, Hanjin Shipping is the first Korean-flagged shipping company that introduced sustainable management. The company has published the biennial report on its CSR since 2006 and has conducted a Customer Satisfaction Index survey every year to assess its service quality (Shin & Thai, 2015:383).

Skovgaard (2018:279) indicates that four pillars of international regulatory regime consist of the following four conventions: SOLAS (Safety of Life at Sea), STCW (Standards of Training, Certification and Watch Keeping), MARPOL (Prevention of Pollution from Ships) and MLC (Maritime Labour Convention) which coincide with the concept of CSR. Lekakou *et al.* (2016:155-6) claim that, implementation of national and international rules and regulations is obligatory and not a matter of choice. So according to them, while any company is simply meeting minimum standards and requirements, in some cases it seems from the outside as if the same company is adopting CSR strategies. So, in a highly regulated industry such as maritime, it might not be clear which activity is considered as CSR and which is not. From this point of view, Ibars (2013:20) claims, that when designing a CSR strategy, an innovative effort needs to be made to go beyond what it has already been regulated and present measures that introduce an added value to the current standards. According to her, a company reporting, which simply complies with the law, cannot be seen as a part of CSR strategy because it is not implementing anything new nor making any extra effort. To build a strong CSR strategy, shipping companies need to find the niche business areas of CSR that the international maritime regulation does not completely cover yet. For instance offering women employees separate sanitary facilities does not seem to be a part of a CSR strategy, because it is already mandatory (", 2006, 11/a). But on the other hand, offering disabled employees suitable facilities such as special beds or toilets would be a part of it. De Grosbois (2016:265) suggests that shipping companies may have cabins for people with disabilities and mention those facilities in their CSR reports.

There are many benefits of adopting CSR strategies. Kunnaala *et al.* (2013:62) suggest that, from the innovation perspective, CSR can lead to competitive advantage in three major ways: (1) innovation resulting from stakeholder communications, (2) identifying business opportunities based on societal challenges, and (3) creating an innovative work environment. Dahalan *et al.* (2012:205) suggest that implementing CSR policies may help to have increased purchase behavior, higher customer satisfaction and market value of a firm, all of which is believed to result in increased profitability for the corporation. In shipping particular, it is suggested that a socially responsible business might have positive results on stock funds and revenues (Fafaliou *et al.*, 2006: 413). Lekakou *et al.* (2016:156) summarize the major benefits of a CSR strategy for a shipping company as (1) improvement of reputation and brand, (2) increase of the attractiveness of the company as an employer, (3) strengthening of the loyalty of employees, and (4) increase of risk management capabilities. Even though CSR activities have some above mentioned benefits, especially for shipping companies, Poulovassilis & Meidanis (2013:5) also claim that, company-specific impacts or benefits of applying CSR have traditionally been very difficult to measure. At the following, aspects of CSR will be given in detail in terms of shipping & maritime industries.

Aspects of CSR in Maritime and Shipping Industries

It is difficult to clearly explain the aspects of CSR in maritime business due to the unique structure of the industry. As Lekakou *et al.* (2016:172) claim, the CSR strategy of a maritime company cannot be one dimensional. In maritime shipping, aspects include environmental issues (e.g. ballast water, oil spills, air pollution and emissions), diversity issues (e.g. gender unequal employment and/or payment issues), and business ethics (e.g. anti-corruption, anti-bribery). Some of them will be described as follows:

Environmental Issues

Transportation is the single largest source of environmental hazards in the logistics system (Wu & Dunn, 1995:32). As Carter & Jennings (2002:148) indicates, in the area of transportation management, the environmental focus has included carrier selection for hazardous materials, private transportation of hazardous materials, reduction of fuel consumption and emissions. When it comes to maritime business, ships are large pieces of metal sailing across the world carrying potentially polluting materials. This means that the maritime industry has to deal, on a regular basis, with ship related environmental issues (Hamad, 2015:5), including ballast water, air pollution, oil spills, explosions etc. Shipowners should manage the reputation risk and demonstrate to their stakeholders that their ships and operations are environmentally friendly (Oikonomou *et al.*, 2018:221).

Environmental issues include several standards and certifications. Considering that maritime business activities are too risky by nature, those standards and certifications seem to be vital. The International Organization for Standardization (ISO) offers many standards for different sectors. From the environmental perspective ISO 14000 series are important. In September 1996, ISO published the first of the ISO 14000 standards, including ISO 14001, which is the central important one of the series. ISO 14001 specifies the requirements for an environmental management system (EMS), by which an organization may be certified by a third party (Poksinska *et al.*, 2003:585). As Poksinska *et al.* (2003:586-587) indicate, ISO 14001 is often wrongly called an “environmental standard”. According to them, its aim is not to measure any environmental effects or to ensure that those are minimized. It is highly likely that stakeholders, like customers, communities, and shareholders will gradually perceive the implementation of ISO 14000 as a “must-be” business practice (Poksinska *et al.*, 2003:587). Some potential benefits for adopting ISO 14001 certification include reduced cost of waste management, savings in the consumption of energy and materials, an enhanced corporate image, regulatory cost savings, more effective supply chain management, improved customer relationships, and increase market competitiveness (Poksinska *et al.*, 2003:587). It is reported that Hapag-Lloyd Group has been certified according to ISO 14001 since 2003. The company report says, there is 12% reduction of carbon dioxide (CO_2) emissions between 2006 and 2009 per TEU km (Pawlik *et al.*, 2012:208).

The European Sea Ports Organization (ESPO) has monitored the top-10 environmental priorities of the European port sector. According to the recent report, those are: (1) air quality, (2) energy consumption, (3) noise, (4) water quality, (5) dredging operations, (6) garbage/port waste, (7) port development (land related), (8) relationship with local community, (9) ship waste and (10) climate change (ESPO, 2017a). ESPO has been publishing these reports since 1996 and there has been six reports so far. In the last three, air quality remains top-1 priority, furthermore climate change enters the top-10 for the first time in the last report (ESPO, 2017b). Environmental practices may improve the organization’s performance. Based on the results of previous studies, Frynas (2012, as cited in Oikonomou *et al.*, 2018:228-9) investigates the progress of 20 oil and gas firms from around the world towards oil spill prevention, and concludes that environmental initiatives (besides good corporate management and CSR) lead to: (a) increased profits, (b) innovations such as technology patents in the areas of sulfur dioxide recovery, waste reduction and disposal, (c) reduction of carbon dioxide emissions, and (d) implementation of a zero spill policy for the firm. Some of the sub-aspects of environmental issues are given in detail below.

Ballast Water

Ballast is defined as any material used to weight and balance an object. It is the additional weight necessary to bring the vessel to a suitable draft and trim and reduce stresses and improve stability" (Satir, 2008:453). Ballast water is pumped in to maintain safe operating conditions throughout a voyage. This practice reduces stress on the hull, provides transverse stability, improves propulsion and maneuverability, and compensates for weight changes in various cargo load levels and due to fuel and water consumption (IMO, 2017a). The problem is that the invasive aquatic species, which are spreading by ballast water across global seas, represent a major threat to the marine ecosystems. This problem increased as trade and traffic volume expanded over the last few decades and in particular with the introduction of steel hulls, allowing vessels to use water instead of solid materials as ballast. Quantitative data show that the rate of bio-invasions is continuing to increase at an alarming rate (IMO, 2018a).

On the other hand, the introduction and proliferation of non-native species following the discharge of untreated ballast water from ships is considered one of the four greatest threats to the world's oceans and one of the major threats to biodiversity, which, if not addressed, can have extremely severe public health-related and environmental and economic impacts (UNCTAD, 2017:90). The International Union for Conservation of Nature considers this phenomenon to be as threatening to the world's oceans as overfishing, habitat destruction, pollution and climate change (Pawlik *et al.*, 2012:211). Because of those risks, Ballast Water Management Convention (BWM), 2004 came into force on 8 September 2017. The convention aims to prevent the spread of harmful aquatic organism from one region to another, by establishing standards and procedures for the management and control of ships' ballast water and sediments (IMO, 2017b). According to an example from the industry, Mediterranean Shipping Company (MSC) has worked with its ship builders, classification societies, design firms and other stakeholders to ensure that the new building ships' designs allow carriage of minimum ballast. MSC has also partnered with the International Finance Corporation to install ballast water treatment systems onboard of its vessels (MSC, 2016:50).

Air Pollution and Emissions

Shipping is now the biggest emitter of SO_x pollution in Europe (European Policy Center, 2012). Merk (2018) indicates that global shipping is responsible for 2.5% of global greenhouse gas (GHG) emissions and he also added that these numbers are projected to rise from 50% to 250% if nothing improves. By using the simple comparison of Peter Boyd who says "One ship emits the equivalent of 50 million cars' worth of Sulphur Dioxide (SO_2) and just 15 ships emit the equivalent SO2 emissions of every car in the world" (Scott, 2014), it can be said that one positive step taken in the shipping business towards air pollution is equivalent to millions in the road. Shipping related pollution must be decreased, because from the human side, it is evident that transport-related air pollution increases the risk of death, particularly from cardiopulmonary causes, and of non-allergic respiratory symptoms and diseases (Heinrich *et al.*, 2005:125). Particulate matter (PM) emissions from shipping could have contributed to about 60.000 premature deaths in 2000 with a projected increase of 40% by 2012 (Pawlik *et al.*, 2012:211).

While the effects of climate change become significant not only by the scientists' future scenarios but also in daily life, consumers and government authorities become more sensitive and aware to shipping effects on the climate. Even though the industry has to comply with MARPOL 73/78 Annex VI, shareholders, especially customers expect from the industry to do more. Some pressure groups such as

Greenpeace or World Wildlife Fund (WWF) can easily attract public attention to any industry actors' incidents regarding emissions. For instance in one of its plenty of success stories, Greenpeace helps coal mining to be banned in Columbia. After pressure from both local communities and Greenpeace Colombia, the highest environmental authority in Columbia just ordered the multinational mining company Hunza Coal to abandon parts of its operations in the Pàramos, furthermore Colombia's constitutional court has revoked all 347 coal mining licenses in the region (Gomez, 2016).

In the European Union (EU), Directive 2012/33/EU amends Directive 1999/32/EC regarding the Sulphur content of marine fuels, and Directive 1999/32/EC on reduction of Sulphur content of certain liquid fuels and brings EU regulations into line with current International Maritime Organization (IMO) regulations for Sulphur emissions from ships under MARPOL Annex VI (Air Quality in Europe, 2013:103). With the Directive 2012/33/EU, shipping companies are required to observe the prescribed limits on Sulphur content in fuel inside and outside for the EU (Sulphur Emission Control Area) SECAs. Regardless of the whether it is seen as CSR or environmental social responsibilities, shipping companies are obliged to adhere to the given limits inside and outside the EU SECAs (Donner & Johansson, 2018:157).

Aregall *et al.* (2018:24) refer to MARPOL convention which covers various maritime pollution issues such as ballast water, oil spills, emissions and invasive species. Focusing on emission reduction, there are SECA areas already in place with a cap of 0.1% sulphur and a global sulphur limit of 0.5% from 2020, some NO_x limits on new vessels, the Energy Efficiency Design Index (EEDI) and the Ship Energy Efficiency Management Plan (SEEMP). But there remains no global CO_2 limit (Aregall *et al.*, 2018:24). They also refer to the EU which has brought in a regulation that all vessels calling at EU ports for longer than two hours must use fuel with a sulphur content below 0.1%. Additionally, EU apply a new MRV (monitoring, reporting and verification) regulation as that of January 2018, requiring compulsory monitoring of CO2 emitted vessels larger than 5000 gross tonnage calling at EU ports as the first step towards supposedly setting targets, but there are no limits or actions as yet. However, these all apply to ships and ship operators and not to the ports (Aregall *et al.*, 2018:24).

The EU white paper on transport aimed to cut carbon emissions in transport by 60% by 2050 with respect to 1990. By 2030, the goal for transport will be to reduce emissions to around 20% below their 2008 level (European Commission, 2011:3). In terms of shipping, the EU aimed to cut emissions from maritime transport by 40% (if feasible 50%) by 2050 compared to 2005 levels (European Commission, 2011:5). Additionally the EU directive 2014/94 requires all ports to prioritize cold ironing and LNG bunkering availability (Aregall *et al.*, 2018:24).

Green Ports

Considering that seas are carrying about 90% of global trade (ICS, 2017:12), as the first and last point of sea operations, ports are indispensable elements for global logistics operations. Acciaro (2015:291) indicates that, port authorities themselves are subjected to increasing regulatory pressure, as they need to comply with regulation and ensure that adequate facilities, procedures and other requirements are available to the firms operating in the ports to ensure compliance. As ports have developed, people in port regions have become aware of their environmental impact, thereby creating new challenges for the development of ports, i.e. green ports (Moon *et al.*, 2018:182). Green port is clearly a valuable strategy as ports need to counteract the negative effects of pollution from vessel and cargo handling operations, congestion from the use of hinterland transport network and the negative impacts of infrastructure developments (Acciaro, 2015:295).

Acciaro (2015:295) defined green ports as those ports engaging in the proactive development, implementation and monitoring of practices aiming at reducing the environmental impacts of the port at local, regional and global levels beyond regulatory compliance. There are several drivers (or policies) to make ports greener including regulations, information, incentives and technology upgrades. Many different instruments are connected to these, with various levels of intervention, ranging from global to local (Moon *et al.*, 2018:182). For instance many port authorities (e.g. Shanghai, Hong Kong and Singapore) and international organizations have come up with six green port performance indicators: speed reduction after landfall, cold ironing, using electrically powered equipment, encouraging the use of low-sulphur fuel, a willingness to reuse recyclable resource, and encouraging public transportation mode development (Akkan & Esmer, 2014:418).

The European Sea Port Organization (ESPO) and EcoPorts have been monitoring the environmental priorities of the European port sector since 1996 (Moon *et al.*, 2018:175). The top 10 priorities since then can be seen in Table 2.

As it can be seen in Table 2, some environmental priorities such as dredging: operations, dust, dredging disposal seem to reduce; however some priorities such as relationships with the local community, air quality, energy consumption and noise seem to be remained or improved by European ports recently. Not only keeping its green characteristics, but also adopting to meet new environmental issues as shown above is critically important for any private port, cause there has been an increasing pressure from both the local government or international organizations as rulers and stakeholders such as suppliers, competitors and customers to be greener. Sustainable ports are likely to be selected in the future as preferred supply chain partners and therefore will acquire stronger dominance on the chain (Acciaro, 2015:307).

Table 2. Top 10 environmental priorities of European port sector over time

	1996	2004	2009	2013	2016
1	Port development (water)	Garbage/ Port waste	Noise	Air quality	Air quality
2	Water quality	Dredging: operations	Air quality	Garbage/Port waste	Energy consumption
3	Dredging disposal	Dredging disposal	Garbage/Port waste	Energy consumption	Noise
4	Dredging: operations	Dust	Dredging: operations	Noise	Relationship with local community
5	Dust	Noise	Dredging disposal	Ship waste	Garbage/Port waste
6	Port Development (land)	Air quality	Relationship with local community	Relationship with local community	Ship waste
7	Contaminated land	Hazardous cargo	Energy consumption	Dredging: operations	Port Development (land related)
8	Habitat loss/ degradation	Bunkering	Dust	Dust	Water quality
9	Traffic volume	Port Development (land)	Port Development (water)	Port Development (land)	Dust
10	Industrial effluent	Ship discharge (bilge)	Port Development (land)	Water quality	Dredging: operations

Source: Moon *et al.* (2018:176)

Ship Recycling

Recycling big ships, which contain huge amounts of iron, steel and other insoluble substances in nature, attracts significant public attention because these activities may cause serious environmental, health and safety problems. Pawlik *et al.* (2012:212) suggest that, the scrapping or recycling of ships has been a further cause for environmental concerns, as the shipbreaking normally takes place on land and often in developing countries, which have much lower standards for dealing with the hazardous wastes associated with the decommissioning of ships. The Global Trade Union *IndustriAll* has described beaching, which is simply running ships aground on tidal mudflats, as "the world's most dangerous job", for instance in the Indian shipbreaking yards in South Asia it caused 470 fatalities between 1983 and 2013 according to official statistics (European Commission, 2016:3).

The Basel Convention on the Transboundary Movements of Hazardous Wastes and their Disposal (also known as Basel Convention) was adopted in 1989 and came into force in 1992 (http://www.basel.int). As Jain & Pruyn (2017:18) indicate, the applicability of the Basel Convention to ships sent for recycling rests upon on three elements: (1) the ships have to be classified as waste, (2) they have to be subject to transboundary movement, and (3) both the state of export and the state of import have to be parties of the Basel Convention.

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (also known as the Hong Kong Convention) was adopted at 2009. The convention is aimed at ensuring that ships, when being recycled after reaching the end of their operational lives, do not pose any unnecessary risks to human health, safety and to the environment. Regulations in the new convention cover: the design, construction, operation and preparation of ships so as to facilitate safe and environmentally sound recycling without compromising the safety and operational efficiency of ships; the operation of ship recycling facilities in a safe and environmentally sound manner; and the establishment of an appropriate enforcement mechanism for ship recycling, incorporating certification and reporting requirements. The convention is open for accession by any State. It will enter into force 24 months after the date on which 15 States, representing 40 per cent of world merchant shipping by gross tonnage, have either signed it without reservation as to ratification, acceptance or approval or have deposited instruments of ratification, acceptance, approval or accession with the Secretary-General (IMO, 2018b). However the convention is not yet in force; to date, only four countries (Belgium, France, Congo, and Norway) have acceded to it. Recently, the Danish, Panamanian, and Turkish governments took necessary legal steps to accede to the Convention (Jain & Pruyn, 2017:18).

