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Corporate Social Responsibility: Views from the Frontline

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ABSTRACT. This paper offers an evaluation of corporate policy and practice in respect of corporate social responsibility (CSR) deriving from an analysis of qualitative data, obtained during semi-structured interviews with the representatives of 16 companies from a variety of UK sectors including retail, mining, financial services and mobile telephony. The findings of the empirical survey are presented in five sections that trace chronologically the process of CSR policy development. The first identifies the meaning attributed to CSR by the respondent companies followed in the second section by the factors that are driving them to implement the CSR agenda. The third examines the use of the language of CSR and the concept's role as either a substantive concept or simple label. The fourth identifies the criteria used for determining CSR policies and the objectives underlying them. The fifth and final section offers an analysis of the respondents' predictions as to the future development of CSR. On the basis of the findings of the survey, this paper argues that, despite genuine attempts on the part of those responsible for CSR policy development to address stakeholder concerns, the context within which CSR has been implemented hinders its potential to offer stakeholders sufficient information by which to evaluate corporate performance in respect of CSR and the ability of CSR to operate as a meaningful and systematic constraint on corporate behaviour.

KEY WORDS: corporate social responsibility, stakeholders, corporate charitable giving, civil regulation, corporate responsibility

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Introduction

Despite 70 years of vociferous academic debate regarding the concept of 'corporate social responsibility' (CSR), it is possible to say, with certainty, that there exists no one universally accepted definition of the term (see Votaw, 1973; Whitehouse, 2003). While academics continue to debate the content and meaning of CSR (see, for example, Carroll, 2001; Waddock, 2001; Wood, 1991), however, many large companies appear to have found common ground upon which they have constructed elaborate CSR policies and practices. As Hester notes, while, " . . . there has been no general agreement as to the meaning of corporate social responsibility or how it should be implemented . . . businessmen enthusiastically have adopted the concept . . . " (1973, p. 25). The increased prevalence of CSR as a feature of corporate policy and practice during the last decade is made evident by a review of the literature of some of the largest companies in the UK. The inclusion of a few paragraphs within the annual report dealing with the non-financial aspects of the business has been replaced by the publication of glossy reports and a high profile presence on corporate websites of 'CSR' issues. The popularity of CSR among UK firms reflects to some extent the approach adopted by large companies within the US where CSR has been a feature of corporate practice since the 1960s. As Esrock and Leichty's analysis of a random sample of *Fortune 500* companies revealed, "90% had Web pages and 82% of the sites addressed at least one corporate social responsibility issue" (1998, p. 305).

This ability to implement policies founded upon a concept that remains ambiguous raises a number of questions regarding the definition employed by those who profess a commitment to CSR, why they have chosen to implement CSR policies, how they develop those policies and their value in terms of reducing the adverse impact of corporate activity. Moreover, in a regulatory regime that demands that companies make as much money as possible for their shareholders, tempered only by *ad hoc* legislation designed to protect the interests of certain stakeholders, how do companies tackle the apparent conflict between the duty to 'profit maximise' (see Parkinson, 1996; Roach, 2001) and the adoption of CSR as a fundamental and everyday feature of corporate practice? In an attempt to address these and other questions, this paper offers an evaluation of corporate policy and practice in respect of CSR founded upon an analysis of qualitative data, obtained during semi-structured interviews with the representatives of 16 companies from a variety of UK sectors including retail, mining, financial services and mobile telephony.

The paper begins with a brief review of the existing literature on corporate practice in respect of CSR followed by an account of the methodology employed in obtaining the data that forms the basis of this work. This is followed by an analysis of the findings of the empirical survey presented in five sections that trace chronologically the process of CSR policy development. The first section identifies the meaning attributed to CSR by the respondent companies followed by the factors that are driving them to implement the CSR agenda. The third examines the use of the language of CSR and the concept's role as either a substantive concept or simple label. The fourth section identifies the criteria used for determining CSR policies and the objectives underlying them. The fifth and final section offers an analysis of the respondent's predictions as to the future development of CSR. On the basis of the findings of the empirical survey, this paper concludes by suggesting that, despite genuine attempts on the part of those responsible for CSR policy development to address stakeholder concerns, the context within which CSR has been implemented hinders its potential to offer stakeholders sufficient information by which to evaluate corporate performance in respect of CSR and the ability of CSR to operate as a meaningful constraint on corporate behaviour.

Literature review

The literature available in respect of the concept of CSR is substantial (see, for example, Andriof and McIntosh, 2001; Carroll, 1991, 2001; Davis, 1960; Friedman, 1962; McIntosh et al., 2003; Sethi, 1970) but it is not the aim of this paper to offer a review of current thinking in respect of the concept; that task has been undertaken by other writers (see, for example, Garriga and Melé, 2004). Rather, in seeking to offer a unique insight into the formation and implementation of CSR policies by some of the UKs largest firms, this paper seeks to complement the findings of the existing literature on CSR *in practice* by highlighting and, in later sections, addressing questions that remain unanswered. To date, the existing literature has tended to focus on perceptions of CSR in relation to three groups, namely, consumers (see Drumwright, 1994; Mohr et al., 2001), investors (see, Hockerts and Moir, 2004), and managers (see, Das, 2005; Hemingway and Maclagan, 2004), located usually within the US. A survey undertaken by Mohr et al. (2001), for example, involving 48 in-depth interviews with consumers in the US, coupled with the use of secondary data sources (see Brown and Dacin, 1997; Creyer and Ross, 1996; Holmes and Kilbane, 1993), found that consumers desire more accurate information in respect of the CSR activities of firms, "Many respondents reported that it is difficult to use CSR in their buying decisions because they do not have enough information on what companies are doing, and they would have to work too hard to get it" (Mohr et al., 2001, p. 67). Perhaps unsurprisingly, they conclude by suggesting that companies should offer more information to consumers on CSR policies and that public policy-makers should seek to educate consumers on this issue (Mohr et al., 2001, pp. 69–70). The increase in corporate reporting on CSR by UK firms, alluded to above, may indicate that action has been taken in response to the findings of such research. The question remains, however, as to whether that information is sufficient in terms of quantity and quality to allow consumers to make an informed choice in their purchasing decisions.