The European Parliament and the Council of the European Union adopted the Ship Recycling Regulation on 20 November 2013 which aims to reduce the negative impacts linked to the recycling of ships flying the flag Member States of the Union. From 31 December 2018, large commercial seagoing vessels flying the flag of an EU Member State may be recycled only in safe and sound ship recycling facilities in the European List of ship recycling facilities. The list was first established on 19 December 2016 and updated in May 2018. To be included in the European List, any ship recycling facility irrespective of its location has to comply with a number of safety and environmental requirements (http://ec.europa.eu/environment/waste/ships/index.htm).

The awareness of the industry to ship recycling seem to be arising. For instance Hapag–Lloyd insists that every newly built ship is equipped with an inventory of hazardous materials. In addition the shipyard which recycled their ships must be certified in accordance with ISO 14001 and guarantee that it provides positive and safe working conditions. The shipyards must also adhere the guidelines of the Hong Kong

Convention. Finally to ensure that downstream disposal is environmentally sound, the shipyard should also fulfil the requirements of EU Ship Recycling Regulation (Hapag–Lloyd, 2017:52). Similarly A.P. Moller-Maersk have a responsible ship recycling standard since 2009, based on a strict interpretation of the Hong Kong Convention regarding health, safety and environmental issues. The company sent its vessels for dismantling at yards only in Europe, China or Turkey, ruling out options as the yards there did not live up to the voluntary requirements above legal compliance levels that are the company's standard (Moller-Maersk, 2017:42)

Labor and Diversity Issues

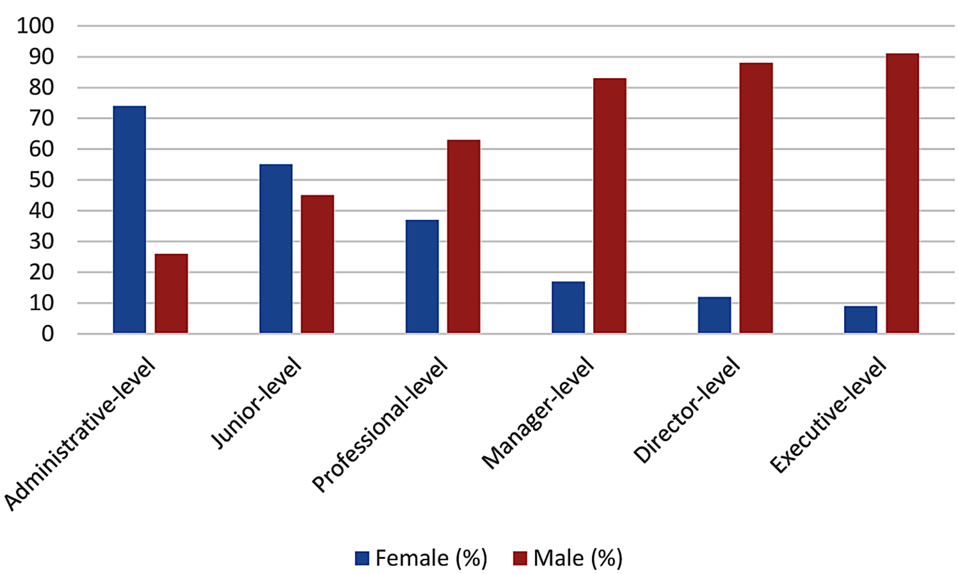
In the maritime business, stakeholders perceived that a corporate program which gives priority to the needs of the personnel (training, health and safety of personnel, working conditions, and so on) could be the milestone of a CSR strategy (Lekakou *et al.*, 2016:171). Training and qualification of seafarers play a significant role in the maritime safety and in the protection of the marine environment (Froholdt *et al.*, 2014:4). Furthermore, human resource management has an important role in the shipping industry, since the workers often come from different backgrounds and nationalities (Arat, 2011:31). Thus, it seems that it is not quite easy to motivate and satisfy all the employees both onshore and onboard. From the CSR perspective, Ellis & Sampson (2013:93) claim that, while CSR commitments in shipping mostly relate to environmental protection and corporate image, they ignore the industry's key 'asset' which is the human resource. Kunnaala *et al.* (2013:62) associate labor and maritime security by indicating that the workplace hazards typically encountered in the shipping sector are fatigue, stress and work pressure, which can contribute to the error of judgement, an inadequate lookout or watchkeeping. It is very clear that most maritime accidents result from human errors due to insufficient training (Lekakou *et al.*, 2016:171). A study which analyzed 33 collisions, involving 41 vessels during the period 1994-2003, showed that the most common contributory factors were poor lookout (for 65% of the vessels) and poor use of radar (73%) (Chauvin *et al.*, 2013:27). There is also a consideration in literature that seafarers might have less comfortable facilities. According to a survey with 1553 seafarers, although most of them had single occupancy cabins, these were seen as too small; facilities, such as reading lights, wardrobes and comfortable chairs were less frequently supplied; communication facilities such as the Internet, e-mail and even telephones that the majority of us uses on a daily basis were not frequently provided to all the crew (Ellis & Sampson, 2013:106). From another study with 50 cruise lines' CSR reports and websites, only 22 companies addressed employment quality. The mostly mentioned benefits about working on cruise ships were medical insurance, cruising privileges, paid vacations, gym, library, fun social activities, medical facilities, free vocation programs, meals and accommodation (De Grosbois, 2016:261).

Seafarers work and live onboard ship; furthermore their lives are full of stresses (Hamad, 2015:8). Limiting the shift time, employing a sufficient number of crew, offering satisfactory working conditions (e.g. cabin features, stores) not only helps to make the staff pleased, but also decreases the risk of any kind of accident, because as Hamad (2015:8) points out, exhaustion and fatigue could be a source of maritime accidents. Ellis and Sampson (2013:93) indicate that, factors such as quality of housing, noise levels, light levels, and colour schemes have all been shown to have negative effects on health and well-being, whereas good quality interior furnishings and decor have been positively linked to well-being, mood and behavior. Additionally, voluntary initiatives in the field of workplace conditions help to defend against potential consumer boycotts as well as formal accusations of unacceptable or illegal business practices. Such initiatives can also prevent the need for government regulation by demonstrating that the industry practice satisfies the public interest (Kunnaala *et al.*, 2013:63). From the regulative perspective, Exarchopoulos *et al.* (2018:69) suggest that an additional amendment of MLC 2006 should seriously consider the further reduction of the tours of employment from a maximum of twelve months to contracts of six or fewer months, because according to them, after six months onboard, seafarers lose their motivation and start to suffer from insomnia.

The existence of people from various nationalities on ship might be problematic for the performance and/or safety. Pyne & Koester (2005:206) claim that, the multinational crew must interact and communicate in a common language to maintain "social harmony" in an off duty context and in their everyday "teamwork" to ensure an effective day to day operation. Additionally, Theotokas & Progoulaki (2008) suggest that, Greeks have difficulties to cooperate with people with a power distance lower than their own, such as Russians, since they feel that they might question their position and behavior. According to them, the mixed crews can be a risk if they are not properly supported (As cited in Froholdt *et al.*, 2014:14). Similarly Progoulaki & Theotokas (2016:861) claim that a multicultural crew is an issue that needs careful and organizationally supported actions in order to reduce and effectively handle the difficulties that are observed, and gradually turn culturally diverse crew in a core competency for the shipping companies; thus to a source of sustainable competitive advantage. For instance, Hapag–Lloyd declares that the company fosters the talents of all its employees irrespective of gender, nationality, ethnic origin, religion and ideology, disability, age, sexual orientation and identity (Hapag–Lloyd, 2017:29).

Besides working conditions, another important element of labor/diversity in shipping related with CSR is gender. Throughout the history, due to its tough structure and/or social inequalities, the maritime industry has been male-dominated. Women hold very low in this business with 1% at sea and 9% for executive-level positions. Nevertheless, the industry compensates this inequality with %74 administrative and %55 in junior-level positions (UNCTAD, 2017:XI). In Figure 1, gender inequality in the maritime industry can be seen clearly.

Figure 1. Gender split in onshore maritime positions (2016 Data)
Source: UNCTAD, 2017:XI



According to Figure 1, the proportion of women staff decreases as the staff level rises. Similarly, from the salary perspective, a recent survey shows that in the maritime industry the global average annual salary for women is 45% less than that of men (Spinnaker Global, 2018). Even though women have at least 9% position onshore, they have much less proportion onboard. The percentage of women seafarers was reported as approximately 1 or 2% (Kitada & Tansey, 2018:242). Skouloudis *et al*. (2011:208) claim that masculinity has a significant negative effect on corporate social and environmental performance. For the maritime industry, no empirical evidence supports that women are less capable than men. Furthermore there have been many women success stories in the maritime recently. In one of those, Captain Radhika Menon, the master of an oil tanker, has received the highest IMO bravery recognition for saving the lives of seven fishermen from a sinking fishing boat during a tumultuous storm in the Bay of Bengal in June 2015. At the ceremony she said: "It is every seafarer's and Master's solemn duty and obligation to save souls in distress at sea. I just did what a seafarer should do for a fellow soul in distress at sea. Yes, it was an instant decision, but not without assessing the risks involved. I just did my duty". She is the first female captain in the Indian Merchant Navy and the first female to receive the IMO Award for Exceptional Bravery at Sea (IMO, 2016).

Besides the inequality in both promotion and pay issues, another gender aspect is the dissatisfaction of women's medical needs. According to a survey on the health and welfare needs of women seafarers conducted by International Maritime Health Association and its partners, the main health challenges were joint back and back pain (particularly on passenger ships in catering and room services, less so on cargo ships), stress, depression, anxiety, obesity and heavy or painful menstrual periods. 55% of respondents complain about their health problems according to working conditions, about 40% did not have access to a sanitary bin and 17% considered sexual harassment to be a current challenge (UNCTAD, 2017:36).

Some examples in literature show us that mother seafarers face work-life problems (Kitada, 2015; Basak, 2015). Kitada & Tansey (2018:246) suggest shipping companies to provide support and provisions for their employees who spend a majority of their lives at sea. According to them, the maritime industry will provide a more sustainable industry through CSR by providing better conditions for a more balanced work-life relationship. The responsibilities of shipowners for women seafarers were stated in the Maritime Labour Convention (MLC). Flag states which ratified the MLC, 2006[1] must ensure separate sleeping rooms and separate sanitary facilities for men and women. With more general terms to protect women in the maritime sector, other international instruments, including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)[2] by UN and the Maternity Protection Convention (C183)[3] by ILO, are also applicable for those ratified countries (Kitada & Tansey, 2018:239).

Many studies on women in the maritime sector, including seafaring, ship inspection, maritime education, maritime law, oceanography, and maritime management, call for strong support from the private sector to fulfill their CSR to promote women in the organizations (Kitada & Tansey, 2018:249). For instance, Maersk Group introduces improved maternity benefits worldwide which aims to increase the retention of women following childbirth or adoption. The new policy globally guarantees minimum of 18 week maternity leave on full pay for all employees, subject to local workforce regulations. It also includes a Return to Work programme, which gives onshore employees the opportunity to work 20% less hours at full contractual pay within the first year of childbirth or adoption for up the six months after returning to work (Maersk, 2016).

Theotokas *et al.* (2013 as cited in Froholdt *et al.*, 2014:22) offer a comprehensive structure of human resources content within CSR which can be seen in Table 3.

Table 3. Components of human resource within CSR

Component	Content
Diversity management	Derives from the need to manage the differences among seafarers that stem from the employment of multicultural crew.
Gender quality	Refers mainly onboard, due to the low percentage of female seagoing world widely, but also ashore.
Professional and personal development	Includes career making in seafaring through training and development, promotions and opportunities to work ashore in the shipping industry.
Health and safety of personnel	Includes policies concerning the health and safety of crew.
Welfare of personnel	Refers to applied policies that focus on the human resources' job satisfaction, motivation and loyalty.
Working conditions	Refers to the working conditions onboard, and especially to the appropriate environment, working hours and equality.
Training and lifelong education in particular	Refers to make the staff ready for the industry's advancing expectations.
Communication and participation of personnel to decision making process	Refers to a management style which integrates employees or employee representatives to various levels of decision making in an organization.
Communication opportunities with family	Relates to the opportunity to use technology for communicating with the family while being onboard
Provision of welfare services and entertainment material onboard	Refers to the mandatory activities recently implemented due to Maritime Labour Convention.
Cultural awareness training, crew and family assistance unit	Refers to train crew as required by the multicultural structure of human resource of ships.

Source: Adapted from Theotokas *et al.* (2013 as cited in Froholdt *et al.*, 2014:22)

Olsen (2015:85) analyzed the largest 10 container shipping companies' (which account for 60% of the capacity in the global industry) sustainability reports and annual reports. From the labor & diversity perspective he found that companies mostly focuses on health and safety aspects with special focus on accidents at the work place. While companies also focus on training and education of their employees, fewer focus on the worker hours and especially shore leaves. He also discovered that, gender diversity and equality is of little focus and companies with separate sustainability reports address this best.

Social/Ethical Issues

In 1990s, Ogoni people in Nigeria, who were –and still are today- a largely agricultural and fishing society (Boele *et al.*, 2001a:76), show great resistance to the Shell Petroleum Development Company of Nigeria Limited. The resistance stemmed from several issues including tremendous decrease in productivity of fishing and agriculture because of the company's oil exploration activities in that area, the distribution of the revenue it generated and the relative poverty and neglect of Ogoni in contrast to the money oil resources generated (Boele *et al.*, 2001b:128). After the execution of the founder of MOSOP[4] Ken Saro-Wiwa, who was the leader of the resistance with his eight colleagues, in 1995 by the military government of Nigeria, there was a worldwide condemnation of Shell. Headlines appeared that painted the company as callous and a supporter of dictators (Boele *et al.*, 2001a:81). The Shell case in Nigeria has offered many lessons to practitioners, especially for those who focus on CSR. This case provides a poignant example of how failure to manage stakeholder interests and resolve complexity may result in conflict, aggression and ultimately tragedy (Boele *et al.*, 2001b:123). Furthermore, after Nigeria, Shell built a difficult history to erase which showed the presence of unreliable and potentially corrupt partners (Wheeler *et al.*, 2001:193). Unlike the Exxon case, which was eventually considered as an accident, in this case Shell was accused of damage through its everyday actions, and of supporting a politically corrupt government (O'Sullivan, 1995). Companies have to be responsible and accountable in every of their move towards their shareholders. As Fafaliou *et al.* (2006:414) indicate, loss of lives at sea, damages to the marine environment, and maritime frauds, all contributed to the creation of the bad reputation that the shipping industry faces.

CSR concept comprises actions not required by law but furthering social good and extending beyond the explicit, transactional interests of an organization (Sarkis *et al*., 2010:338). On the other hand, social policies usually concern worker's rights, ethical business and social awareness of the company (Arat, 2011:16). The working issues are explained in the previous section in detail, so in this section social/ethical issues -except working issues- are going to be explained.

Even though as Drobetz *et al.* (2014:18) indicate that, socially responsible firms, i.e., those that contribute both economically and ethically to the society and local communities they serve, are better positioned to grow in terms of reputation and revenues. It was also noted that shipping companies place greater emphasis on issues pertaining to the environment over social concerns (Kunnaala-Hyrkki & Bruinila, 2015:29; Yuen & Lim, 2016:50). For example, ISO 14000, which relates to the voluntary practice of environment management, has received more attention by shipping companies as compared to ISO 26000, which deals with social responsibility (Yuen & Lim, 2016:50). From the social aspect of CSR, Storchevoy (2015:22) indicates that the most significant progress in business ethics and CSR development is prevalent in large companies, especially in those with mass consumer markets. From this point of view, it is not surprising to see that ethics issues are less popular and considered mostly by larger companies in the shipping industry. In one of those, the CMA CGM group declares the company's code of ethics which consists of seven principles including (1) respect for collaborators, (2) respect for the environment, (3) compliance with applicable legislation, (4) respect for business partners, (5) respect for the company, the workplace and equipment, (6) compliance with the code of ethics, and (7) reporting violations (CMA CGM, 2018). Similarly MSC expresses that, they strongly promote social inclusion through the recruitment of local workforce in both developed and developing countries, offering life-long employment opportunities and career paths (MSC, 2016:26). Hapag–Lloyd declares the company's "Global Code of Ethics" which draws directly on the United Nations' Universal Declaration of Human Rights. The code also reflects the content of the ILO's core labour standards. Additionally the code includes the right of association freedom and collective bargaining. Besides building the company level ethics code, Hapag-Llyod also expects its suppliers either to subscribe to the content of the company's supplier code of conduct or to confirm their own code of conduct which is consistent with the company's values (Hapag–Lloyd, 2017:18-19). COSCO Shipping Lines formulated the "Supplier Management Measures" which puts clear requirements for the selection, management, supervision and punishment of suppliers. For those vendors who have committed commercial fraud, corruption, business misdeeds, poor credit records, poor product and service quality and security threat, the company will blacklist them and will never cooperate. From the social public welfare side, the company provides village and township infrastructure construction and school refurbishment services in certain poor areas of China. The company also shows special attention to anti-corruption by insisting on daily education and incorporating anti-corruption works into the daily routine. For instance, they establish an impeach phone number and an e-mail to encourage staff to report identified corruptions (COSCO, 2017:33-34).

The Evergreen Group has launched similar social responsible projects such as letting children of disadvantaged families benefit from company grants and donating personal computers to help local schools improve their teaching capability (EMC, 2016:94).

According to a study with 50 cruise lines' CSR reports, the most popular social and community well-being goals were social assistance for the local or global community, safe environment for customers and employees, and raising public and customer awareness and involvement in sustainable development. Social initiatives of cruise lines mostly include charitable donations (both monetary and in-kind, including cruises donated as prizes), fundraising and employee volunteering (De Grosbois, 2016:259). From another study, which focuses on the largest 10 container shipping companies' CSR/Sustainability reports, anti-corruption, anti-competitive behavior and the process of giving and receiving gifts seem to be the popular themes in terms of ethical issues (Olsen, 2015:86). From a survey conducted with 19 shipping companies from Denmark, Estonia, Finland, Germany, Lithuania and Sweden, the social aspects of CSR take into account the well-being and skills of the employees, corporation and other stakeholders of the company (Kunnaala *et al.*, 2013:73).