The availability, within the public domain, of information relating to corporate CSR policies has become increasingly significant in light of the substantial growth in recent years of socially responsible investment (SRI). Defined as "a subset of broader investment theory, with the ethical component made explicit and expressly specified" (Guay et al., 2004, p. 126), SRI has become an increasingly common and potentially influential feature of investment in both the US and Europe (Guay et al., 2004, p. 128). As Sparkes and Cowton (2004, p. 45) note, SRI has transformed from an activity carried on by a small number of specialist investment funds into, "an investment philosophy adopted by a growing proportion of large investment institutions, i.e. pension funds and insurance companies". In addition to these institutions, NGOs also have the potential to influence CSR policies through their use of SRI strategies. As Guay et al. suggest, NGOs have become important players within the SRI community, "NGOs have opportunities to influence corporate conduct via direct, indirect, and interactive influences on the investment community, and that the overall influence of NGOs as major actors in socially responsible investment is growing . . . " (2004, p. 125). The result of this influence and the overall "maturation of SRI" (Sparkes and Cowton, 2004, p. 45) is that, "corporate executives need to take notice of their most powerful investors, and if those investors are embracing SRI in some way, social issues will inevitably find a significant place on the corporate agenda" (Sparkes and Cowton, 2004, p. 49).

In examining the relationship between SRI and the CSR activities of firms, Hockerts and Moir (2004) focus, in particular, on the role of investor relations officers (IROs) in communicating CSR issues to investors. Having undertaken interviews with IROs in 20 companies, the majority of whom were based in Europe, Hockerts and Moir suggest that SRI has had an influence on corporate practice in respect of CSR, "companies are beginning to realise the need for improved disclosure and reporting on social and environmental performance..." (2004, p. 95). The pace of change, however, according to Hockerts and Moir, will remain relatively slow for the reason that CSR issues will only gradually become a feature of 'mainstream' investment decisions. This contention is challenged by Sparkes and Cowton (2004) and Sethi (2005) who contend that SRI is already a feature of mainstream investment and, according to Sethi, should become the main focus for pension funds, "pension funds and other large institutional investors can play a crucial role in improving the overall quality of corporate conduct, i.e. make them SRI-appropriate, by taking a holistic approach to evaluating corporate performance from a long-term perspective" (2005, p. 114). Questions remain, however, regarding the influence of NGOs, the SRI community and mainstream investors on the CSR policies of companies within all sectors of the UK economy.

In terms of identifying managers' perceptions of CSR, Cramer et al. (2004) present the findings of an empirical survey involving 18 Dutch companies. In questioning how the representatives of these companies made sense of the meaning of CSR and communicated it throughout the company, Cramer et al. found that CSR was defined in a variety of ways by different respondents including a concern to extend its meaning beyond narrow environmental concerns and an attempt to balance "People, Planet and Profit and taking more responsibility for societal issues" (2004, p. 216). The potential for a variety of meanings to exist within different companies is explained, to some extent, by Hemingway and Maclagan's (2004) research. They use substantial secondary research (including Bigoness and Blakely, 1996; Swanson, 1995) to support the contention that the opportunity for individuals to exercise discretion within the decision-making processes of companies enables managers' personal values to impact upon CSR policies (Hemingway and Maclagan, 2004, p. 41). For this reason, they question whether CSR policies can be attributed to the company or to the individuals responsible for those policies and, therefore, "whether 'corporate social responsibility' is a misnomer" (Hemingway and Maclagan, 2004, p. 41). While they recognise that it may be difficult to distinguish between personal and corporate values and the influence which one may have over the other, their research does suggest that the individual moral concerns of managers may have a significant influence over corporate values. Nowhere is this more apparent than in relation to what has become known as the 'Chairman's pet project' (see, Barnard, 1997).

Much of the existing literature on CSR policies has tended to focus on one issue in particular, namely, the philanthropic activities of large companies (Minow, 1999; Smith, 1997; Wulfson, 2001).

The reason for this, according to Campbell et al. is that, "because charitable donations are measurable and may be intended for philanthropic or benevolent purposes that they may (*a priori*) be considered to be an analogue for a business's more general attitude to social responsibility" (2002, p. 30). Barnard however, argues, on the basis of examples taken from business texts, journalistic exposés and judicial decisions, that corporate charitable donations are not driven by the general aims of the company but rather, "by the personal preferences of highly placed executives. Executives' 'pet projects' have not disappeared" (Barnard, 1997, p. 1148). On the basis of this finding, Barnard contends that the ability of an individual to influence significantly the decisions of the corporation runs counter to the aim of maximising shareholder wealth, "corporate charitable gifts may be made without any regard to their impact on shareholder wealth, thus calling into question traditional corporate law norms" (Barnard, 1997, pp. 1177–1178). In response, she suggests that the board of directors must become more aware of and involved in the philanthropic activities of their companies.