CONCLUSION AND RECOMMENDATIONS

The concept of CSR includes a wide range of maritime business activities including waste reduction, adopting environmentally efficient machinery, encouraging activities that might create social benefits, following ethical standards and offering all personnel -without exception of gender, race or citizenship- satisfactory and safe working conditions with equal promotion opportunities. Unlike many other industries, maritime business has a grown international regulation belonging to most of those activities mentioned above. This helps the industry to build CSR standards more easily, but on the other hand as Donner & Johansson (2018:157) indicate, there appears to be a shift, especially in the maritime business, from the voluntary nature of CSR to a more mandatory and strict compliance. Maritime companies should obey the strict rules without dispute, but the "responsible" ones have to do more because as Davis (1973:313, cited in Olsen, 2015:5) states, the social responsibility begins where the law ends. Neef (2012) put this idea one step further by claiming that the shipping industry has been able to avoid CSR programs, because according to him, these programs seem to be "over-regulated", as such there are plenty of rules governing social, safety and environmental practices. This is partly true for small sized shipping companies because of their limited sources or because of their short-term orientation, they appear to be less active in adopting some non-oblitatory tools such as ISO 9001 or ISO 14001 (Fafaliou *et al.*, 2006:416). According to a recent report, small-medium sized enterprises in the shipping industry are at risk of being left behind on CSR initiatives and actions, and that industry associations have the role to address barriers and facilitate CSR engagements (Lie Institute for Global Issues, 2015; as cited in Olsen, 2015:27). Additionally, according to a study on Greek shipping companies, the majority of them have no involvement in CSR activities (Fafaliou *et al.*, 2006:418). From this point of view, national and international authorities have a crucial role by encouraging and supporting the social and environmental involvement of small shipping firms (Fafaliou *et al.*, 2006:418). ISO standards may also help them. These standards are important to create a common and agreed definition of complex aspects, which break down barriers for international trade and help consumers know that products and services are safe, efficient and good for the environment (Olsen, 2015:17).

Many examples in literature show us that adopting CSR strategies in the maritime business, not only helps to achieve global safety and security standards of the industry, but also to achieve valuable business goals as mentioned in literature, such as improvement of reputation and brand (Lekakou *et al.*, 2016:156), increased purchase behavior and customer satisfaction (Dahalan *et al.*, 2012:205), customer loyalty (Shin & Thai, 2015:389) creating an innovative work environment (Kunnaala *et al.*, 2013:62) competitive advantage and differentiation from the competitors (Oikonomou *et al.*, 2018:228).

Despite its B2B nature, which explains the industry's being a latecomer in CSR reporting, shipping must respond to society's increased expectations for CSR behavior and disclosure in order to maintain its good image (Drobetz *et al.*, 2014:21). For example, focusing on diversity issues, which helps to build a strong brand image in the industry, may imply a positive organizational change and this is an unavoidable process to achieve gender equality in the organization. In particular, the maritime industry which is led by mostly men, should be targeted to promote diversity and evolve their organizational structure in order to achieve sustainable business (Kitada & Tansey, 2018:242). It is evident that CSR should promote gender equality policies, career development support, Maritime Education and Training (MET) and research, leadership training, and resource women professionals as qualified seafarers for the sustainable shipping (Kitada & Tansey, 2018:244). Furthermore some studies show that the shipping industry has a very limited discussion of work-life balance (De Grosbois, 2016:261). Thus, they should take more care about employees' work-life balance. One inspiring example is from Hapag–Lloyd, which offers its employees with children, a parent child office at its head-quarter to provide better support, additionally outside of Germany. This company also offers flexitime and other working time arrangements if it is legally possible and compatible with the work process. Furthermore, the company takes account of personal request in deployment planning such as births or special weddings (Hapag–Lloyd, 2017:25). Shipping companies should also encourage more women to work in the industry because as Brickman (2012:199) claims, the presence of women officers brings greater civility to the shipboard life and establishes more cordial environments. In detail, to foster a greater diversity he/she suggests leadership commitment to gender inclusion, establishing company mentor programs aligning senior and entry-level women, encouraging and supporting female employees who wish to attend conferences devoted to women's issues and networking and adopting deliberate integration policies until women achieve a critical mass (p.201).

Shipping companies should also offer seafarers more comfort, because according to some studies they might have less comfortable facilities (Ellis & Sampson, 2013:106; De Grosbois, 2016:261). It is also important to remind that work satisfaction of seafarers might be related with safety (Chauvin *et al.* 2013:27) and security (Kunnaala *et al.,* 2013:62), additionally an emphasis on work issues tend to have more loyal and committed employees (Kunnaala-Hyrkki & Brunila, 2015:30) which help to achieve company goals such as customer loyalty or brand reputation at last.

Achieving full public transparency through measuring, saving and publishing organization data such as emissions, amount of waste or labor stats on company's official website and in sustainability/CSR reports would also help to increase its public reputation. Even if environmental issues are usually easier to quantify (Olsen, 2015:87), there are reliable measures needed to quantify other aspects of CSR such as gender quality, welfare, training of staff or ethical business activities. It is known that companies which have separate CSR/Sustainability reports seem to focus better on some labor aspects such as gender diversity and equality, worker hours, shore leaves and collective bargaining (Olsen, 2015:85).

LIMITATIONS

This study is a theoretical one, findings of this study are based on secondary data and it should not be generalized. Furthermore it is not aimed to support or falsify any hypothesis in the first place. This study aims briefly to conceptualize the CSR concept, especially from the maritime perspective.

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ENDNOTES

1. As of 19 June 2018, 87 countries have ratified the MLC, 2006. http://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO::P11300_INSTRUMENT_ID:312331
2. As of 19 June 2018, the CEDAW was ratified by 189 states. https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=IV-8&chapter=4&lang=en
3. As of 19 June 2018, 34 states have ratified for the Maternity Protection Convention (C183). http://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300_INSTRUMENT_ID:312328
4. Founded in 1990, The Movement for the Survival of the Ogoni People (MOSOP), is an umbrella organization representing for social, economic and environmental justice. MOSOP's use of non-violent methods to promote democratic principles assist Ogoni people pursues rights of self-determination in environmental issues in the Nigeria (http://www.mosop.org.ng).

Chapter 17
CSR Wave:
Social Impact as a Spillover Effect of a Brand's Crisis Communication Strategy – The Case of Lidl Hellas

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EXECUTIVE SUMMARY

A new wave of socially responsible business has appeared, putting shared value and social impact in the heart of their activities. In this context, the authors examine shared value as basic component of the new version of social responsibility. Can innovative CSR approaches act effectively in managing the most damaging impacts of a crisis as the loss of trust and credibility and restore a company's reputation through various positive spillovers? Just before Christmas 2017, Lidl Hellas announced a digital campaign, with a social impact with the hashtag #apotalidl. Every use of the phrase in the digital world shall buy 10 meals for people on need. Here we see a complete sidestepping of any issue of recognition focusing on the lasting social effects.

INTRODUCTION

"Companies must take the lead in bringing business and society back together. The solution lies in the principle of shared value, which involves creating economic value in a way that also creates value for society by addressing its needs and challenges", stated Porter and Kramer (2011, p.4) who defined Creating Shared Value (CSV) as "policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which they operate" (2011, p.6). We are living in an era of constant changes and major challenges. From environment to global economy and from refugee crisis to political instability, societies are always in a risk (Giddens, 1999). And while social challenges are growing, there is a bigger need for addressing

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them. The European Commission has previously defined Corporate Social Responsibility (CSR) as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (2001). Ten years later and under the complexity of the current socioeconomic context, the Commission gave a brand new definition of CSR as "the responsibility of enterprises for their impacts on society with the aim of maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large" (2011). At the same time, a new wave of social responsible business appeared putting shared value and social impact in the heart of their activities. Social business and social entrepreneurship "aim for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large" (Martin & Osberg, 2007) in a pursuit of "mission-related impact" (Dees, 2001).

In this context, we will examine the concept of CSV integrated into CSR strategies, focusing on the case study of Lidl Hellas. Lidl Hellas has recently displayed an interesting CSR approach, effectively translating a constant stream of potentially negative exposure to a socially positive activity. Lidl grocery stores, at least in Greece, have been linked to inferior quality and products, mostly due to their german origin as normally happens in cases where "economic and financial policy measures that are perceived as offensive or unfair can cause feelings of animosity towards the "offending" country" (Nisco, Alessandro & Mainolfi, Giada & Marino, Vittoria & Napolitano, Maria, 2016, p. 59). There is even a popular catchphrase "X from Lidl" where X is a product or profession, like "manager from Lidl" meaning a less capable professional. Just before Christmas 2017, Lidl Hellas has launched a campaign under the name #apotalidl in which every use of the phrase in the digital world, intentional, funny or derogatory, shall buy 10 meals for people on need. There is an obvious CSR angle here, given the very real and enable existence of broad swaths of population in need, due to the crisis. The present analysis questions how CSV and CSR intersects with promotional culture and seeks to make a contribution to the body of knowledge by giving digital CSR strategies a broader meaning. In order to better understand, elaborate and support our research question we conducted an in depth interview with the Head of CSR of Lidl Hellas. In addition, we used data such as mentions, comments and reach on social media, plus the overall outcome of the campaign, as quantitative and qualitative indicators for measuring its success and social impact. This chapter exposes the ways in which a digital CSR campaign has an important role to play in improving the everyday lives of people and at the same time its social impact has positive spillover effects on a company's reputation.

CSR DEFINITION AND THEORIES

CSR was introduced in the 1950s when Howard R. Bowen will publish his book entitled "Social Responsibilities of the Businessman" (Bowen, 1953). Despite the fact that CSR is being used in modern business practice for over than 20 years, there is no clear definition of the term. Carroll (1991) described CSR as "the economic, legal, ethical, and philanthropic expectations that society has of organizations at a given point in time", while Milton Friedman (1970) stated that "the only social responsibility of the business is to increase its profits". Edward Freeman (1984) on the contrary, discussed the stakeholder approach, putting in the centre of the conversation the relation between companies and their wider internal and external environment. While most of the definitions refer to a multidimensional responsibility umbrella and the importance of taking actions both in favour of business and society, "there are some scholars who have tried to refine CSR activities by distinguishing economic responsibility activities from other performances" (Cho, Furey, Mohr, 2017, p. 54). According to Dahlsrud (2008) CSR activities include five dimensions: environmental, social, economic, stakeholder and voluntariness (Cho, Furey, Mohr, 2017). In addition, Kim (2014) added more, identifying CSR as environmental stewardship, philanthropic contribution, educational commitments, community/employee involvement, public health commitments, and sponsorship of cultural/sports activities (Cho, Furey, Mohr, 2017). On the other hand, "other definitions of CSR extend beyond defining what corporations do for society (its operations, etc.) into, instead, defining what corporations should be responsible for" (Barlett and Devin, 2011 in Gaither et al, 2018, p. 47) highlighting the term and practice of accountability and transparency.

However, corporate responsibility strategies have also generated skepticism regarding the motivations from the companies and often have been understood (or misunderstood) as marketing tricks without long term social impact (Wigley, 2008, Öberseder, Schlegelmilch & Murphy, 2013.). Moreover, there is an active debate on the role of the corporate world as a solution agent to social challenges, where governments fall short. Paul Klein (2014) talks about CSR both as a benefit and a burden for modern enterprises asking "whether social responsibility is creating more value or just more checkboxes" and concluding that "although corporate social responsibility has hit the wall, the need for meaningful social change is greater than ever". Shall companies today rethink their societal role and impact moving towards what Peter Drucker (1982, p. 58) supported decades ago "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, and into wealth"?

Beyond CSR: Towards Social Entrepreneurship and Social Impact

This idea of turning a social problem into wealth inspired scholars and practitioners in order to discuss further the future of CSR adding to the conversation terms such as shared value, social entrepreneurship and social impact. "Historically, businesses have been imagined as one of the great institutions capable of the greatest social change" (Gaither et al, 2018, p. 46). However, most of the times companies fail to become catalysts of social change or even fail to convince citizens that are able to act as such. The past years, we are witnessing the rise of social entrepreneurship, the "process that includes: the identification of a specific social problem and a specific solution (or set of solutions) to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission-oriented for-profit or a business-oriented nonprofit entity that pursues the double (or triple) bottom line'' (Robinson, 2006, p. 95). Social entrepreneurs, having in the core of their business activity the creation of social impact "play the role of change agents in the social sector, by: adopting a mission to create and sustain social value (not just private value), recognising and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand, and exhibiting heightened accountability to the constituencies served and for the outcomes create" (Dees, 2001). Simon Caulkin (2002) argues that companies CSR strategies need to shift focus from the impact on their reputation to a community long term impact "radically improving the lives of billions of people and help bring about a more stable, less dangerous world - not through charity but through self-interest". So, what can CSR learn from social entrepreneurship? According to Caulkin again (2002) companies "mobilise capital and human ingenuity to innovate - their distinctive role - turning human needs into new products and services. In return, they have the right to earn profit on that innovation until it is competed away by rival. That doesn't change. What does change is that we need them to do it 10, no, 100 times better than in the past". Social responsible behaviour should not be a PR exercise any longer. On the contrary, it should be a valid and profitable investment on behalf of each company with a "mission-related impact" (Dees, 2001).

CSR as a business tool must be distinct from CSR as a development tool working towards this exact direction, "to think about the role of business in development that do not rely on appeals to immediate self-interest, but instead emphasise the duties and obligations of firms to help confront problems facing the societies in which they operate" (Newell & Frynas, 2007, p. 674). So, to be absolutely clear, CSR entails a transfer of resources from the business and its investment in the society while CSV aims at changing how the core business operates so as to be sustainable socially, environmentally and financially. A deliberate choice to combine CSR and CSV efforts seems to be a very multi-level lucrative investment for society as well as for the company itself.

CSR in the Digital World

Companies today are operating in the context of the digital or network economy. According to Don Tapscott (1994) new technologies are transforming the way products and services are created. Charles Leadbeater (2009) talks on how social networks change the way we produce, we consume, and we collaborate, while Botsman and Rodgers (2010) discuss the practice of sharing and collaboration. The premise of this new ecosystem "has in turn, given rise to new forms of discourse surrounding the nature and purpose of the firm, business strategy and the process of value creation. And these raise new questions of corporate social responsibility and sustainability" (Wheeler, Colbert, Freeman, 2003, p. 3). We are living in the era of CSR 2.0, where we witness a shift from value creation to value co-creation. According to Wayne Visser (2011) CSR 2.0 is "defined by global commons, innovative partnerships and stakeholder involvement. Its mechanisms include diverse stakeholder panels, real-time transparent reporting and new wave social entrepreneurship. In addition, recognizing a shift in power from centralized to decentralized; a change in scale from few and big to many and small; a change in application from single and exclusive to multiple and shared". At the same time, social media and digital platforms transform citizens to active users and consumers, while the facilitation of the conversation between companies and stakeholders becomes easier. Companies not only inform citizens about their products and services, but also interact and engage with them, entering in a new era of CSR communication strategies. According to Morsing and Schulz (2006) there are now three different levels of stakeholder interaction: information, response and involvement. It is important though to note that social media and digital communications tools bring upon companies new responsibilities and should not be considered as "merely a channel of communication" (Grigore, Molesworth, Watkins, 2017). The new DNA of CSR (Visser, 2012) consists of four pillars: value creation, good governance, societal contribution and environments integrity. Each pillar is followed by specific strategic goals and key indicators turning CSR strategies from communication tools to solution oriented practices with measurable impact.

Social Impact as a Spillover Effect of a Brand's Crisis Communication Strategy

According to Tom Fleming Creative Consultancy report (2015, p. 8) spillover effect is "the process by which an activity in one area has a subsequent broader impact on places, society or the economy through the overflow of concepts, ideas, skills, knowledge and different types of capital". So, as economies nowadays gain ground by attracting visitors, creating jobs and developing skills, attracting and retaining businesses, revitalising places and developing talent through CSR-led spillovers that can be intentional and unintentional, social impact seems to be the only thing that matters and meets the needs of the society. The Policy Brief on Social Impact Measurement for Social Enterprises (European Commission, OECD, 2014), defines social impact "in reference to four key elements (Clifford, 2014): the value created as a consequence of someone's activity (Emerson et al., 2000); the value experienced by beneficiaries and all others affected (Kolodinsky et al., 2006); an impact that includes both positive and negative effects (Wainwright, 2002), an impact that is judged against a benchmark of what the situation would have been without the proposed activity". In other words, social impact is a measurable positive change affecting a number of beneficiaries and addressing a social challenge. Social impact is strictly connected with social entrepreneurship, offering businesses a way to identify their societal footprint with accuracy and objectivity. As we mentioned earlier, companies today tend to move from Corporate Social Responsibility to Corporate Social Entrepreneurship, a process of generating both economical and social value through innovative use of resources (Austin et al.,2006). Social impact becomes a critical factor for their performance, both economical and social, and at the same time serves as a brand reputation booster. In addition, social media are becoming a powerful CSR communication tool as "there is real value for companies to strategically frame and discuss their CSR efforts online, and those efforts can improve brand image and company reputation" (US Chamber of Commerce Foundation, 2017). Through this looking glass, we argue that social impact can act as a spillover effect of a brand's crisis communication strategy. According to the research "The CSR effect: Social Media sentiment and the Impact on Brands" (US Chamber of Commerce Foundation, 2017) "overall neutral online sentiment of a company can be shifted to positive sentiment by increasing the promotion of CSR project activities". If we change CSR to meaningful social impact, it is possible that negative online sentiment can be shifted to positive as well.

A Few Words About Lidl Hellas

One thing that is clear is that being a socially responsible company is nowadays an uphill one-way road. As society's expectations are constantly changing, so do customers', partners' and employees' perceptions as well as aspirations (Rexhepi et al., 2013, p.533). Linking CSR and CSV to strategic communication and crisis management is a growing challenge for companies all over the world. We aim to keep under review the evolution of the concept of CSR in interaction with branding and PR strategies as a very interesting integration tool whose usage may lead strategic change initiatives with a social impact such as ending poverty, protecting the planet, and ensuring well- being for humanity. Given that, companies that are not only great storytellers, but also storydoers, can make a real difference to the global stage, promoting longer term objectives of sustainable economic and social development.