Support for Barnard's view is offered by Minow who suggests that directors will not avoid liability for mistakes in judgement where they misappropriate, "the corporate assets for a pet project unrelated to the corporation's business" (Minow, 1999, p. 997). According to Minow, "companies should evaluate their charitable contributions exclusively in terms of documentable benefits to shareholder value and consider charitable contributions a part of the company's advertising and marketing expenditures" (1999, p. 1005). The question remains, however, as to whether the 'Chairman's pet project' exists currently within UK firms. Assistance in answering this question is provided, to some extent by Campbell et al. (2002) who offer an analysis of charitable donations within the UK over a 16-year period from 1985 to 2000.

The data upon which they base their findings was collected from the FTSE Allshare index and, while they admit that much of the data is presented in a largely descriptive manner (Campbell et al., 2002, p. 38), they do offer some commentary. In particular, their findings suggest that there was an acceleration in giving over the period 1986–2000 and that the reason for this was due to, "an increased self-awareness among companies of the way they are perceived by society and their role as social citizens" (Campbell et al., 2002, p. 39). As regards the motivational factors underlying such giving, including the personal values of influential managers, however, Campbell et al. failed to identify clear evidence in favour of any one single factor. The reason for this, they suggest, is that corporate charitable involvement,

> is not a strong proxy for social responsibility. It may be that so little effort is invested in decisions on the level of donations that studies seeking patterns and explanations are rendered vacuous. Further research in the decision-making processes behind charitable donations may shed some light on this (2002, p. 40).

In taking up this task, the empirical survey, undertaken for the purposes of this paper, sought the views of the respondents regarding the criteria employed in implementing philanthropic activities. It sought also to obtain qualitative data on how company managers justify CSR policies, such as charitable donations, in light of their apparent conflict with profit maximisation. Research on this area has been undertaken by Pava and Krausz, who suggest that four criteria are significant in evaluating the 'legitimacy' of CSR programs, namely, "local knowledge, the level of responsibility, shared consensus, and the relationship to financial performance" (1997, p. 337). In questioning whether, for example, IBM's revision of its principles in 1993, with a focus firmly on enhancing shareholder value coupled with recognition of employee and community interests, was 'hypocritical' in attempting to address both profit maximisation and CSR, Pava and Krausz suggest that these goals are not mutually exclusive for, "a sensitivity to employee needs is both good business and represents socially responsible behaviour" (1997, p. 346). In particular, they contend that a CSR project will be defensible to shareholders where it satisfies either the first three criteria or the last. While it would be 'ideal' if a project were to meet all four criteria, they suggest that, "no program will meet all of the criteria. In fact, our model specifically suggests that there is often a trade-off between the first three criteria and the last" (Pava and Krausz, 1997, p. 338).

While Pava and Krausz's criteria are helpful in identifying themes common to many CSR projects, their definition of 'legitimate' as equivalent to 'defensible to shareholders' assumes that shareholder interests trump all other interests, including societal interests. Many advocates of CSR would argue that, by its very nature, CSR demands that shareholder interests are not made paramount but rather, that stakeholder interests (see, for example, Jansson, 2005), or the 'public interest' (see, for example, Gamble and Kelly, 2000; Parkinson, 1996) must be brought to the fore. The meaning of 'legitimacy' cannot, therefore, be assumed but, Pava and Krausz's work does raise the question as to how those who implement CSR policies define and measure the 'legitimacy' of those policies. While Pava and Krausz seek to identify the criteria used in this respect, their use of secondary research data in the form of case studies of, for example, the tobacco industry and IBM, leaves open the question as to whether these criteria are relevant and useful to those who implement CSR policies in practice in the UK.

What this review indicates is that there is substantial research available in respect of CSR in practice but that several questions remain unanswered, these include:

1. Do consumers have sufficient information in respect of the CSR policies of different companies to make informed purchasing decisions?
2. To what extent do investors within the SRI community influence the CSR policies of UK firms?
3. Do UK companies determine and distribute corporate charitable donations according to the whim of senior executives or on the basis of a clearly defined strategy?

It is the aim of later sections of this paper to answer these questions within the context of providing an overview of CSR policy development within UK companies. It is necessary, at this stage, however, to offer a summary of the methodology employed in obtaining the data used in this paper.

Methodology

The qualitative data presented in the paper was obtained during a series of semi-structured interviews involving representatives of 16 UK companies. The aim of the survey was to obtain information relating to the practical implementation of CSR and in particular, the views of those at the forefront of corporate policy development. In deciding which companies to contact, the aim was to obtain data on CSR polices that had the potential to impact upon the greatest number of stakeholders across a range of sectors. The decision was taken, therefore, to approach large, often multinational, corporations who professed a commitment to CSR and were market leaders in their sector. On this basis, 16 large public listed companies who had dedicated sections of their website to the issue of CSR or who were participants in the Business in the Community's *Corporate Responsibility Index* (BitC CR Index) were contacted. Of these, 6 agreed to an interview. Shortly after these interviews took place, a further 18 companies were approached and 10 agreed to an interview. The respondents who participated in the survey were representatives of the following companies (One respondent requested that all references to the company be removed, therefore, only 15 companies are listed here):

Associated British Ports (Shipping)	Marks and Spencer (Retail)
Aviva (Financial Services)	MORI (Research)
Barclays Bank (Financial Services)	National Grid Transco (Energy)
BHP Billiton (Mining)	BP (Oil)
Woolworths (Retail)	Orange (Mobile Communications)
Jarvis (Engineering)	KPMG (Financial Services)
Rolls-Royce International (Engineering)	Standard Life (Financial Services)
Co-Operative Financial Services (Financial Services)	

The respondents who participated in the primary research study can be classified as members of the 'elite' which Marshall and Rossman defines as, "the influential, the prominent, and the well-informed people in an organisation or community" (1989, p. 94). In order to ensure that the interviews extracted as much relevant information as possible, it was important to ask broad and challenging questions which made full use of the respondent's knowledge of their organisation, their work and wider related issues. In order to achieve this goal, the 'semi-structured' interview technique was employed. May distinguishes the semi-structured interview in the following terms, ''These types of interviews are . . . said to allow people to answer more on their own terms than the standardised interview permits, but still provide a greater structure for comparability over the focused interview'' (1993, p. 93). The benefit of using the semi-structured interview, therefore, is that it allows for flexibility, a characteristic that is important in elite interviews.

The data obtained as a result of these semi-structured interviews was analysed so as to draw out convergence and divergence and particular recurrent themes. Following the analysis of the data, all respondents were asked to comment on the work, to verify the accuracy of the data used and to indicate their willingness to be cited. Of the 16 respondents, 8 agreed to be cited in full, seven agreed to be named at the beginning of the paper with quotes remaining anonymous and one requested the removal of all references to the company. In order to ensure a consistent approach throughout, the quotations referred to in the text concern only those respondents willing to be named. The remaining data is used as valuable background support.

The findings of the empirical survey

Conceptions of CSR

''You cannot talk about CSR without defining it''. (representative of Aviva)

The provision, by academics and policy-makers, of a variety of definitions of CSR, ranging from Friedman's view of the one and only social responsibility of business being ''to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game'' (Friedman, 1962, p. 133) to Carroll's (1991, p. 43) conception which encourages companies to obey the law, be profitable, be ethical, and be a good corporate citizen, has enabled companies to work within broad boundaries in terms of defining their own conceptions of CSR. Despite the variety of conceptions adopted by the respondent companies, however, a number of recurrent themes emerged, the most common of which was a concern to respond to the demands of stakeholders.

CSR as stakeholding

Introduced during the 1960s, it was not until the 1980s that the 'stakeholder perspective' became prominent within academic literature (see, Andriof et al., 2002, p. 12). Synonymous with the idea that ''companies *need not* and *should not* be operated solely in the interests of their shareholders'' (Ireland, 1996, p. 287), stakeholder theory attempts to identify those individuals or groups whose interests are deserving of recognition within corporate decision-making. In casting a ''critical eye over the radical potential of the stakeholding company'', Ireland (1996, p. 288) contends that the underlying assumption of stakeholding derives from the autonomy of the company. The separate legal personality of the firm and the existence of the 'separation of ownership and control' (see, Berle and Means, 1936), have freed corporate managers from the shackles of shareholder control and left them able, therefore, to consider other interests. Despite Ireland's concerns regarding the extent to which directors are really free to consider such interests, particularly in light of market and competitive pressures (Ireland, 1996, p. 305), the data provided by the respondents suggests that stakeholders exert, at the very least, a degree of influence over corporate policy and practice, as the representative of Associated British Ports suggested, CSR is about, ''managing our business with regard for all of our stakeholders not just the shareholders. Doing the best we can for all of our stakeholders and running our business for our shareholders''.

Despite New Labour's commitment to a 'stakeholding society' (see, Ireland, 1996, pp. 287–320), however, the popularity of the stakeholder concept within academic literature has waned since the late 1990s. This is due, in part, to the narrowness of the concept which demands that those affected by corporate activity must hold a 'stake' in the company and the difficulty of reconciling competing stakeholder interests. It is perhaps surprising, therefore, that the language of stakeholding is still so prevalent among the respondent companies. It may be assumed, however, that the ability to pinpoint particular groups as stakeholders and to consult with them regarding their expectations adds a degree of substance to the malleable concept of CSR and allows for the setting, measuring and reporting of specific targets.

The concern on the part of the respondent companies to have regard to the interests of stakeholders, however, raises its own conceptual and evidential difficulties. It necessitates, in particular, the drawing of boundaries regarding those who qualify as stakeholders and those who do not. In line with Robertson and Nicholson's classification, respondents defined stakeholders so as to include employees, consumers, the community, and the environment (1996, p. 102). While the majority of respondents tended to refer to stakeholders as a homogeneous group, one representative distinguished between an, "inner and outer circle of stakeholders. People that we touch directly and people that you don't necessarily touch directly but they have got huge power to influence people's perception of us."

This distinction operates in a manner consistent with Clarkson's (1995) typology of 'primary' and 'secondary' stakeholders. According to Clarkson, a 'primary stakeholder' group is one without whose continuing participation the corporation cannot survive as a going concern. Primary stakeholder groups typically are comprised of shareholders and investors, employees, customers, and suppliers, together with what is defined as the public stakeholder group: the governments and communities that provide infrastructures and markets, whose laws and regulations must be obeyed, and to whom taxes and other obligations may be due (Clarkson, 1995, pp. 105–107). Those individuals and groups who are capable of affecting the corporation or are affected by it but who, "are not essential for its survival" (Clarkson, 1995, p. 107), are classified by Clarkson as 'secondary stakeholders'. This category of stakeholder would include groups such as the media and special interest groups who, although not essential to the success of the company, "can cause significant damage to a corporation" (Clarkson, 1995, p. 107).

The importance of this distinction is that, according to Clarkson, primary stakeholders are deserving of the same degree of recognition within corporate decision-making as shareholders for the reason that both groups are essential to the survival of the company. While secondary stakeholders are important in this respect, Clarkson's objective is to indicate that while shareholders are not the only group worthy of managerial attention, the consideration of other non-shareholder interests should be focused upon the interests of primary stakeholders. The extent to which corporate decision-making takes into account the interests of primary stakeholders is examined in greater detail below.