This chapter focuses on Lidl Hellas, the Greek subsidiary of a multinational chain of grocery stores. Originally of West Germany, the chain has spread throughout the country as well as Europe, reaching Greece in 1999. Lidl operates in over 10.000 stores in 29 countries worldwide and focuses on selling food and non-food products of highest quality "in the lowest possible price" per its self-presentation. Lidl also focuses on supporting local economy, relying as much as possible on local producers. Today there are more than 200 stores in Greece bringing the chain among the largest in operation and the most recognizable. Over 2.000 Greek producers and service providers cooperate with Lidl Hellas, a fact that has obvious positive effects on the operation of the chain as well as strengthens the ties to the local communities. Lidl Hellas releases no official financial or operational data. According to a study designed by Lidl Hellas whose purpose was to identify and assess the impact that the operation of the company had on the economy of Greece, both on jobs and on society and to stress the added value concerning the financial years 2015 and 2016, its socio-economic footprint is particularly noticeable. More specifically, the total contribution to jobs (direct, indirect and induced) was 17.413 jobs for 2016, or 6,5% more than 2015, when the total number was 16.355 jobs (Lidl Hellas, 2017). In addition, the total contribution to added value: €616 million for 2015 and €659 million for 2016 corresponding to 0.35% and 0,37% of GDP respectively. Finally, it should be noted that the social footprint for social initiatives is worth almost €1m.

Meme "X From Lidl"

As known, the Internet is already a well-established means of information and socializing, also enabling the diffusion and the persistence of memes. Everyone can simultaneously be a reporter and commentator. The exposure to an online stream of information about a particular company might make any campaign against it harder. As public relations' disasters will always happen, the need for an online communications strategy is vital. Companies and organizations need to multiply the importance of their major message which will repair a tarnished image and put them back in the game by strengthening and communicating the richness of their brand.

For so long, in Greek social media it's a fairly common meme to associate Lidl products with inferior quality. Meme "X from Lidl", where X could be a product, a professional or, even, a policy directly links the perceived as of little significance, of inferior quality or without the skills and qualifications necessary, with the company's name and presence. This creates the potential for a long-lasting crisis affecting the brand image and its brand equity which should be addressed by the company, or any company in similar standing. Repeated references to meme "X from Lidl" have given rise to a number of discussions regarding the company's loss of credibility as its brand name was dragged through the mud.

It is common knowledge that perceptions are more important than reality (Benoit, 1997). The perception that seemed to dominate within the Greek society is that Lidl Hellas is a low-quality, unreliable and untrustworthy company whose products are of dubious quality and, sometimes, of dubious origin. In one particularly striking example, Lidl has responded to the use of the meme by an academic who has linked it with a lower quality of life due to the ongoing crisis in Greece, randomly rather than deliberately in the context of his analysis. The company has responded mostly defending the quality of its products rather than denying the use of the meme. Since this took place some months before the case we'll be studying this may show that the company has changed its mind on how to deal with the diffusion of the meme "X from Lidl". On the other hand, we should consider some aspects of the social and economic context where the company operates. Greece's economic crisis has pushed large groups of the population into spending less and less including the part of their income they typically spend in supermarkets. It is crystal clear that until today the Greek political system had been sustaining creatively a culture of short-term rationality where the emphasis was on consumerism for decades. Practices and policies that were once considered painless, became destructive for the country and its citizens ending in a "tragedy of the commons" (Hardin, 1968). It is common Knowledge that every person has its own preferences and pursues goals while trying to minimise the effort made and maximise benefits. Rarely do people care about the outcome of the aggregate. At the same time, there are several instances where individual behaviour lead to results that are not wanted by anyone, including the individual himself. At this point, a personal interest arises for what others think and do. Likewise, Greek citizens over the course of decades developed self-interest driven behaviour based on free riding and laziness. Even though every system can function despite a percentage of dysfunctional behaviours (Hirschman, 1970), in the case of Greece this percentage was the overwhelming majority. Everyone was capable of and did act in a way that led to a national decline. Choice was individual and the compliance to irrationality both individual and common. The long and systematic absence of a social norm castigating short-term consumption and praising long-term optimisation has contributed to the present state which is in no way newfound or unique. Within this framework a voluntary change of mindset on an individual level in conjunction with development of legislation and institutions seemed to be incomprehensible and even paradoxical for the transition to a new era for Greece. Quite simply, on 2010 for the first time Greece reached agreement with the European Commission, the European Central Bank, and the International Monetary Fund on a adjustment program. The complex approach adopted by EU via Germany to Greece's problems has triggered ethnocentricity fuelled by Germany's involvement in various efforts to reform Greece. Similar perceptions wrongly led Greeks to a rejection of German products including Lidl Hellas products as well as to an enhancement of ethnocentrism and the company to a strategic communication plan ensuring that consumer animosity's negative impact will be limited. (Aspriadis and Barbagiannis, 2018).

Social Media Campaign #apotalidl

The main goal of the campaign #apotalidl which was carried out in the period (11/12/2017 - 11/02/2018) was to raise awareness about the - deliberate or unwilling- "abuse" of the brand in people's everyday life, based mainly on opinion formers and multipliers. According to Ms Vasiliki Adamidou, Head of Corporate Communications, CSR and Social Media of Lidl Hellas "The rationale of the campaign was simple. We started from the fact that the expression "... from LIDL" was daily used by public figures (for example, in the Greek Parliament, in distinguished media through reputable journalists) as well as by ordinary people with a negative connotation. This practice seemed to minimize the effort and the overall image of Lidl Hellas as expected. We did not ask, nor did we look to find how and why the use of this expression began, as it would be futile and pointless. This phrase was already being used on the Internet as part of the public debate we wanted to join".

So, having had an ambiguous reputation, Lidl has decided instead of eradicating the use of the meme to turn it on its head, and use to reverse this situation, through swift and bold initiatives, promoting, in parallel, its CSR policies. This was not a campaign specifically designed for social media, nor was it implemented solely on them. The touch point of the campaign was surely digital and specifically a website. Therefore, the campaign itself was rated as a "multichannel" influence platform as influencers, ambassadors, print media, radio reports, advertorial, word of mouth and, of course, social media. As explained so eloquently by Ms Vasiliki Adamidou "We thought that this negative rhetoric should be converted into positive without insulting or "clinically" condemning or admonishing citizens and consumers. This was precisely the intention: negative to be positive".

Any use of the meme, regardless of its context and regardless of the intention (satirical or derogatory), accumulated meals for people in need; one mention would create a promise for at least ten meals via a specialized NGO called "We can". At the same time, when the commentator was a public figure or a politician, Lidl Hellas's offer grew even bigger at 1000 meals per reference. In order to ensure that this mechanism operates correctly and transparently, the website apotalidl.gr acted as an aggregator where it was counted in real time all public references to social networks and multiplied in meals during the campaign. In this way everyone could watch the progress of the initiative while Lidl Hellas through a 2-step process managed to change in a smart and organized way the tone and meaning of each post that negatively indicated Lidl Hellas by further enhancing our image with a positive social offer for each negative post.

The company has used the slogan "Whatever is from Lidl is for good" to label the campaign. Lidl Hellas social profile was strengthened. Eventually it has bought 200.000 meals which correspond to 17.912 mentions of the meme, a number which is a clear indication that Lidl Hellas managed to adopt an approach that brings together existing elements in a new way and to join the public debate in an innovative way for its own benefit as well as society's. The site received 10K unique visitors with an average stay time of 4 minutes. The Fanbase was increased by 5% and the total Social Media reach reached 1,500.00.

Ms Vasiliki Adamidou pinpointed that "The campaign #apotalidl was supported enthusiastically by our community which embraced this corporate social responsibility initiative which contained an embedded self-sarcastic reference. The vast majority of users expressed strong support for this bidding action, which contributed to the collection of 17,912 reports for the period 11.12.2018-11.2.2018 which were converted into 200,000 meals. For the first time, we noticed that our organic reach was almost at the same level as the sponsored one, which was reflected in achieving an engagement rate of 15%! As a whole, the campaign has been a great success and has helped to redesign Lidl's image for the public in both social media and beyond". The following are just some of the comments on which positive feedback and feelings is reflected: "The definition of out of the box thinking. Well done!", "A splendid initiative from Lidl Hellas", "Life lessons", "A self-sarcastic campaign from Lidl Hellas! Congratulations!".

So, we are in front of an image restoration strategy and CSR policy in one action, giving the company a chance to address two issues. Lidl has chosen not to focus on reversing the damaging consequences this meme may have on its brand image, but instead on subverting it with actions that are widely recognized as CSR-positive and closer to a social entrepreneurship mindset. The decision to help buying meals for people in need raises empathetic feelings and resonates to a wider crowd. Also it is easy to quantify, easy to spread via social media (creating positive impact) and it is harder to misinterpret. As known strong relationships between companies and customers don't happen by accident but is a non-stop job. Time, intensity, trust, and reciprocity are four variables of huge importance that could define the quality and the duration of every relationship. The stronger grows a relationship, the stronger becomes your reputation. In what ways has our understanding about the situation deepened and what can we learn so at to be able to improve our relationships and repair our reputation? In a nutshell, through this social media campaign we see and experience in a way a paradigm shift in the wider field from a nice-to-have silo CSR to a core strategy with a "mission-related impact" (Dees, 2001), a prerequisite for sustainability and a factor for success for everyone.

DISCUSSION

We should go back to basics and cast our minds back to previous years. Building on Hoeffler and Keller's (2002) list of actions on how companies build brand equity we'll observe Lidl's actions. Most of these steps were undertaken several years ago, in the late 90s when Lidl introduced itself into the Greek market. Certainly brand building and retaining is a process that may last many years or be open-ended. As already mentioned the Lidl brand was created in Germany and has grown into one of today's largest grocery stores in Europe. Advertising and marketing against established competitors is a primary vehicle for *brand awareness building*. Lidl has stepped up all activities with a CSR angle that resonated to the consumers. This included innumerable donations, smaller and larger scale campaigns targeted to hospitals and other institutions with a constant interaction with the public. Being a supermarket chain spread all over the country helps link the brand with activity, even though said activity is geographically (micro)local in nature. When the latter does happen, Lidl has the chance to enhance its brand image supporting initiatives with a local footprint. Again the geographic spread as well the extensive marketing of the activities are brand building tools. Counting almost two decades in Greece Lidl focuses more on *establishing brand credibility*. Customers as well as other markets players, from competitors to collaborators, want to cooperate with a trusted entity. Especially customers are interested into consistently finding affordable, well-prepared products and well-prepared personnel. This credibility is built day to day in the store and may not be dependent on CSR actions. Collaborating with local producers and suppliers are strategic actions complementing to the set of well-defined brand value, allowing the company to develop a personality that stands out from competitors. *Evoking brand feelings*, another aspect of the Hoeffler and Keller model, may be evoked with proper marketing of CSR-related activities by the company. Lidl will support that itself can make everyday worth living for everyone. In this inward-facing and difficult juncture for Greece, an emotionally-based brand vision as a key component of a powerful brand strategy sums up what the company wants to stand for in the minds of consumers. According to their principles, customer satisfaction is Lidl's primary goal while outstanding value for money defines their market position. Eventually Lidl may actually *create a sense of brand community*. As a retail multiple and according to the company's principles, a systematic approach is followed based on efficient decision making as well as on a straightforward and direct communication business model. Lidl respects cultural variety and embraces the different values and traditions while conducting daily business and assuming economic, social and environmental responsibility. Actions like the "From Lidl" campaign which had a positive social impact, via meals towards needy people, help establish a loose community of people. Even if individual contributions are tiny, when they are aggregated into a larger pool, people feel they had an important contribution. The campaign we are focusing on elsewhere in this chapter practically requires a playful even mindless contribution so as to produce positive impact. Eventually this elicits *brand engagement* from customers but it is important that the hashtag campaign makes no distinction between customers or not. By employing sceptics, even deniers, for an arguable good cause, the company redefines its relationship with its customers and the greek society in general. Rather than abandoning the loyal ones it expands its reach outside its circle into the wider consumer crowd. While there is no hard evidence to support this, such dual campaigns (online in their reach, offline in their results) are an effective tool in rooting brand presence both online and offline. In our case they are effective campaign in negating the adverse implications of memes on the brand image, a task that may be hard to perform otherwise and may be especially hard to be successful. Ten years ago the economic and financial crisis became most visible. This is where all the difficulties begin to appear, however. International media described Greece as an "unreliable" and "untrustworthy" state and an «example to avoid» (Antoniades, 2013). These references have given rise to a number of discussions regarding the country's loss of credibility both on a national and an international level, a fact that provided a breeding ground for anger and conflict. The damage to the reputation of the Greek nation brand undoubtedly affected every human activity that, someway, is related to it as well as every business in the country, particularly of German origin. At the same time, there are always social norms that are created internally in a country (Coleman, 1990, p. 242). They may be aligned with laws or not and they are propagated within the system. A country's culture encompasses a set of social norms, meaning the rules that are adopted on an individual level, spread and instituted on a systemic level and which affect the behaviour of different actors leading them to specific choices, without gaps in accountability. These norms are fully connected with the education provided within the system or simply with people's perceptions and they are affecting and being affected by financial realities. Within the Greek social system in crisis, the systematic call to action against German brands and products has contributed to the creation of the Internet meme #apotalidl. A catchphrase that started to spread as mocking or for humorous purposes or even simply as an erroneous statement, from person to person via the Internet taking the form of a hashtag. Regardless of the causes, everyone has been interpreting the concept in the same way and has been using it as a synonym for counterfeit goods. Here, we would like to point out that rightly or wrongly Lidl Hellas essentially faces a corporate crisis. According to Benoit (1997) an attack has two components: a. the accused is held responsible for an action and b.that act is considered offensive. The origin of a product affects the product's positioning and its brand image (Diamantopoulos et al, 2011, Sheng Chung Lo et al, 2017). Lidl is accused to offer german products of poor quality in a country that has suffered tremendously and put the blame on Germany. After all, products' quality does not matter for ethnocentric consumers. On this point, Benoit stresses that "the key to understanding image repair strategies is to consider the nature of attacks or complaints that prompt such responses or instigate a corporate crisis". As perceptions are more important than reality, it's not so important if Lidl is to blame for the the rapid spread of the internet meme and its consequences to the its reputation. The important point is whether Lidl is thought to be responsible for low quality products or even unsafe by the relevant audience. The strategy adopted by the Communication Department of the company was based on this Internet meme that leaves a footprint in the new media through which it propagate that make them traceable and, therefore, analyzable. It's not the first time PR professionals have embraced Internet memes that work because they are silly or even ridiculous as a form of viral marketing and guerrilla marketing known as memetic marketing to create marketing "buzz" for their product or service. Lidl seems to have taken advantage of memetic branding as memes can be a formidable tool in the digital world. Although they are not as faithful consumers as older people, age bracket 18-35 is more inclined to memes and their culture and incorporating in the advertising package seems a choice to reach these people rather than, say, their parents. Originality is also needed again for a crowd that is more aware of memes and their culture. Finally a sense of playfulness is essential too, as it's always sought in classic advertising as well. The social media campaign #apotalidl is a genius example of meme marketing. Lidl Hellas showed once again its human side and offered 200.000 meals to those who really needed them. The campaign shows a clear shift from traditional PR related CSR campaigns, to a more concrete strategy inspired by the social entrepreneurship values. The company decided not only to implement a traditional "giving back to society" activity, but to co-create value by addressing a real social challenge and at the same time proved that is not afraid to play the game, to have fun and take another step towards the reversion of the negative trends established on Internet.

CONCLUSION, LIMITATIONS AND SUGGESTIONS FOR FUTURE STUDIES

Given the evolutionary nature of the branding process, CSR approaches, patterns and trends continue to shift, with culture -either as an individual way of thinking, either as a process of mental development for an entire society, either as art, either as a collective way of life for a group of people (Williams, 1961)- gaining ground on boosting co-creation practices at the grassroots level. As brands are getting smarter about the content they create, exploit and disseminate on social media putting the focus on shared value, it is essential to increase the number of studies that focus on the interaction of CSR and branding in terms of image restoration discourse. We have studied Lidl Hellas, a large supermarket chain with a distinct pricing model operating in Greece and its CSR activities when tied to its brand. We have followed the processes of brand creation, establishment, enhancement and engagement also through the focus of CSR activities. Also we have shown that the company made an attempt to use a slightly derogatory meme, which was hurting its brand image, as a means to actually enhance its image and, at least partially, to eradicate any negative connotations against its brand. The company has focused its strategy on emphasizing the quality of its products and tied its presence, both offline and online, onto this premise by designing and implementing an impactful campaign. Our case study highlights the fact that big businesses have things to learn from social enterprises. As economy changes, "today's consumers aren't just saying they value social responsibility, they're showing their values through spending" (Kulkarni, 2017). Research has shown that more and more companies are issuing corporate responsibility reports, as "if you're not part of the solution, you're part of the problem. Focus on making a meaningful change by understanding the value in moving toward a model of social engagement and commitment" (Kulkarni, 2017). Supporting meaningful causes, interact with your community and inspire them to drive change are some steps towards the new responsibility era. Our study is limited by the data provided by the company itself. This may not always be adequate enough so as to correctly correlate activities and outcomes, especially when there is a need for quantifiable outcomes. The lack of literature on the subject is also a limiting factor, especially on when it regards local campaigns. Finally, there are several paths to explore in the future. One might focus on quantifiable results of CSR campaigns with an offline and an online aspect. Research in social networks is one field to explore, for example measuring the diffusion of memes and hashtags. The particularities of such dual campaigns is another point: for example, where do these two domains cross, merge or exclude each other? Or how to bring customers/viewers/interested onlookers from one domain to another and how to maximize exposure within and across the domains. Finally, the relation between social responsibility strategies and social entrepreneurship is a challenging field to be further explored. As customers will keep asking for transparency, responsibility and measurable social impact, companies must rethink their future and their role. As James Citron, CEO of Pledgeling states, "Today's most successful brands understand that to become industry leaders and connect with their socially conscious customer and employee base, they have to create products and organisations that integrate mission and giving into their core". Can companies today be inspired form social business and entrepreneurs? How can they increase their social impact? Can innovative CSR approaches act effectively in managing the most damaging impacts of a crisis as the loss of trust and credibility and restore a company's reputation through various positive spillovers.