Rounded definitions

The conceptions of CSR, adopted by the majority of respondents, offered a single focus for corporate CSR activity based upon meeting the expectations of stakeholders. For others, this perspective formed part of their conception of CSR but failed to encompass all of the responsibilities they considered to be inherent within CSR. Aviva, for example, have established a family of eight policies within its group CSR policy which include commitments to, standards of business conduct, customers, human rights, workforce, health and safety, suppliers, community and the environment. The representative of Rolls-Royce also made clear a commitment to a broader conception of CSR by distinguishing between behaviour and the impact of that behaviour,

> It's a two pronged thing; it is how we behave as a company and the way we impact on society, community and the environment. Are we a responsible company? Do we look after our people? Do we behave ethically? Do we conform to corporate governance issues? The impact side of it is how our activities impact on global communities and the environment.

While other respondents did not define CSR in such an all encompassing manner, it was clear from their answers to other questions and the literature they provided, that these factors would fall within their definition of CSR. The reason for this is that ultimately, all of the respondents were guided by the same fundamental concern which was to enhance or maintain the reputation of their company and thereby ensure its continued survival. As the representative of Jarvis suggested, "It's reputation in the bank so that if you do take a knock you're starting from up there rather than from down there. It is being seen as a company that people want to do business with." A view echoed by the representative of KPMG, "It will be a mix of values, reputation and cost efficiency. We would look rather crass if we were telling other people what to do and not practising what we preach.'' To this extent, therefore, the conceptions of CSR adopted by the respondents are consistent with Garriga and Melé's summary of the four main aspects of current CSR theories, namely, ''(1) meeting objectives that produce long-term profits; (2) using business power in a responsible way; (3) integrating social demands; and (4) contributing to a good society by doing what is ethically correct'' (Garriga and Melé, 2004, p. 65). CSR, as defined by the respondents, therefore, encompasses all issues that have the potential to impact upon the reputation of the company. For this reason, many of the respondents were keen to avoid more limited notions of CSR and in particular, to distance themselves from the historically prevalent view of CSR as equivalent to charitable giving.

CSR is not philanthropy

The move away from CSR as charitable donations was noted by the representative of KPMG, ''If you go back to 1995 and look at the report you'll see what was then the understanding of CSR so it was much more about philanthropic giving, so you would see white middle class people holding up cheques...''.The concern of the respondents to eradicate this image of CSR was explained by reference to four factors. The first is that philanthropy, with its emphasis on how money is spent rather than made, fails to add sufficient value to the reputation of the company among stakeholders.

Secondly, the amount of money donated to charity does not reflect the extent to which the company is socially responsible or, to use the definitions adopted by the majority of respondents, the extent to which the company is meeting stakeholder expectations. Thirdly, charitable giving may have an unexpected and adverse impact on the company's reputation. A number of the respondents offered Cadbury's 'chocolate wrappers for footballs' campaign as an example of how philanthropic activities can work to the disadvantage of the company. Cadbury's attempt to encourage school children to become more physically active by collecting chocolate wrappers in return for sporting equipment was considered unhelpful in the context of rising obesity levels among school children (see, Food Commission, 2003). Minow offers a similar example in the form of the US company AT&T, ''some charitable contributions are controversial. When AT&T responded to pressure form anti-abortion groups and withdrew its support for Planned Parenthood, the controversy only increased, with a shareholder resolution calling for the support to be reinstated'' (1999, p. 1004).

The final reason for the move away from corporate philanthropy as the sole determinant of CSR is the potential impact it might or might not have upon customers. In offering contradictory views, some respondents considered that their charitable giving failed to impact upon the consciousness of their customers while others considered that publicising philanthropic activities raised suspicions among the public in respect of the company's motives.

The respondents, however, were aware of a divergence in practice among different companies with some still defining CSR by reference to the amount of their charitable donations rather than any attempt to identify and respond to stakeholder concerns. While the respondents still considered philanthropic activities to be an important aspect of CSR, it was considered to constitute only one part of their overall CSR agenda. They also considered it important to direct charitable donations in a strategic manner rather than, as many companies still do, on an *ad hoc* basis. As Campbell et al. suggest, there exists a distinct, ''lack of a clear strategy for firms' giving'' in many companies (2002, p. 31). The potential for this to be the case was noted by a number of the respondent companies who were keen to avoid the difficulties associated with charitable giving determined according to the principle of the 'Chairman's pet project'. While some of the respondent companies admitted that aspects of their CSR strategy required further improvement, National Grid Transco, for example, indicated that improvement in strategic planning in respect of their £5–7 million a year in charitable donations was still needed, there was no evidence of the pet project syndrome.

It would appear, therefore, that the view of CSR as philanthropy no longer holds favour with some large companies and, ''gone are the days when business opened it purse took out a few coins gave it to something worthy and said run along and do good works'' (representative of Aviva). While the respondents were keen, however, to indicate that their policies had transformed from single-focused notions based upon charitable giving to versions founded on stakeholding, it became clear that use of the term 'CSR' was a relatively new phenomenon.