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Chapter 18
Responsibility and Sustainability Choices in the Animal Feed Industry:
Evidence From an Italian Family SME

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EXECUTIVE SUMMARY

The conventional discourse on corporate social responsibility (CSR) focuses on big companies and tends to neglect small, medium, and family firms. However, scholars state that simply scaling down CSR theories does not capture the variations in CSR choices across companies and contexts. The authors remedy this state of affairs by investigating an Italian family firm in the animal feed industry in light of an integrative framework that combines institutional- and company-level factors explaining the variations in CSR choices. The findings highlight how the company under investigation is committed to ensuring animal welfare by offering healthy and safe animal feed through innovation and certification. In addition, the company is well embedded in the local community and represents a point of reference for the inhabitants. Initiatives ranging from scholarships to university exchange programs to running races contribute to mobilizing human resources and to improving the company's brand awareness.

INTRODUCTION

Corporate Social Responsibility (heretofore also CSR) is a prominent topic in management practice, education, and research. Scholars have studied firms' social concerns for many decades (Bowen, 1953; Davis, 1973; Cochran & Woods, 1984) but only recently the interest in corporate social responsibility has become common (Carroll, 1999; Crane & Matten, 2004). To date, the majority of CSR research is concerned with large companies with lower attention placed on small- and medium- sized enterprises

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(heretofore also SMEs) or family firms. Two possible reasons seem to justify this focus: that only large companies can afford being socially responsible and that they are the heart of the global economy (Jenkins, 2004). The assumption is that CSR theories could be simply scaled down to fit (Morsing & Perrini, 2004).

Over time, scholars have raised criticism and outlined that this logic is flawed (Davies & Crane, 2010). First, while large companies dominate the attention of academic and practitioners' discourse for their contribution to the Gross National Products, it has been increasingly recognized that SMEs and among those, family companies, constitute the fabric of the economic system in several countries (Family Firm Institute, 2017). Second, and more importantly, scholars acknowledge that SMEs and family companies pursue idiosyncratic paths toward the development of CSR program, which is often a means to achieve a sustainable competitive advantage (Jenkins, 2009). Size and family values deeply influence the CSR choices and this means that findings about large companies are not generalizable to small and medium family ones (Davies & Crane, 2010). This makes timely to investigate CSR in family SMEs. We contribute to remedy this state of affairs by offering insights from a case study of a small family company located in Southern Italy. The company manufactures animal feed products and contributes to make the food we buy at stores safe and healthy by providing safe and healthy animal food products, an important concern for consumers after recent several crises, such as the Bovine Spongiform Encephalopathy (BSE).

The chapter is organized as follows. Next we discuss CSR choices for SMEs in different institutional settings. Then we propose a conceptual framework that draws on and elaborates upon Baumgartner's (2014) work. Next. we describe the protocol for the case study, present findings and identify research and managerial implications.

LITERATURE REVIEW

The concept of corporate social responsibility has steadily evolved since it was first introduced a century ago. Lee (2008) argues that the first instance of a CSR attitude appeared in 1917 in Henry Ford's conception of business as a service. At that time, society was unprepared for such a conception of business. However, from then until the present date, the concept of CSR has undergone a process of progressive rationalization that has moved the discussion from the societal to the organizational level of analysis. Despite its prominence in the management discourse, there is still no agreed upon definition, and CSR remains a contested concept (Okoye, 2009). The debate is polarized between the position of Milton Friedman (1962), who perceived CSR as a burden on shareholders and companies, and the perspective of Edward Freeman (1984), who underscored the benefits of corporate responsibilities toward all stakeholders (Baden & Harwood, 2013).

Proponents of CSR claim that companies should be responsible toward a broad range of stakeholders for outcomes extending beyond purely economic and financial results (Matten & Crane, 2005). This total set of responsibilities has sometimes been referred to as the triple bottom line of people, planet and profits (Senge et al., 2007). Issues of CSR are also in the political agenda of the European Union (European Commission, 2017) and the United Nations Global Compact (2015), both active at promoting the culture of corporate citizenship and responsibility. Today CSR represents a growing market segment for mainstream strategy consulting and auditing firms (e.g. Deloitte, KPMG, McKinsey) all suggesting the importance of engaging stakeholders and creating shared value (Porter & Kramer, 2011).

Existing studies treat CSR largely as a voluntary and deliberate choice by top management. Specifically, CSR refers to discretionary corporate actions that aim to improve social welfare while enhancing corporations' relationships with their stakeholders (Barnett, 2007). Being a discretionary choice, several scholars expect a positive influence on financial performance as a rationale driving this choice. Findings, however, are inconclusive and do not support 'the business case for CSR'(Carroll & Shabana, 2010). Many companies nevertheless engage in CSR programs often under the banner of enhanced performance (Tonello, 2011).

Scholars have therefore attempted to explain variations in CSR choices and practices. Some have advanced the importance of societal aspects of CSR (Brammer, He, & Mellahi, 2015). Campbell (2007) argues that variation in socially responsible and sustainable corporate behaviors is associated with variation in institutions. He draws on the idea that economic conditions affect the degree to which corporations act in socially responsible and sustainable ways with institutional factors mediating such relationship. This reverses the instrumental view of CSR and sustainability practices for profit motives and builds instead upon the idea that markets are intrinsically embedded within social networks, business interconnections, and political rules (Abolafia, 2001). CSR and sustainability programs cannot be understood as a one-size-fits-all formula but need to be contextualized.

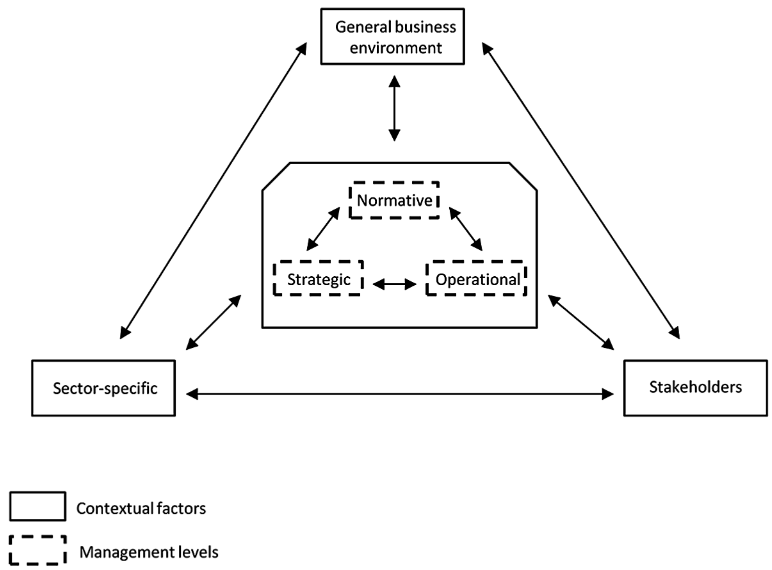
Other scholars investigate sources of variation in CSR choices arising from company-level factors, such as the family governance or the size. Family firms represent a heterogeneous universe and family business scholars are investigating the conditions and mechanisms that influence CSR within family firms (Bingham, Dyer, Smith, & Adams, 2011). Some suggested sources of heterogeneity regarding CSR engagement in family firms have been family characteristics, values, and culture (Déniz-Déniz & Cabrera Suárez, 2005), manager's personal characteristics (Niehm, Swinney, & Miller, 2008), identification (Berrone et al., 2010), or founder's participation (Bingham et al., 2011). Moreover, a strong relationship with local communities is a peculiar trait of family SMEs (Davies & Crane, 2010). Jenkins (2009) highlights how social responsibility and sustainability issues are leveraged upon by SMEs in building a viable business model. To achieve this aim, the employees' engagement is an important component of making CSR choices a source of competitive advantage.

In this chapter we innovate existing literature by bridging these arguments—the importance of the institutional setting and the strategic conduct of family companies (which are often small)— and investigate how a small family firm from animal feed industry located in Southern Italy operationalize CSR and makes it a source of competitive advantage. We analyze the company's CSR and sustainability program in light of an integrative framework that includes institutional factors and different management (strategic and operational) levels. By doing this, we contribute to nuancing the concepts of corporate social responsibility and sustainability in a small family firm. We additionally contextualize these concepts into a specific industry and institutional setting. We also refine a theoretical framework that shows interconnection between the institutional context and the company's choices.

AN INTEGRATIVE FRAMEWORK FOR UNDERSTANDING CSR AND SUSTAINABILITY

In this section we present and discuss a comprehensive framework that integrate corporate social responsibility and sustainability strategies. The conceptual framework, displayed in figure 1, builds upon and refines the one proposed by Baumgartner (2014).

Figure 1. CSR and sustainability strategies: an integrative framework
Source: Authors' own elaboration



The framework consists of two interrelated building blocks: the first highlights the different management levels (pictured as dotted lines) that shape both CSR and sustainability strategies, the second concerns the institutional context (pictured as continuous lines) surrounding the managerial decisions. Three different management levels are considered as key areas impacting on how each company deals with CSR and sustainability issues: a normative, a strategic, and an operational level of decisions. Each level offers important insights into the development of CSR and sustainability strategy. Specifically, the normative level is concerned with how the managerial infrastructure actually contributes to the well-being of stakeholders and society at large. This level has its roots in the corporate vision and policy, the corporate governance, and the organizational culture. These elements echo the results from studies investigating CSR in family-owned SMEs as discussed above. Taken together, these elements make up the normative footprint of a company and pervasively influence the way the company addresses both CSR and sustainability.

The strategic level is focused on the long-term goals of the company consistent with the normative view. At this level, the decision concerns how to integrate sustainability and responsibility goals into the overall corporate strategy. The strategic orientation of sustainability/responsibility can be either *passive* or *active*. The former means that the company adopts a low degree of sustainable development and concentrates on conformity and compliance with sustainability rules and guidelines. The primary goal of such an orientation is to minimize risks for the company by following legal and other external standards concerning environmental and societal concerns. The latter orientation implies that the company assumes an active posture and pursues the goal of legitimizing its activities and building public acceptance. External reporting is often the main tool to inform the stakeholders of all relevant activities in order to develop a trustful relationship.

The operational level of decisions is concerned with how to reach both normative and strategic goals. At this level, the company needs to identify which specific sustainability- or responsibility-oriented actions have to be implemented for any of the different corporate functions. Specific activities have to be carried out throughout the company involving the areas of Research & Development, procurement, operations, logistics, marketing, or human resource management.

The second building block of the conceptual framework consists of the institutional context that shapes and is shaped by the company decisions at different levels. Baumgartner (2014) labels this as contextual conditions. We propose to talk about institutional context as this label aptly defines the interrelationship among the factors described into the framework. For sake of clarity, it is useful to distinguish three groups of factors: general business environment, sector-specific, and stakeholders. The first group includes all the factors that are related to CSR and sustainability such as ecological, societal, legal, technological, economic, and political factors. Each of them may affect or be affected by a company decision and, consequently, improves or worsens the degree of sustainability of company activities. The second group refers to the competitive situation of an industry and variables of interest are those included into the well-known approach developed by Porter (1980). He suggested a framework for the competitive analysis based on the following factors: rivalry, barriers to entry, threat of substitutes, buyer power, and supplier power. In the third group of institutional factors, Baumgartner (2014) places internal and external stakeholders interacting with the company. The distinction between external and internal, like other classification of stakeholders, has been subject of scrutiny and debate. For the purpose of our study, this distinction does not add real value. We therefore refer to stakeholders without any further specification, and we contend that they are boundary-spanning between contextual factors and management level—they influence both CSR and sustainability decisions yet who stakeholders are is contingent upon company's strategic choices. With these considerations at hand, we move onto the description of the case study. We first describe the research protocol, we then present the company under investigation, next we illustrate findings emerging from the field study.

INSIGHTS FROM AN ITALIAN CASE STUDY

In this section we describe the protocol for the case study and provide an overview of the industry and the company under investigation. The section is organized into three subsections.

Case Study Protocol

This chapter is based on a single case study (Yin, 2009) examining how an Italian family SME manufacturing animal feed product pursues a corporate social responsibility and sustainability program as a key issue in its strategic growth. The investigation is worthwhile as Southern Italy and the industry are both under-researched by existing studies.

Single case studies are particularly recommended when a holistic, in-depth investigation is needed (Yin, 2009), as they are designed to bring out the details from the viewpoint of the participants by using multiple sources of data. By triangulation, the researcher is able to give voice and account for the perspective of different actors, but also to corroborate findings (Jick, 1979). Richness offsets limitations inherent in a single case.

The case study presented below draws on an array of primary and secondary data to ensure trustworthiness (Lincoln and Guba, 1985). The primary data consists of a combination of interviews and informal conversations, and participant and non-participant observation during company visits. A theoretical sampling strategy suggested informants based on their communicative competence or information access (Warren, 2001). Specifically, one of the company owners and two employees were repeatedly interviewed until theoretical saturation was achieved (Bowen, 2008). Data collection was primarily carried out by the second author, with the collaboration of a research assistant holding a temporary position at the company.

Interviews ranged from 60 to 90 minutes, with a semi-structured format, where informants described the company history, the growth path after the family buyout and the incorporation of responsibility and sustainability issues as pillars of the growth trajectory and the interaction between institutional and company factors. As themes surfaced from the data (Rapley, 2001), interviews became intensive (Weiss, 1994), examining key themes in greater depth, uncovering issues of interest across informants.

The second author also participated in one management team meeting on industry-university cooperation, during which issues related to strategic growth arose. Field notes taken within 24 hours of meeting times served as a basis for constructing research memos. Follow-up informal conversations with one of the owners augmented these memos and observations.

The case study protocol also involved unobtrusive data related to the company (Webb and Weick, 1979), such as company annual reports, strategy statements, newsletters, performance reports, or company presentations (during a university speech). Archival documents served as a secondary data source (Jick, 1979), providing insight into the context and storyline of the family growth and responsibility program. These archival documents also helped facilitate discussions with informants about themes emerging from the data.

Data analysis followed protocols for qualitative analysis (Miles and Huberman, 1994) and was guided by the framework discussed above. The researchers repeatedly read the field material seeking for instances of institutional and management factors, going back and forth between the data and the theoretical framework. Findings are therefore organized and discussed to render the interplay between contextual factors and management levels of decisions.

The Industry Setting

The animal feed industry is almost completely neglected by the management academic community and the very few studies are conducted by market research firms that usually sell their reports that are not freely available in university libraries (Coffey et. al., 2016). As a consequence, we rely upon a few sources that are mainly the Italian and European associations of animal feed manufacturers. The European Feed Manufacturers' Federation (FEFAC) was founded in 1959 by five countries (Belgium, France, Germany, Italy, and the Netherlands) as the spokesperson of the compound feed and pre-mixtures industry at European Union level. In 2015 the turnover of the European feed industry was about 50 billions of euros, the employment was about 110,000 workers, and there were about 3,500 production sites (FEFAC, 2016). The European Federation launched, in 2016, its 2030 vision for the animal feed industry focusing on three interrelated areas: feed safety management, animal nutrition, and sustainability. The first area aims at reaching a higher level of efficiency among all chain partners and authorities in regard to feed safety. The second area is dedicated to invest in animal nutrition research for improving the nutritional profile of safer animal feed. The last area aims at developing a standardized environmental footprint methodology. The Feed PEF (Product Environmental Footprint) was selected as a pilot project by the European

Union in 2018. It is a standardized, reliable, trustworthy, and transparent methodology to evaluate the environmental footprint of animal feed within the manufacturing of food products such as meat, eggs, dairy products, and fish. The animal feed industry in Europe is highly concentrated: six countries accounted for more than 70% of the production (in tonnes) during the 2011-2016 time frame. Germany is the leading producer and its production share is 15%, France and Spain have a share of 14% each, UK's share is 10%, Italy and Netherlands produce 9% each.

The Italian association of animal feed manufacturers is called Assolzoo and was founded in 1945. According to the last available report (Assalzoo, 2018), the Italian animal feed industry consist of about 140 companies and more than 420 plants in 2017. The main business is manufacturing, selling and distributing commercial animal feed to livestock producers who raise cattle, hogs, poultry, dairy cows, and other animals. A further business, more focused on consumer market, is manufacturing and selling feed for companion animals such as pets, horses, backyard poultry, and others. Table 1 shows some basic figures of the latest available years (Assalzoo, 2018). The market sales are about 6 billions of euros and the production is about 14 millions of tonnes. The Italian industry imports more animal feed than what it exports, the balance of payment has a deficit between 160 and 180 millions of euros.

Companies organize their offering into product lines focused on different kind of animals such as poultry, dairy and beef cattle, swine, and other species. Table 2 shows the total production of feed broken down in different product lines (Assalzoo, 2018).