The development of the language of CSR

The journey from the implementation by the respondent companies of fragmented policies, concerning issues such as charitable donations, environmental protection and employee morale, to the use of the overarching terminology of CSR had taken place over the last 5 years, with the implementation of current conceptions of CSR having been undertaken, on average, for the past 3 years. This period may be considered relatively short in respect of a concept that has been the subject of vociferous academic and political debate since the 1930s. As some respondents suggested, however, the introduction of the language of CSR is simply part of an ongoing transitional process by which companies alter their policies and practices in response to stakeholder expectations. As the respondent of Aviva noted, "Society changes and business is a part of society and we observed in the early 1990s a fashion for environmental and ethical investment. So it's part of a very long developing trend." The evolutionary progress of the term CSR can be traced from the development of terms such as 'environmentalism' (see, for example, Drumwright, 1994) in the 1970s to 'sustainable development' (see, for example, Hopkins, 2002) in the 1990s and on to current conceptions of CSR. The relative distance between companies on this journey was reflected in the policies implemented by some of the respondents. Whereas, for example, one company decided in 2003 to appoint for the first time, a board director with responsibilities for CSR, another was seeking to refine policies implemented since 2001.

The decision to adopt the relatively new terminology of CSR over the last 3 years raises questions as to why these companies considered that move to be necessary. This is particularly pertinent when one considers that many of the policies implemented by the respondent companies have not been altered but have simply been relabelled under the heading of CSR, as the representative of Woolworths made clear, "Woolworths has been corporately social responsible since 1900. CSR is only a word that happens to have been coined in the last ten years . . . ". The reason for the move to 'CSR' policies, however, was explained by reference to a number of factors.

The drivers for CSR

The respondent companies apparent eagerness to behave and to be seen as socially responsible firms is being driven by a number of external and internal factors ranging from NGO pressure to a concern to 'do the right thing'. There existed among the respondents, however, one universal concern which was, to preserve or improve the reputation of the firm. As the representative of Rolls-Royce suggested, "everyone is in a competitive market and if companies reputations start to suffer because they are not doing what they should be doing then investors and customers will go elsewhere." The reason as to why reputation is now linked so intimately with the concept of CSR, however, is due to a number of factors, the most prominent of which is a perceived change in societal expectations regarding the role of companies within society.

The impact of perceived public values upon the activities of companies was made clear by the representative of Aviva, "societal expectations provide the backdrop for all that we do . . . 250 years ago it would have been normal to talk about slavery being a perfectly normal part of the business world. Would anyone speak for it now? Certainly not in public." The majority of the respondents indicated that 'society' in the form of customers, suppliers, employees and shareholders now demand that large companies behave in a socially responsible manner. This transition in societal attitudes has gained increased momentum as a result of the privatisation and deregulation of markets during the 1980s and corporate scandals including those associated with Nestlé, Union Carbide, WorldCom and others. It would appear, however, that the Enron scandal in late 2001, with its adverse impact upon societal faith in financial reporting and ethical business behaviour, had the most notable impact upon corporate attitudes towards CSR.

It is perhaps no coincidence, therefore, that many of the respondent companies had started to take CSR seriously following the Enron scandal. It is interesting to note, however, that these perceptions of societal expectations may not accurately reflect the views of the majority of customers, suppliers or employees. The extent to which consumers are aware of the concept and corporate practice in respect of CSR appears to be relatively low. Support for this view is offered by the annual survey undertaken by MORI into consumer awareness of Fairtrade certified products. Despite a year on year increase in the number of consumers who claimed recognition of the Fairtrade mark, only 39% of the general public indicated such an awareness in 2004 (Fairtrade Foundation, 2004). As Mohr et al. suggest, "Lack of awareness is likely . . . to be a major inhibitor of consumer responsiveness to CSR" (2001, p. 48).

Recognition of the concept of CSR also appears to be low among employees, even in those companies that profess a commitment to CSR. A survey, undertaken in October 2004 by the employment organisation Monster, found that 84% of employees who responded to the question, "What does your company do in the way of corporate social responsibility?", either did not understand the concept of CSR or were unsure if their company ran an active CSR programme (Monster, 2004). The findings of this survey were supported by the representative of Woolworths who suggested that, "It's one of the huge challenges, for something to become culturally embedded takes a generation." This is not to suggest, however, that employees do not have the ability to drive forward the CSR agenda. As was made clear by the representative of KPMG, potential employees are making increasingly high demands of their potential employer,

> The average age of the workforce is 28 and if you look at research done on expectations of graduates joining corporates today the top three values or attributes of an organisation are: a socially responsible employer, a commercially successful organisation and an environmentally responsible employer. So staff expectations either current or future are what drives it.

While the CSR performance of the company may be a priority for young graduate employees, the evidence, alluded to above, suggests that the majority of employees remain unaware of the CSR agenda. It would seem, therefore, that the respondents to this research may have 'misread' the degree of knowledge and level of expectation of primary stakeholders in respect of CSR. Their perception of societal attitudes, however, becomes explicable in light of the fact that certain groups, representing consumers and employees, are extremely well informed about CSR practices and can impact significantly upon the reputation of companies by encouraging the media to publicise examples of corporate misbehaviour, as Utting notes, "there is another force, other than state regulation, that is obliging business to act more responsibly. This has been called 'civil regulation', which involves changing corporate policy and practices through pressures from civil society organizations" (2000, p. 14).

While consumers and employees may be unaware and even disinterested in the CSR policies of particular companies, therefore, well publicised scandals such as Enron do have the capacity to impact upon societal attitudes by virtue of the actions of NGOs and consumer groups, as Guay et al. indicate, "the rising influence of NGOs is one of the most significant developments in international affairs over the past 20 years" (2004, p. 129). Contrary to Clarkson's contention, discussed above, that primary stakeholders should have the greatest influence over corporate decision-making, it would seem that secondary stakeholders have played a much greater role in the development of CSR policies. As Guay et al. suggest, "the emergence of NGOs seeking to promote more ethical and socially responsible business practices is beginning to cause substantial changes in corporate management, strategy, and governance" (2004, p. 129).

The impact of these 'opinion formers', however, was considered by the respondents to vary depending upon the sector within which the company operated. In respect of those companies that have the greatest potential to impact upon the environment and human rights, the power of NGOs was considered to be at its height, whereas those in the retail industry, considered that they had little to fear from such groups.

A similarly sector-specific driver for CSR and one which is becoming increasingly significant, is the pressure exerted by investors including, in particular, those within the SRI community. As with the ability of NGOs to influence corporate reputation, however, investors appear to exert a greater degree of influence within certain sectors. While many of the respondents, particularly those that were once publicly owned, were aware and responsive to the increasing influence of investors within the SRI community, others, particularly those within the mining and retail industries, considered that, while SRI investors were important, they formed such a small percentage of their overall investors that they had little potential to influence corporate policy.

While the respondent companies, to a large extent, have been influenced significantly by external factors, it is clear also, that in situations where such pressures might not exist, many still considered it appropriate to implement CSR policies. Those companies who operated in the 'business to business' market, for example, admitted that the main concern of their customers relates to the price and quality of the product rather than how that product has been sourced or manufactured, as the representative of Rolls-Royce made clear, "I'm not aware of any additional pressure from customers or communities to disclose on CSR issues. Customers are concerned with our products in terms of their reliability and quality. Communities are concerned about emissions from our factories." Despite the lack of pressure deriving from their consumer base, these companies continued to consider CSR to be an essential part of their business, as the representative of Rolls-Royce noted further, "in relation to community relations, our objective is to maintain good community relations because we recognise that we have a huge impact, here in Derby for example, we employ 10,000 people."

The reason made apparent by the majority of the respondents for the implementation of CSR policies where no apparent consumer pressure to do so existed is that CSR policies offer one method by which to gain competitive advantage, as the representative of Woolworths explained,

> at a time when companies find it increasingly difficult to differentiate themselves, we are all buying in the same markets, we are all buying at the same cost price, the ability to differentiate oneself through conducting ones business in a socially responsible way is another way that you can actually work it through.

More generally, respondents suggested also that CSR is, "a win-win situation because it is good for employee retention so why would we not do something that is good for our business. So it is in self interest" (representative of KPMG).

In light of the significant pressures faced and the benefits to be gained by companies in being seen to be behaving in a socially responsible way, it is not surprising that many large companies have, over the last 3 years, sought to publicise their commitment to CSR. The question remains, however, as to whether these companies have altered substantially their policies in pursuit of the furtherance of stakeholder and societal interests or whether CSR serves simply as a convenient label by which to reclassify pre-existing policies in the hope of mollifying vocal stakeholders. The suspicion that CSR may, for some companies, serve as a fashionable label rather than a substantive concept derives from the view, expressed by some of the respondents, that socially responsible behaviour has been a feature of their business for many years but that it is only in the last few years that the terminology of CSR has become popular among a growing number of companies. As the representative of Woolworths suggested, "there is a huge history and a huge heritage around it and that's why I get slightly impatient with people who think that corporate social responsibility has been invented in the last five years . . . ".

CSR: label or substantive concept?

The implication of the view, that CSR is a fashionable label by which to classify existing policies and practices, is that CSR offers nothing new to society in terms of substantial guidance on the objectives companies should seek to promote or the means by which to evaluate corporate performance in achieving those goals. The result of this situation is that, rather than achieving a consistent and systematic alteration in corporate behaviour, CSR has allowed companies to label *ad hoc* activities as 'socially responsible' and to gain advantage thereby. While these activities are not to be discouraged where they serve the interests of stakeholders, the conception that companies who attach to themselves the label of CSR are thereby acting in the interests of society does not necessarily follow. As McIntosh suggests,

> the company that is viable economically through its good use of financial, social and environmental

> resources may not be good for society. If the company then distributes some of its wealth through philanthropy, it does not necessarily make the company socially responsible (2001, p. 4).

Recognition of the potential for some companies to claim a commitment to CSR while ultimately not behaving in a 'socially responsible' manner was made evident by the views of a number of the respondents. The representative of Aviva, for example, had come into contact with companies who were seeking to take advantage of the CSR label without first committing to a genuine alteration in their behaviour,

> I had a meeting last week with a company that's just about to go into CSR clearly because everyone else has and the sheep mentality. They are asking all sorts of basic questions like how much does it cost? Now that is a giveaway because it immediately shows that this person doesn't quite know what CSR is because anything that you are not convinced of you see as a cost. Cost is merely spending money and if you spend money on anything that you think will grow in value you call it an investment.

Many of the respondents, however, indicated that CSR was an inherent and significant aspect of their everyday business, "We seek to make good CSR practice the DNA of our organisation . . . Anybody that joins our organisation at any level but especially at director level will be fully inducted in CSR" (representative of Aviva). Evidence to support the respondents' contention that they have altered substantially their policies as part of the CSR agenda is provided by a plethora of glossy reports and websites detailing the implementation and outcomes of schemes designed, for example, to improve education, prevent the spread of disease and reduce homelessness. It is difficult to identify from these sources, however, why these initiatives, in particular, were considered appropriate for implementation as part of the CSR agenda. For this reason, the respondents were asked to identify and explain the criteria employed in determining the types of activities undertaken in the name of CSR.

Criteria for determining CSR policies

The ambiguity surrounding the concept of CSR has allowed for the drawing of extremely wide and at times rather blurred boundaries as to the type of activity that constitutes socially responsible behaviour. Within this context, companies have wide discretion to determine the policies that they will classify as part of their CSR strategy but, why have companies decided to focus upon, for example, education in UK schools and helping the homeless?