Animal feed needs to have some qualitative and quantitative nutrients to guarantee the well-being of animals. It means to remove any nutrient that has side effects for the animal diet and to integrate the feed with any other nutrient that can improve the health of animals. There are different kinds of animal feed: raw material for feed or straight feed (used directly for animal diet or as ingredient for other kind of feed), compound feed (consisting of at least two raw materials) that can be a completed feed (the daily intake

Table 1. Italian animal feed industry: key figures

	2016	2017 (estimates)
Production (tonnes)	14,226,000	14,272,000
Sales (euros)	6,020,000,000	6,080,000,000
Export (euros)	598,000,000	655,000,000
Import (euros)	778,000,000	819,000,000
Employees (number)	8,500	8,500

Source: Assalzoo, 2018

Table 2. Production of Italian animal feed industry

	2016	2017 (estimates)
Poultry feed (tonnes)	5,887,000	5,915,000
Dairy and beef cattle feed (tonnes)	3,236,000	3,250,000
Swine feed (tonnes)	3,598,000	3,605,000
Other animals feed (tonnes)	1,500,000	1,502,000

Source: Assalzoo, 2018

for each animal) or a complementary feed (it needs further feed to reach the daily intake), special diet feed (it can be a completed or a complementary feed developed for animals that have a specific health issue), and medicated feed (both completed or complementary is a substitute for drugs when animals are ill). Animal feed can also be classified according to their shape, consistency, and moisture content. Most of the feed is dry in the form of flour or sticks. Other animal feed is wet or liquid.

The schematic manufacturing process of animal feed starts by developing a recipe by nutritionists in animal science on the basis of animal characteristics and needs. They formulated a complete nutritional diet that highlights both quality and quantity of daily intake for each animal. The second step is the delivery of all the ingredients necessary for the recipe. A quality control is performed on ingredients for health purposes. Afterwards, a grinding mill cut ingredients in small pieces that are subsequently weighted according to the different recipes. It follows the mixing of ingredients and in some cases a further processing aimed at improving feed for specific purposes such as sanitization, nutritional characteristics, and palatability. Packaging and labeling complete the manufacturing of animal feed.

The Research Setting

The findings reported here refers to an Italian SME located in the Southern Italy, which we call IFAF (Italian Farm Animal Feed), a disguised name to protect anonymity. The company started off as a retailer of animal feed products in 1969. Later on, in 1982, two siblings, returning back to Italy from Australia, initiated a business under the current name. These traits make it the typical Italian family business, built to last across generations and to ensure an employment to future generations. This actually happened in 1990, when the second generation entered the company.

Since its inception, the daily production continued to steadily grow, despite the second generation (two brothers and two sisters) experienced tensions in running the business and struggled to find an optimal balance between differing views about the company prospects, expertise and competences. These problems did not prevent the growing of the daily production, which reached 2500 quintals in 2009. The 2010 was a turning point in the company life. A family buy-out deal enabled the two brothers to buy their cousins' shares and take the full control of the company. The full control and the unitary vision of the two owners enabled them to pursue a huge investment program, spanning several years, through which the company gained a market leadership in Southern Italy.

The company is currently run by two siblings, who own the 100% of company shares after the family-buyout, a deal initiated in 2010 and completed in 2012. The two siblings are also company's employees: Mark, the older, and John, the younger. The company currently employs 25 people (including the two owners), all living nearby. This signals the deep relationship between the company and the territory in which it is located. The organization includes production, marketing and R&D. Mark also plays the role of Chief Financial Officer while John one is responsible for production and marketing.

To achieve a distinctive position in the marketplace and ensure a sustained competitive advantage, the company is very careful in guaranteeing the quality of its offering. The company offering is made up of two major categories: complete and complementary animal feed stuff for equine, poultry, dairy cows, laying hens, dairy buffaloes and other animals. The offering does not include any pet feed. This means that the company primarily serves business customers.

From the '80s to the present date, the company enjoyed a sustained growth in turnover (see figure 2). The growth process has been backed by an investment program spanning several years. Specifically, between 2010 and 2016, the company embarked into a huge investment effort (€ 12,753,000), with outflows particularly significant between 2012 and 2015.

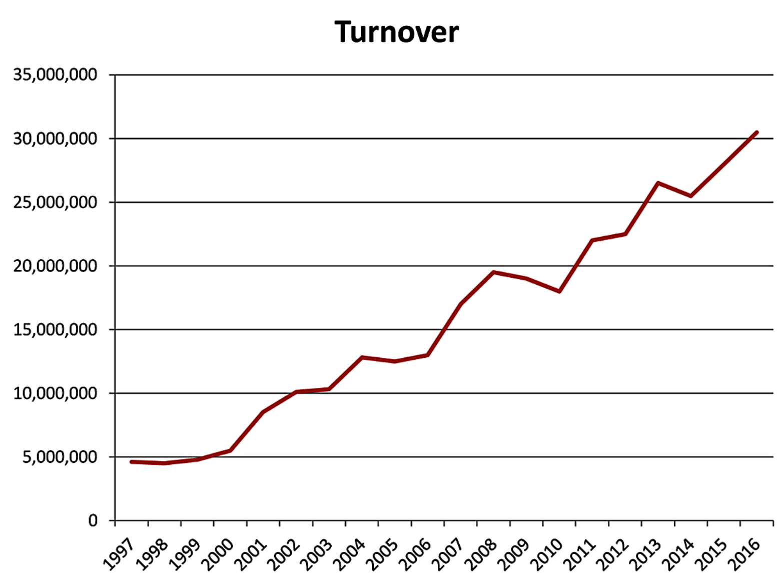
FINDINGS

In this section we present findings emerging from the analysis of primary and secondary data about the company under investigation. The discussion is organized around the two building blocks of our framework—the institutional factors and the management levels of decisions.

Institutional Factors

In the proposed framework, institutional factors are referred to as general business environment (at international and national level of analysis), industry characteristics and relationship with stakeholders (which extend to the management level of decisions). In discussing the general business environment, we have focused our attention on both the global and the national context. The former is well represented by actions taken by United Nations (2015) that issued an agenda of priorities for people and planet to guide actions and collaborations among different actors and nations towards their resolution. Issues include, for instance, poverty or pollution. Issues also include animals' well-being, which is relevant in the case under investigation. Animal wellbeing is an important precursor of food quality and studies confirm that animal welfare is an important concern for consumers as animal welfare positively influences the whole food chain, from the animal to the meat we find at retailers or restaurants (Blokhuis et al., 2008). As animal welfare is a multidimensional concept companies are seeking different ways, and therefore explore different opportunities, to ensure such welfare through, for instance, certification system or communication and branding strategies.

Figure 2. IFAF Turnover (from 1982 to 2016)
Source: Company archival records



Animal welfare is included in the UN agenda that calls enterprises to take an active role in alleviating societal concerns. In a similar vein, the European Community (2017) further contributes to the diffusion of a corporate responsibility or citizenship culture. As concerns the specific industry, European Community has established a set of regulations and a network of Bodies concerned with audits in the EU area.

In Italy, these priorities are backed by Confindustria— the main association representing manufacturing and service companies in Italy (with a membership of more than 150,000 companies of all sizes employing a total of 5,440,125 people)—that advocates for the adoption of socially responsible policies and sustainable choices. From 2010 onward, Confindustria launched several initiatives designed: a) to understand the current level of awareness about responsibility and sustainability issues and the willingness to include these issues among strategic priorities; and b) to raise interest and promote sensitivity to these issues by relying on different formats, such as roundtables, prizes or recognitions to distinguished entrepreneurs. These initiatives are especially targeted to small and medium enterprises, which constitute the 'fabric' of the Italian entrepreneurial system. The National Association of Animal Feed Manufacturers, Assolzoo, has recently developed a project in collaboration with the European Union PEFCR (Product Environmental Footprint Criteria Rules) that aims to develop a methodology to measure the environmental footprint of the industry.

Within the general business environment, we include also governmental incentives, such as those granted to companies investing in green or power saving technologies. These incentives influenced the investment choices of the company. In 2015, the company bought a photovoltaic system that enables to supply 10% of the yearly demand for power.

At the industry level, the animal feed industry is under pressure by both consumers and regulatory authorities in Europe since 1996, when Bovine Spongiform Encephalopathy (BSE) crisis was linked to the inclusion of mammalian meat and bone meal (MBM) in ruminant feed. BSE infected meat was associated with Creutzfeldt-Jakob Disease in humans, and thus posed an enormous risk in the food chain. The European Union initially suspended the use of MBM and in 2001 banned it from animal feed altogether (Coffey et. al., 2016). The 1996 crisis made very clear that there is a strong linkage between what animals eat and food safety for people. The presence of potential hazards in animal feed can enter the food chain and impact human diet. Consumers are increasingly more selective in purchasing meat, dairy products and eggs, questioning what the animals eat and how they are kept. The feed mill is now considered an integral part of the whole food chain and consumers want to know what feedstuffs go into the animals they consume.

As for stakeholders who span the institutional- and management-level factors, both in interviews and archival documents, the term stakeholder was recurrent. In the present case, we rely on the triple P classification: people, planet and profit. Based on our data, under the banner 'people' relevant stakeholders for the company under investigation include employees, customers, local community and the family. Under the banner 'planet' the company places the environment and the well-being of animals. Under the banner 'profit' the company includes the family's interest to ensure continuity by pursuing profits. Specifically, IFAF appears particularly concerned with employees' well-being and local community development. This is in line with previous research (Jenkins, 2009) highlighting HR engagement as crucial to successfully implement CSR choices. As employees at IFAF live all nearby, attending to their well-being as well as the local community is a means to ensure their cooperation and contributes to diffuse the CSR culture across the company.

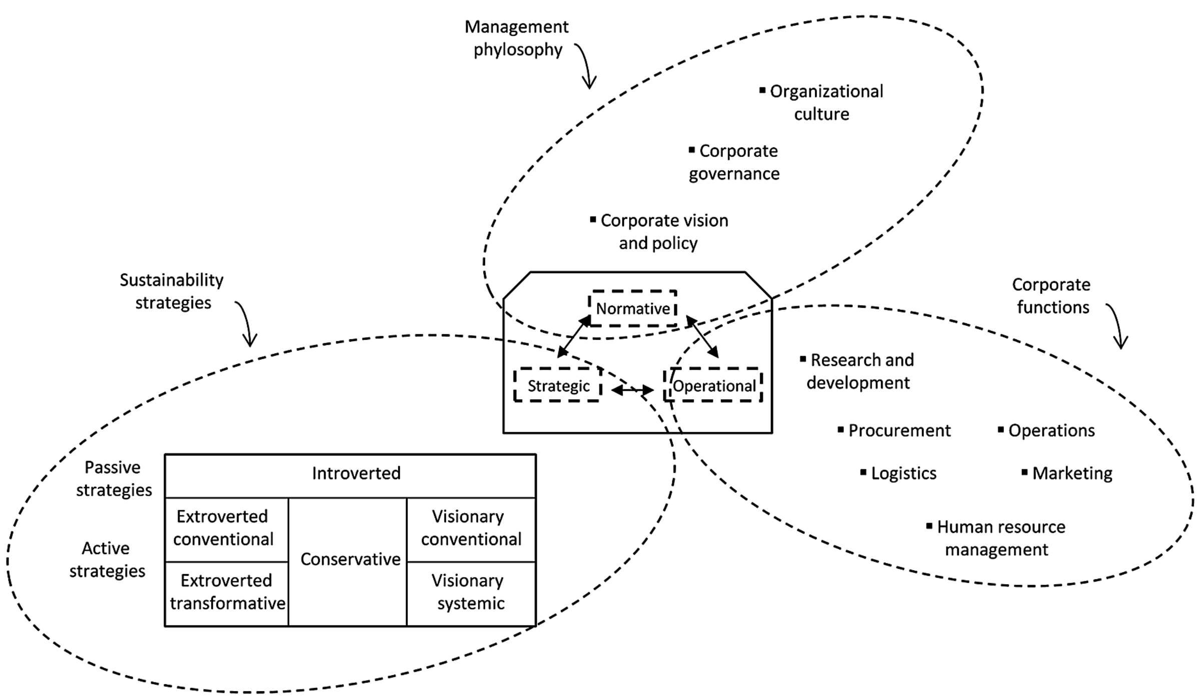
The protection of the environment seems to be a primary reason for investing in alternative sources of power (photovoltaic power). Customers' stakes are attended by offering a product that is safe and healthy for animals and eventually for people. Family and profit are both means and ends in this agenda. Family interests are protected by pursuing a profit, still family values are essential to balance self- interests and societal concerns. In the next section, we analyze how these stakes are given consideration at different management levels of decisions.

Management Levels of Decisions

In this subsection, we examine the second building block of our framework, which comprises the normative, the strategic and the operational level of decisions. These elements are visualized in figure 3.

IFAF normative level of decisions is particularly important to understand the responsibility and sustainability program. Being a small family firm, the two siblings' vision deeply influences the conduct of the company. One of the owners, Mark, painstakingly promotes responsibility and sustainability values, which infuse the strategic agenda. He is currently responsible for the local chapter of Confindustria, and during his mandate he has been given frequent talks about sustainability and responsibility from family businesses. Additionally, he has been himself awarded as a responsible entrepreneur. All these initiative have also a symbolic meaning to his competitors, employees and customers. In his view, profit and responsibility (for people and planet) go side by side and cannot be disentangled. Ethics is not considered as an unnecessary burden, but as a guiding principle at both the strategic and operational level. Profit feeds responsibility and vice versa. People, planet and profits are the pillars of company vision. The governance model enables to reinforce these three pillars as the company is perceived as a family or a community of friends with the two owners acting as *primi inter pares*.

Figure 3. The management levels of decisions
Source: Authors' own elaboration



At the strategic level, these guiding principles becomes strategic decisions, and enter the strategic agenda. People, planet and profits are all strategic goals. People represent an overarching stakeholder, under which we find suppliers, customers, employees and the local community. Customers are given an important consideration by setting high quality production standards. This is achieved by improving recipes through the collaboration of research centers and university departments. Specifically, improvements in quality of animal feed is the outcome of intense R&D investment and collaboration with external partners. High quality animal feed is also guaranteed by a thorough certification system and by attention to raw materials. By doing this, IFAF eventually reassures final customers about the quality of the meat they buy and eat. R&D and production, as we will see below, represent key functions at the operational level of analysis.

People also include employees. The company recruit employees from the nearby area, thus reinforcing the relationship with the local community. Besides the well-being and career opportunities the company grants to actual employees, it is important to outline that opportunities are also given to prospective employees. By internships and temporary positions, the company contributes to secondary schools and university educational programs. This eventually strengthen the cv of students enrolled into such initiatives or programs, such as ‘Alternanza scuola-lavoro’, a project that brings students from secondary schools into companies to develop a small project, or pre- and post-graduate internships that provide a training on the job and additional learning opportunities.

Local community enters the strategic agenda being the target of several initiatives that aim to promote the development of the area in several ways. To promote the importance of conducting a healthy lifestyle, IFAF is the organizer and the main sponsor of a 10-km running race. Promoting human health is the main reason driving the donation of defibrillators to the local chapter of the Red Cross. The company also sponsors grants to pupils from secondary school with high score in mathematics.

Planet is also a major issue in the IFAF strategic agenda. Ensuring animals’ well-being offering a healthy and safe animal feed testifies the commitment of the company in animal caring. Additionally, reducing power consumption and waste were key motives for investing in alternative sources of power and complying with the environmental quality system.

The operational level is essential to translate vision and strategic goals into company outcomes. As specified above, R&D, production and procurement are key functions to fulfill the aim of offering animal feed ‘healthy, safe and sustainable’. Being a small company, IFAF relies on collaboration with external partners to continually improve the animal feed quality. Partnerships with universities and research centers enable the company to stay on the cutting edge of the research in the field. Internally, procurement ensures a careful selection of suppliers and eventually the quality of raw materials while through certification and total quality systems IFAF actually controls the production process. Specifically, the internal laboratory for quality control randomly checks raw materials and monitors the compliance with standards along the production process (UNI EN ISO 9001, UNI EN ISO 14001, EMAS, IEA).

DISCUSSION AND RECOMMENDATIONS

The case study presented in this chapter reveals the joint influences of external and internal factors. Our findings show that responsibility and sustainability can be pursued along with profits. People and planet enter the strategic agenda of the company under investigation as well as profit. These stakes feed each other in a virtuous cycle. Additionally, the case study illustrates the peculiarity of the animal feed industry where animals' wellbeing is conducive to people's wellbeing. If animal feed is healthy so is meat that we buy in stores or eat at restaurants. These stakes are not divergent but convergent. This case also illustrates that pursuing a responsible and sustainable agenda is not the prerogative of multinational companies but is compatible with small size and the family trait. In this latter circumstance, engaging into partnerships with stakeholders is essential to fulfill these goals. Findings also illustrate that the family trait and the small size do actually help the company to pursue multiple aims and outcomes. IFAF is particularly concerned with the economic and social development of the geographical area the company is located into through multiple initiatives, as described above. These initiatives testify to the company's enduring commitment with the involvement of suppliers, customers and research centers.

Limitations and Implications for Research and Practice

Our study has several limitations, which also offer opportunities for further research. First, methodologically, our findings derive from a single case study. Our choice was driven by the exploratory nature of our research question (Siggelkow, 2007). While we have begun to uncover the interplay among institutional and company factor to understand the variety of CSR choices, further theoretical reasoning is necessary to develop propositions and testable hypotheses, opening the way to larger-sample research. An alternative would be to conduct multiple case studies such as a case survey analysis, (see Larsson, 1993). Second, we do not account for tools the company employs to engage with stakeholders, from mapping their interests to addressing their stakes. Additional research is needed to account for CSR choices from a process perspective.

Our findings offer also important practical implications. From a managerial perspective, insights from our case study points toward the importance of balancing stakes, which means that planet and people's stakes are attended along with, not at the expense of, profit and family's stakes. This is a slightly different version of the business case for responsibility and sustainability initiatives. Our framework is particularly helpful to identify such relationships showing how the two building blocks and associated elements interrelate each other. These considerations offer other important managerial implications. Socially responsible behaviors or sustainable choices should not be confined to the realm of discretionary choices, rather they can be fruitfully incorporated within the strategic goals. This sheds new light on the referred ambiguity of e the relationship between CSR or sustainability choices and financial performance: the relationship should not be conceived as yes or no, rather how CSR and sustainability can be developed jointly., Engaging stakeholders is important for long term survival and success.

CONCLUSION

CSR has been traditionally investigated in large corporations. However, there is an increasing body of studies that aim to detect variation of CSR practices across companies and contexts. On one hand, family companies represent an important research setting to investigate how family issues explain variation in CSR choices and practices. On the other hand, different institutional contexts influence the way responsibility issues are translated into practice. In this study, we further the understanding of sources of heterogeneity in CSR choices across companies and contexts by offering first hand evidence about an

Italian small family company operating in a relatively understudied industry: the animal feed one. We innovate existing literature by analyzing the responsibility and sustainability choices as shaped by both institutional and company factors.

NOTE

Both authors contributed equally and are listed in alphabetical order.

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Chapter 19
Influence of Internal Corporate Social Responsibility on Employee Retention With Special Reference to the Apparel Industry in Sri Lanka

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EXECUTIVE SUMMARY

Employee retention is emerging as a critical issues impact on the competitive advantage. Internal corporate social responsibility (CSR) has been creating so much attention in the minds of employees during the recent years. Thus, the chapter is based on three objectives: First, it explores the relationship between internal CSR and employee retention. Second, it identifies how intrinsic motivation mediates the relationship between internal CSR and employee retention. Finally, it determines the internal CSR activities which the apparel industry should pay more attention to in order to better employee retention. Primary data were collected by using questionnaires, and the results of the study indicated that there is a positive relationship between internal CSR and employee retention. Moreover, intrinsic motivation partially mediates the relationship between the internal CSR and employee retention. The findings of the study identify the internal CSR activities which the apparel industry should pay more attention to in order to develop retention programs in the future.

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BACKGROUND OF THE STUDY

Human Resource Management (HRM) is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic development of a highly committed and capable workforce, using an array of cultural, structural and personal techniques (Storey, 1995).An organization cannot build a good team of working professionals without good Human Resources. Organizational success comes from the skilled and creative employees who are able to satisfy customers and make a different from other competitors. Retaining the best possible human resource is a big challenge in today's competitive employment environment. Employee retention has become a very prevalent and current issue for HR professionals and researchers around world and it is emerging as one of the most critical issues of workforce management challenges of the immediate future. Thus, studies carried out by Newman, et al.(2014); Porter and Mark, (2011) identified that employee motivation and employee retention is still a threatening challenge for many organizations. Moreover, studies carried out by researches identified that what attracts employees is good salary but other factors also influence the employee's choice of organization selection. Hence, organizations should pay their attention to provide required facilities for their employees to retain them with them in the long run.

Furthermore, it is important for both company owners as well as the management to pay attention on streamlining their strategies to retain and motivate their employees. At present Corporate Social Responsibility (CSR) is being regarded as one of the basic elements of gaining competitive advantage in market place. It is worth noting that the definition of the Corporate Social Responsibility is quite vague as well as complex as many authors have been striving to define the same as per their own set of viewpoints. Many authors have pointed out that the Corporate Social Responsibility is a mechanism through which the companies are striving to realize its social responsibilities. But much of the confusion have been stemmed as a result of the efforts in identifying and clarifying what type of activities do come under the category of Corporate Social Responsibility. These arguments have led to the emergence of the models of the Corporate Social Responsibility that have been adopted by many authors in explaining how the companies should develop its Corporate Social Responsibly achievement in order to cope up with the real requirements of the society. Moreover, Corporate Social Responsibility should include activities that are voluntarily adopted by the companies in order to demonstrate their commitment towards the well - being of the respective societies within which they operate in to the longer term. Thus, CSR should focus about both external as well as internal stakeholders in the organizations to sustain in the highly competitive industry. Therefore, Impact of Corporate Social Responsibility activities has had tremendous power over many business areas such as HRM, marketing etc. and it is important for organizations to pay attention on restructuring their Corporate Social Responsibility activities which will make them more competitive in the eyes of the society as well as employees.

Apparel industry is considering as one of the biggest industries in Sri Lanka, and it plays a key role in advancing the country's economy. The apparel industry of Sri Lanka accounting for about half of the country's total exports, and Sri Lanka is among the top apparel-producing countries in the world relative to its population. Based on the studies carried out Embuldeniya (2015) identified that there is a positive relationship between Apparel Industry and Economy of Sri Lanka and therefore the research has found that the Apparel industry is able to make an impact on economy of Sri Lanka. According to BOI data, by 2002, the island's textile and garment sector accounted for six percent of GDP, 30 percent of industrial production, at least a third of the manufacturing workforce, more than half (52%) of total exports and just over two-thirds of industrial exports. Studies carried out by researchers identified that

Apparel industry provides fair remuneration package as well as other benefits to the employees than other industries. Even though there is high turnover rate which has been recorded in apparel industry in Sri Lanka. According to the data about absenteeism and turnover, the garment sector has recorded average labour turnover rates of around 55% per annum, with the highest rate of 60% being recorded for factories in the western province (Kelegama & Epaarachchi,2003).Furthermore, the studies carried out by LiyanageD et al.(2014) identified that employee turnover is very high in apparel industry in Sri Lanka therefore employee retention and employee motivation is still a threatening challenge for Sri Lankan apparel industry.

PROBLEM STATEMENT

Employee retention is emerging as one of the most critical issues of workforce management challenges of the immediate future. According Backhaus and Tikoo (2004) companies most important assets is corporate branding. Kunerth and Mosley (2011) states branding can be used in order to attract new employees and to retain currently employed as a part of Human Resource Management (HRM) members of the firm. Research carried out by Backhaus and Tikoo (2004); Punjaisri and Wilson (2007) all goes on to show companies have realized the importance of attracting skilled employees and retaining them.

Social and environmental consciousness of the firm is referred to as Corporate Social Responsibility (CSR). Orlitzky, Schmidt and Sara (2003) identified CSR as a macro-level activity which leads to macro level consequences. Margolis, Elfenbein and Walsh (2007) addressed CSR as economic approach and considered as the relationship between firm social performance and firm economic performance. Stancu, Grigore and Rosca (2011) viewed CSR as an organizational-level construct and it provides a socially positive image to both public and internal staff. Nowadays many organizations use corporate social responsibility strategies in order to improve the brand image of the organization (Newman et al.,2014) and employee retention. Corporate social responsibility has been creating so much attention in the minds of the public and media during the recent years. Impact of corporate social responsibility activities has had tremendous power over many business areas. According to the nature CSR activities divided in to firms internal and external CSR activities. Internal Corporate Social Responsibility practices refer as employee oriented CSR activities which are directly related to the Physical and psychological working environment of the employees which concerning their health and well-being, their training and participation in the organizational activities equal opportunities and also the work life balance (Turker, Measuring Corporate Social Responsibility: A Scale Development Study, 2009).Therefore nowadays not only for public things but also in order to maintain internal staff satisfaction and retention organizations using CSR as a strategic weapon (Bhattacharya, Korschun, & Sen, 2008). Researcher focused about the internal CSR activities done by the organizations in order to retain their employees. At present it is being regarded as one of the basic strategy to retain the most talented workforce within the organization.

According to the studies carried out by LiyanageD., et al.(2014) identified that employee turnover is very high in apparel industry in Sri Lanka and it is one of the biggest industry in Sri Lanka which include 15% of total workforce in Sri Lanka (Department of census and statistics) Therefore it is important for both company owners as well as the management to pay attention on streamlining their corporate social responsibility activities which will make them more competitive in the eyes of the employees. The significance of Corporate Social Responsibility (CSR) in the context of employee retention is relevance today than ever before. Hence there is ample of literature available on CSR of business organizations.

Deci and Ryan (2008) defined intrinsic motivation as the doing of an activity for its inherent satisfaction rather than for some separable. Intrinsic motivation has been a topic of growing interest in the developmental robotics and reinforcement learning communities in the recent years (Barto, 2004; Oudeyer, 2007). There are number of researches regarding job satisfaction, turnover intention, organizational commitment of the employees in the context of apparel industry in Sri Lanka (Mitchell & Lason, 1987), (Robbins, 2003), (Locke, 2001) but there is no any sufficient study available how CSR is influence on employee intrinsic motivation in order to retain in the organization. However, there is only limited number of researches are available to identify the impact of CSR on employee retention with the use of intrinsic motivation as a mediator. Therefore, drawing from this knowledge gap as well as there is no any research in Sri Lankan context researcher identify an empirical gap.

Hence from the observation and literature survey the researcher asked a main research question in order to find the answer that is "Does corporate social responsibility programs influence on employee retention process?" Studies carried out by researches have revealed that corporate social responsibility (CSR) activities act as a key incentive, used to motivate employees by companies. Heslin and Ochoa (2008); Aguilera (2007) found that employee turnover and CSR positively impacts, staff recruitment, job satisfaction, employee loyalty, commitment and retention. It is said to provide psychologically positive impact to employees and tools to improve motivation. There is no any research which focused about the intrinsic motivation as a mediator and its relationship with the CSR practices and employee retention process.

Based on the primary research question researcher try to give answers for How CSR influence employees' retention through intrinsic motivation? What are most suitable CSR practices for apparel industry for employee retention? As the secondary research questions.

LITERATURE REVIEW

Impact of Corporate Social Responsibility on Employee Retention

Number of researchers have identified the importance as well as the effect of CSR on the employee satisfaction and employee retention. This have been discussed in stakeholders theory by Freeman (1984) He argued that corporate social responsibility is about identifying and managing a relationship with key stakeholders who include individuals and groups with similar interests in a particular organization. Stakeholders therefore form a link between the strategic objectives of an organization and the expectations of society (Whetten, Rands, & Godfrey, 2002). It has a role to play in treating its employees well, preserving the environment, developing sound corporate governance, supporting philanthropy, fostering human rights, respecting culture and helping to promote fair trade (Van-Marrewijk, 2003). The Commission of the European Communities (2006) defined CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis; while the World Business Council for Sustainable Development. Baker, (2004) defines CSR as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, the local community and society at large. Turker (2009) argues that there is a link between CSR and employee commitment which arises as a result of socially responsible activities by an organization. Phillips and Cornell (2003) identified various drivers of employee retention amongst them: compensation, appreciation and respect, a good working environment, career development and growth and an organizations communication culture. Dowling (2004) argued that corporate reputation is a perception of an organization by stakeholders including employees and it can be positive or negative. He adds that organizations concentrate on developing positive reputations by focusing on areas that are of interest to the stake holders: this in turn influences perception hence building of confidence and trust by the stake holders. Brammer, A, & Rayton (2007) identified a positive link between employee perceptions of external CSR activities and organizational commitment. They defined external CSR activities as the philanthropy, community contributions, and how the firm interacts with the external world, environment and stakeholders. Cropanzano R., Byrne, Bobocel and Rupp (2001) has described that employees react to not only their treatment by their organizations, but also the treatment of others by the organizations. Similar sentiments have been expressed by Becker, Cudmore, & Hill (2006) who argue that employees' attitudes about their organizations is dependent on how organizations reach out to others via CSR activities: as such, if employees perceive an irresponsible act by their organization they display a negative job attitude and behaviour. Frank (1996) through four separate studies demonstrated that employees were ready to settle for lower compensation just to work for an employer or organization that is perceived to uphold higher moral and social values. It has also been shown that socially responsible firms attract better employees (Greening & Turban, 2000;Turban & Greening, 1996) this happens because CSR acts as an indicator to potential job applicants that if an organization is socially responsible it is most probably a responsible employer too. Therefore, a good corporate social responsibility image captures a positive attention of not only current employees but also prospective employees (Turban & Greening, 1996). Over past two decades' business organizations started to identify the importance in including corporate social responsibility (CSR) components to the business strategies so that they can achieve sustainable development. This was recognized by Newman, et al (2014); Porter and Kramer in their studies. Organizations today are increasingly interested to find out their Corporate Social Responsibilities. Moir (2001) identifies they are eager to find the CSR impact in the society. This is the research finding of Moir for his article published under 'Winning with Integrity', 2002. Moir further stated that the core aim of the article is to find a way how the companies can measure their impact on the society. Article give 20 ways to improving Corporate Social Responsibility of a company (Business Impact, 2000). But what is corporate social responsibility? Why it is so important? 'World Business Council for Sustainable Development '(1999) tried to give a clear definition. (Bhattacharya, Korschun and Sen(2008) published a research paper to prove that CSR is an excellent weapon to win the competitive advantage and become market leader. They saw CSR as a challenge to the business which reaps superior returns such as positive attitude, behavioral outcome among consumers and employees. Bohdanowicz and Zientara (2008) argued that the companies are starting to be more ethical through social initiative by ensuring the protection of environment and extending the support to the community in order to extend their brand to wider audience, increase employee retention and gain competitive advantage. The Centre for Creative Leadership (2009) explored the question of CSR and impact of employee insight during its World Leadership Study. Findings from this study reveals how employee response to social responsibility initiatives. Accordingly, employer perspective of socially responsible behavior causes job satisfaction and result also shows that employees tend to use CSR initiative to assess the character of their organization and it will support them to create strong loyalty to the company and hence retain with them.

Apparel Industry of Sri Lanka

The export oriented production of clothing began in 1970 and expanded rapidly after the liberalization of the economy in 1977.When Sri Lanka liberalized its economy in 1977 East Asian garment exporters who were attracted by the country's liberal trade regime relocated their already well-established garment business to Ari Lanka due to low labour cost which ensured the production costs being low. This relocation encouraged local business community to commence its own garment enterprise to exploit markets guaranteed by quotas assisted by the liberal trade regime for importations and subsequently incentives granted by the Board of Investment of Sri Lanka (BOI) including tax holidays and other fiscal and non-fiscal concessions. (2013 Board of Investment of Sri Lanka).

Suring 1980s garment exports were growing rapidly and by 1986 garment exports accounted for the largest share of all exports (27%).In 12, the BOI offered an attractive incentive package to all apparel manufacturers to move in to the rural areas of Sri Lanka under 200 apparel factory programme which is considered as the turning point of the apparel industry in Sri Lanka. The Board of Investment was also able to start up 163 factories under the said programme by 1995. (Board of Investment of Sri Lanka, 2013)

By 1992, the garment industry has become the largest foreign exchange earning sector in Sri Lanka. (US$400Mn) overtaking the tea industry. By 2002, Sri Lanka's textile and garment sector accounted for 6% of the GSP, 30% 0f the industrial production,33% of manufacturing employment,52% of total exports and67% of industrial exports.

Apparel industry has an important place in Sri Lankan economy. It has become Sri Lanka's largest export industry since 1986. It is also the country's largest net foreign exchange earner since 1992.The apparel sector is the highest industrial employment generator and the highest foreign exchange earner. The total export income of the sector for the year 2011 was US$ 4.2 billion which equals to 39.6%. The export growth in 2011 is 24% year. (Central bank report, 2011)

Today, apparel industry occupies a preeminent position Sri Lanka. Producing high quality garments combined with an industry which is flexible and uniquely capable in servicing leading international brands such as Victoria's Secret, Gap, Liz Claiborne, Next, Jones New work, Nike, Tommy Hilfiger, Pink, Triumph, Ann Taylor, Speedo, Abercrombie & Fitch, Land's End, Marks and Spencer etc. Sri Lanka having established itself as a reliable supplier of quality garments at competitive price, also upholds ethical practices, thus being identified as a producer of "Garments Without Guilt" (Sri Lanka EXPO 2012)

According to the data about absenteeism and turnover, the apparel sector has recognized average labour turnover rates on around 55% per annum with the highest rate 60% being recorded for factories in the Western province (Kottawaththa, 2007). Internal Corporate Social Responsibility strategies has been identified as a retention management technique. Therefore, CSR can be used to overcome problem of employee turnover in apparel industry.

Absenteeism and the labour turn over are the major issues faced by the apparel industry in Sri Lanka and it highly affected when they try to meet their targets. This highly labour incentive major employer is facing big threat since after quota abolishment took place from 2005 and also even now margins are shrinking. Reduction of absenteeism and turnover plays important role in the apparel industry in order to survive in the highly competitive world apparel market under quota free situation. Based on the study carried out by Thushati (2008) identified absenteeism and labor turnover are serious threats to productivity and consistent quality, and therefore they must be maintained it at reasonable level.

Motivation

Motivation conceptually defined as reasons to why individuals take on certain activities. Studies carried out by Lincoln and Kalleberg (1990) identified that rewards offered by an organization can influence employee's attitudes towards job as well as organization they work in. Those rewards can be identified as intrinsic and extrinsic rewards. Intrinsic rewards are coming from the work itself like appreciation, challenge, sense of achievement, variety of autonomy etc. As well as extrinsic rewards are consider as tangible rewards like benefits, pay, security, promotion and working environment. According to the study conducted by Judge, et al (2010) by using meta-analysis of 120years of research and has synthesized that findings from 92 quantitative studies. The combined data set included over 15 000 individuals and 115 correlation coefficients. Based on this study, there is very weak (less than 2%) dependency between salary and job satisfaction. Furthermore, Study showed that "the average level of job satisfaction remains relatively stable across studies, regardless of the change in mean pay level." (Judge, Piccolo, Podsakoff, Shaw, & Rich, 2010). Gallup conducted study including 1.4 million employees from 192 organizations from 49 industries and from 39 nation's reports that no difference in engagement based on pay level (Gallup, 2011). The study shown that intrinsic rewards have greater impact on employee retention than extrinsic rewards (O'Driscoll, Michael, & Randall, 1999)). This conclusion was also confirmed by Cho and Perry (2012) research which showed that intrinsic motivates relates to employee engagement levels three times more strongly than extrinsic motivates. Lawler (1970) defines intrinsic motivation as the degree to which an employee is motivated to perform well because it will result in a good feeling and subjective rewards like feelings of growth, high self-esteem, competence, autonomy etc. Furthermore Deci and Ryan (2008)) defines intrinsic motivated activities as activities which a person does for no apparent reward but the activity itself or the feelings which results from the activity. He defined self-determination theory (SDT) together with Ryan in 1985.They identified that employees will be intrinsically motivated if their basic need for acceptance, relatedness and autonomy is satisfied.

According to Lawler (1973), an employee is intrinsically motivated to perform well as long as he/she expects that his/her job will provide the feedback he/she values. Furthermore, those findings fit well into the expectancy theory approach to motivation (Vroom, 1964). According to expectancy theory, people are motivated to work if they believe that their efforts in the workplace will result in the outcome they expect. Dirks and Skarlicki, 2009; Cho and Ringquist, 2011amplify in their studies that management need to deal with each employee one at a time, listening to, asking questions of and also working together one on one to effectively motivate and retain the employees with the organization. In addition, they identified that good management is the one that will help talented workforce find satisfaction in their work, and also satisfaction is the key to an employee's decision to retain or leave the organization.

Kelly Services survey based investigation on "Building a strong Employer Brand at all times for sustainable organizations" also revealed that employee branding leads to increase loyalties and retain skill people. Kellyservices.com.hk, (2014) have given the example of Google and its success in retaining employees and efforts taken to promote its name around the world. Gray (2004) have also given evidence and stated that many organizations have implement CSR into their daily routine in order to improve human resource management and community services in discussion with HotelsCombined.com (2014)). 65% of the top hundred companies in the world incorporate CSR statement in their marketing websites and annual reports according to research carried out by Holcomb (2007). According to Green. hotelscombined.com, (2014) there are number of occasions that unethical practice brings negative brand reputation for companies. Companies are starting to be more ethical through social initiative by ensuring the protection of environment and extending the support to the community in order to extend their brand to wider audience, increase employee retention and gain competitive advantage states Bohdanowicz and Zientara (2008).In contrast large companies who contribute high greenhouse gas emission, environmental pollution, labor misuse and breaching ethical practices such as tax frauds, accounting frauds have gained large negative image in the society according to Green.hotelscombined.com, (2014). Harwood (1996) shows there are number of occasions fast food restaurants damage their brand due to violation of CSR. As McWilliams and Siegel (2001) sees organizations cannot escape from CSR as it has become a major concern of the community hence they are expected to be efficient, profitable and keep stakeholders interest in the mind.

Summary of the Literature

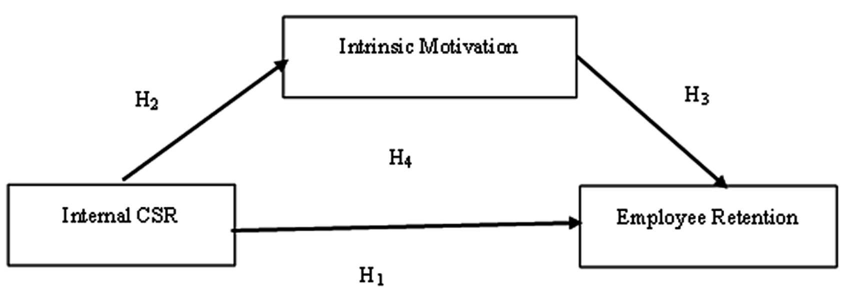
Long study of literature has revealed important findings on Corporate Social responsibility, employee retention and intrinsic motivation in apparel industry of Sri Lanka. CSR is important for an organization to ensure there is safe workplace, in the market place, in the social community they operate and natural environment around them. This means the actions of the company has direct or indirect impact on each of these entities.

The financial success achieved through respecting ethical values in the society last long. On the other hand, the latest concept of 'Strategic CSR' will help to reach the commercial goal while fulfilling their stakeholder desires. Other than the external CSR practices today organizations consider about the internal CSR practices to fulfil the satisfaction of their employees. According to the literature Sri Lankan apparel industry is one of the most critical industry in Sri Lankan economy but turnover rate of the apparel industry is considerably high. To overcome from this issue managers of apparel industry use many strategies to retain their employees with them in the long run. One of their strategy is practicing CSR in the organization. However, studies conducted by previous researchers have emphasized on the external CSR aspects and less attention has been paid to internal CSR practices of an organizations.

Conceptual Model

Shown in Figure 1.

Figure 1. Conceptual model
Source: Based on the review of literature



Research Hypothesis

Hypothesis One: There is a positive relationship between internal CSR practices and employee retention.
Hypothesis Two: There is positive relationship between internal CSR practices and intrinsic motivation.
Hypothesis Three: There is positive relationship between intrinsic motivation and employee retention.
Hypothesis Four: Internal CSR influence employee retention through intrinsic motivation.

RESEARCH METHODOLOGY

A sample taken as representative of top three apparel companies in Sri Lanka based on the Export Development Board (EDB), Industry Capability Report, 2015. The respondents consisted of 150 employees and respondents were selected using convenient sampling method.

Data collection was facilitated by a survey questionnaire with 5-point Likert scale statements.

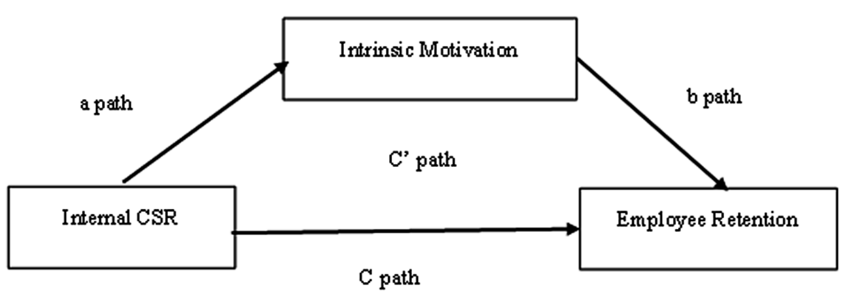
In order to measure the reliability involved in the research constructs, reliability test was performed to ensure the reliability of measures. According to that Cronbach's alpha value was utilized. As most of the literature widely cited that coefficient alpha exceeds the 0.70 level, the reliability of the measurements was achieved as recommended by Nunnally (1978). Hence, the reliability of the research constructs in the acceptable level as 0.757 in all the dimensions of the questionnaire.

Karl Pearson Correlation coefficient utilized to identify the relationship between variables as well as Baron and Kenny four step mediator analysis model employed to identify the mediating effect. And moreover, to identify the indirect effect of the mediator researcher used Sobel test analysis.

RESEARCH FINDINGS

The majority of the employees in this research sample were male employees (67%) and the age group 15 to 25 was the most frequent age category who are working in apparel sector in Sri Lanka (47.3%). Significant number of employees who are employed in apparel industry have less than 0-5 years' service experience and it is 76.7% of the sample. Majority of the employees included in survey were from the operational and middle level (89%).

Figure 2. Mediatorn analysis model
Source: Based on the Baron and Kenny mediation model (1986)



The mean of internal CSR (3.6) implied that Internal CSR variables is at high level. In the other hand the mean value of Employee Retention was 3.29 and it is in Moderate agree category. Furthermore, Intrinsic motivation represent the highest mean value of the distribution (3.35). When considering the overall mean values, it can be clearly recognized that there was not higher variation between those values.

The correlation results indicate the value as 0.575. It was identified that P-value of 0.000 was less than 0.05 level. Therefore, it proved that the high positive relationship between Internal Corporate Social Responsibility and Employee Retention by having higher correction value.

Mediator analysis results are summarized in below tables.

Based on the mediation analysis the first step is to assess the relationship between independent and dependent variables. According to the outcome of the regression model, Internal Corporate Social Responsibility variable indicates the status of significance ($p < 0.05$). The significance level is 0.569 Therefore according to Baron and Kenny mediation model c path is significant.

Second step is to assess the relationship between independent and mediate variable. According to the outcome of the regression model, Internal Corporate Social Responsibility variable indicates the status of significance ($p < 0.05$). Therefore according to Baron and Kenny mediation model a path is also significant.

According to the Baron and Kenny model the third step is to assess the relationship between dependent variable and mediate variable. Hence the outcome of the regression model, variables indicates the status of significance ($p < 0.05$). Therefore according to Baron and Kenny mediation model assessment b path is also significant.

Table 1. Regression analysis path c

Model	B	Standard error	t value	P value
Constant	1.269	0.241	5.266	0.000
Average internal CSR	0.569	0.067	8.549	0.000

Source:(SPSS, 2016)

Table 2. Regression analysis path a

Model	B	Standard error	t value	P value
Constant	2.133	0.206	8.209	0.000
Average internal CSR	0.406	0.072	5.653	0.000

Source:(SPSS, 2016)

Table 3. Regression analysis path b

Model	B	Standard error	t value	P value
Constant	0.835	0.229	3.665	0.000
Average intrinsic motivation	0.688	0.063	10.935	0.000

Source:(SPSS, 2016)

Table 4. Regression analysis path c'

Model	B	Standard error	t value	P value
Constant	0.133	0.239	0.555	0.000
Average internal CSR	0.353	0.060	5.854	0.000
Average intrinsic motivation	0.533	0.063	8.508	0.000

Source:(SPSS, 2016)

The fourth step is Conduct a multiple regression analysis with independent variable and Mediating variable in predicting dependent variable. Therefore, the relationship between independent, dependent and mediate variable is accessed by using multiple regression.

The tables summarize the results of mediator analysis and implies that Intrinsic Motivation mediate the relationship between internal CSR and Employee Retention at 0.05 significant level. The multiple regression models based on the Baron and Kenny four step model can be articulated as follows;

$ER = 1.269 + 0.569\ CSR + \mathcal{E}$ (path c)

$IM = 2.133 + 0.406\ CSR + \varepsilon$ (path a)

$ER = 0.835 + 0.688\ IM + \varepsilon$ (path b)

$ER = 0.133 + 0.353\ CSR + 0.533\ IM + \varepsilon$ (path c')

Portion of independent variable on dependent variable due to mediator = (c-c')/c

$$= \frac{0.569 - 0.353}{0.569}$$

$= 0.3796$

$= 37.96\%$

Table 5. SPSS Output of mediator analysis

Path	B (unstandardized coefficient)	Standard error	B (standardized coefficient)
C	0.569	0.067	0.575
A	0.406	0.072	0.421
B	0.688	0.063	0.668
C'	0.353	0.060	0.357

Source:(SPSS,2016)

Moreover, Sobel calculation illustrates the portion of Internal Corporate Social Responsibility on Employee Retention due to the mediating effect of Intrinsic Motivation it is 37.96% at the 0.05 significant level and the Mediator analysis and Sobel test identified that intrinsic motivation partially mediates the relationship between the Internal CSR and Employee Retention.

DISSCUSSION

Impact of Corporate Social Responsibility activities has tremendous power over many business areas. At present it is being regarded as one of the basic elements of gaining competitive advantage in market place. According to the studies carried out by researches identified that employee turnover is very high in apparel industry in Sri Lanka and it is one of the biggest industry in Sri Lanka hence it is important for both company owners as well as the management to pay attention on streamlining their Corporate Social Responsibility activities which will make them more competitive in the eyes of the employees. Therefore, the aim of this study is to identify the influence of Corporate Social Responsibility on Employee Retention with special reference to the apparel industry in Sri Lanka. However, there is only limited number of researches are available to identify the impact of CSR on employee retention with the use of intrinsic motivation as a mediator.

Based on the first objective of research the researcher has been identified that there is a high positive relationship between Internal Corporate Social Responsibility and Employee Retention with reference to the apparel industry in Sri Lanka as most of the literatures have stated in previously (Whetten, Rands, & Godfrey, 2002; Baker, 2004; Dowling, 2004). Bohdanowicz and Zientara (2008) stated that Companies are starting to be more ethical through social initiative by ensuring the protection of environment and extending the support to the community in order to extend their brand to wider audience, increase employee retention and gain competitive advantage in his study. Bhattacharya, et al. (2008) have shown that CSR had positive consequences on the well-being, pride, satisfaction, performance, and turnover intention of employees. Those past literature has supported to the findings of the study. In accordance with that when Internal Corporate Social Responsibility is increasing, there having a potential for increasing the Employee Retention in the apparel sector.

Second objective of the study was to identify the mediating effect of the variables. Therefore, the results of the presented model study support to conclude that Intrinsic motivation mediate the relationship between the Internal Corporate Social Responsibility and Employee Retention. On the other hand, the study carried out by O'Driscoll and Randall (1999) shown that intrinsic rewards have greater impact on employee retention than extrinsic rewards. Deci and Ryan in 1985 identified that employees will be intrinsically motivated if their basic need for acceptance, relatedness and autonomy is satisfied. Those findings also concluded that intrinsic motivation have high impact on the employee retention. Hence, the finding suggested that the Intrinsic Motivation partially mediate the relationship between Internal Corporate Social Responsibility and Employee Retention.

Many researchers (Bhattacharya, et al., 2008;Phillips & Cornell, 2003)) have also agreed and pointed out that employees find it very important for their employers to prioritize the requirements of their own before treating the rest of the stakeholders such as customers and the business partners. Based on these findings researcher identifies the Internal CSR practices which apparel industry pay more attention as adequacy of pay, career progress, self-satisfaction, work balance, work pressure as well as supportive working conditions as the third objective of the study.

PRACTICAL IMPLICATIONS AND RECOMMENDATIONS

The findings of the study are more practical oriented and they are important for the apparel companies in Sri Lanka to Improve their Internal Corporate Social Responsibility activities for better employee retention as well as those findings are helpful for the HR managers to make their decisions regarding their field. Hence, the study findings recommend the following;

What matters to most employees, as already being mentioned in the literature review section, is that the Corporate Social Responsibility programs that are being carried out or introduced by top and leading apparel companies in Sri Lanka. Therefore, apparel companies should provide adequate benefits for them and also it is very importance that the employees are treated well before the companies' top management is striving to treat the rest of the business stakeholders.

The requirements of the various employees are very much conflicting in nature and it is very important to notice that satisfaction of one of these requirements will naturally lead to the dissatisfaction of the other. Therefore, care should be taken by the company top management when deciding the Corporate Social Responsibility program in the future.

Internal CSR is influence on intrinsic motivation of the employees and then the employees become loyal to the company there by increasing the retention. Therefore, HR managers should take necessary actions regarding the employees to internally market the company.

Most of the female employees who are working in the apparel sector leave the organization after they get marry. The reason for this is the high workload as well as there is no any flexible time schedules for them therefore apparel companies should pay their attention to take necessary actions to retain the female employees with the organization in the long run by providing flexible work schedules.

METHODOLOGICAL IMPLICATIONS

Murungiestherkathure (2014) stated that there are further research areas with selection of mediators and more advanced statistical analytical methods to identify the relationship between CSR and employee retention. Therefore, researcher identified a methodological gap. Drawing from that gap researcher used advanced analysis methods such as multiple regression and mediator analysis to analyze the relationship between internal CSR and employee retention. Hence, this research contributed to fulfil the methodological gap.

LIMITATIONS, STRENGTHS AND AREAS FOR FUTURE RESEARCH

Limitations of the Research

First limitations with Research study is that the result cannot be generalized to an entire population. These research findings depend on only a very few employees of apparel industry and researcher selected only three garment companies in Sri Lanka So, the study may not be enough to generalize the findings.

Second limitation is that the researcher selected only the top three apparel companies in Sri Lanka therefore there are significant differences in findings when compare with the companies who are in lower rankings.

Third, researcher pay attention only regarding the internal Corporate Social Activities done by organizations because of the limited time.

Finally, the primary data gathered through questionnaire the study depend on the reliability of information given by the respondents. And other discussions with management was somewhat not reliable. They tried to hide some data from the researcher.

Strengths of the Research

Although the present study includes certain limitations it also provides some strong attributes. First, by using the mediator researcher able to give better understanding about the factors which highly influence on the Internal Corporate Social Responsibility. Besides, the response rate of the research is 100% and therefore the researcher able to cover the selected sample. Furthermore, researcher use Baron and Kenny model as well as Sobel test to give a better understanding about the selected mediator. Those techniques are more accurate to determine if the relationship between the independent variable and dependent variable has been significantly reduced after inclusion of the mediator variable.

Areas for Future Research

This research is only concerns about the Internal Corporate Social Responsibility activities carried out by the apparel industry in Sri Lankan context. So, future researcher should focus on the both internal and external CSR activities and how it influences on the employee retention.

Besides, this study was only concerned about quantitative approaches to analyze the findings Based on above limitation future researches can focused about a mix method to interpret the findings in depth.

Moreover, this research focuses one mediator and future researches can conduct the research by introducing more mediators and moderators to the model. As well as because of the limited time researcher focused about the top three apparel companies in Sri Lanka hence the findings can be change when consider about the apparel companies which are in lower rankings therefore future researches can focus about the apparel companies which are in lower rankings and can expand the sampling boundaries as well.

Furthermore, research gaps are created due to high unexplained variables such as external CSR and extrinsic motivation and also the Z value of the Sobel test is not coming under the Z table range ($P << 0.05$) and hence the other effects also can influence on the model. Therefore, these gaps also could be addressed through conducting relevant researches in these particular areas.

CONCLUSION

As being discussed in the literature numerous researches have identified the importance of the Corporate Social Responsibility activities to build up organizations reputation. Many scholars have pointed out that the Corporate Social Responsibility activities would be a vital internal marketing strategy to make a good impression on the employee's mind. Furthermore, the researchers argued that by adopting effective Corporate Social Responsibility practices organization can easily retain the employees in the long run as well as companies can attract potential employees towards them. Thus, as per the findings of the past literature Corporate Social Responsibility programmes conducted by the organizations would have a positive impact on Employee Retention.

Majority of the employees who have been participated for this research study are from operational as well as middle levels. Based on their opinions Internal CSR activities conducted by the organizations identified as the one of the major reason for employees stay in the long run. When it comes to the summary of the objectives, If the Internal Corporate Social Responsibility activities are practicing in apparel companies then their employee retention will very high as well as they can retain their employees in the long run. Furthermore, researcher identified that through internal CSR practices apparel industry able to intrinsically motivate their employees and it will lead to retain their employees in the organization. The results of those findings support to identify the Internal CSR practices which apparel industry pay more attention as adequacy of pay, career progress, self-satisfaction, work balance, work pressure as well as supportive working conditions as well. Hence apparel companies should pay attention to streamline their Internal Corporate Social Responsibility programs in order to Intrinsically motivate the employees and to retain their employees in the long run. Thus, the effective use of Internal Corporate Social Responsibility has resulted in leaving positive impact on the Employee Retention.

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