As might be expected, a major factor in determining such policies concerns the definition of CSR employed by the particular company. For the majority of the respondent companies, CSR concerns identifying and responding to the demands and expectations of stakeholders. It is not surprising, therefore, that many of the companies spent considerable time and expense communicating with their stakeholders in order to arrive at policies consistent with this definition. As Pava and Krausz suggest, one way for a company to learn more about its responsibilities is through the activities of pressure groups and other interested parties, "groups external to the corporation may seek to educate the company about particular social responsibilities" (1997, p. 339). National Grid Transco's 'Framework for Responsible Business', for example, was formulated following the analysis of data obtained as a result of a survey of 14,000 employees and 2000 external stakeholders. Woolworths also implemented research involving customers and employees in 1999 to, "ascertain whether it should formalise what it had been doing in the community for the previous four or five years". The views of stakeholders, while important, however, were not considered to be the sole determinant of CSR policies.

The extent to which the respondent companies distilled stakeholder views so as to retain only those relevant to their business was made apparent by the representative of Aviva, "You can't do everything and there are certain things that are of much more immediate and obvious connection to what we do in our core business those are for us obvious choices. What we do is almost self-selecting." In addition to stakeholder views, therefore, a second factor was vital in determining CSR policies, namely, consistency with the core aspects of the business. As the representative of Rolls-Royce indicated, "we select charities that either we feel do things in areas which are related to our business, e.g. science teaching in schools. Why do we do that – because we think it's good for our business ultimately." While the pressures, from both internal and external sources, may account for the increasing trend, apparent among large companies, of classifying policies under the banner of CSR, the respondents made it clear that the objectives underlying these policies sought to balance the interests of both shareholders and stakeholders.

The underlying objectives of CSR policies

The decision, on the part of a large company, to implement policies which it believes satisfies its conception of CSR will be undertaken so as to fulfil particular objectives and in some cases, to achieve particular outcomes. The data provided by the respondents indicated that CSR policies have been tailored so as to achieve a hierarchy of objectives beginning, first and foremost, with ensuring the survival and success of the firm by maintaining or enhancing profitability. As Friedman suggests, CSR serves as one means by which to enhance profitability, "Given the attitude of the public at-large, one way for an enterprise to promote its profits is to profess to be socially responsible" (McClaughry, 1972, p. 8). In line with Pava and Krausz's contention that, "corporate decision makers need to evaluate carefully under what conditions proactive social responsibility programs can be defended" (1997, p. 344), all of the respondents indicated that any CSR policies had to be justified to the board of directors on the basis of a clear business need or benefit, as the representative of National Grid Transco suggests, "at the end of the day, you're giving away shareholders money so, you've got to be absolutely certain that there's a worthwhile business need, we're not here as an altruistic charity."

Underlying this ultimate objective are a number of related aims that reflect a general concern to satisfy stakeholder demands. The specific aims of CSR policies, noted by the respondents, included a concern to enhance or maintain employee morale and retention, customer loyalty and the company's reputation. As the representative of Woolworths indicated, "we want to make our employees proud to work in Woolworths, we want to make our customers well disposed towards Woolworths and we want to do things that are a natural extension of the core brand and strategy".

Added to these core objectives and considered by some respondents to be essential in their achievement, was the issue of the company's environmental performance. The inherent link between a company's environmental record and its ability to maintain its reputation and customer base was made clear by the representative of KPMG, "In terms of environment performance the ultimate goal is to do the most with the least, so to be the best that we can be in terms of our environmental performance and then that reflects back into our community performance as well." The potential for a poor environmental record to impact upon the reputation of the firm was recognised by the majority of respondents but others were aware also that measures designed to minimise adverse environmental impacts could also work to the advantage of the company, particularly in relation to the acquisition of lucrative government contracts. As Sarre et al. suggest,

> one might suspect that there could be enormous value in a government granting tax concessions or preferences in contract tendering to businesses and corporations who are able to show, through the use of agreed performance indicators, that they have reduced the possibility of risk and irresponsibility (2001, p. 310).

The concern to meet stakeholder expectations derived, therefore, not from a concern to further societal interests *per se*, but ultimately to maintain or enhance the reputation of the company. The attempt to justify the implementation of CSR policies by reference to the financial interests of the company reflects the current position as required by company law rules. According to the 'golden rule' of UK company law, directors are under a duty to prioritise the interests of shareholders, synonymous with the pursuit of 'profit maximisation'. Any attempt by a director, therefore, to prioritise the interests of groups other than shareholders constitutes a breach of duty. In order to reconcile this legal requirement with the definition of CSR adopted by the respondents, directors must, if they are to avoid shareholder complaints, ensure that any CSR policies and decisions are implemented in pursuit of profit or what has become more commonly known as 'enlightened self interest' (see, for example, Smith, 1997, p. 763).

This approach necessarily limits the extent of CSR policies to those which enhance the economic interests of shareholders. In response to the argument that there exists an inherent conflict between CSR and profit maximisation, however, Pava and Krausz contend that, "this view is needlessly restrictive" (1997, p. 346), a proposition supported by the majority of respondents who considered that no such conflict existed, "I believe that if you are enhancing the standing of your brand and the way that your customers and all of your stakeholders feel about it then I think actually, you are adding value to your company" (representative of Woolworths).

The need to show evidence of added value to the company before CSR policies can be implemented, however, presents a dilemma to those responsible for such policies. While it may be assumed that these companies benefit from the implementation of policies that enhance corporate reputation, evidence in support of that assumption is difficult to ascertain. The ethereal nature of many of the objectives sought by companies in respect of CSR, including issues such as 'reputation', 'loyalty' and 'morale', make the evaluation and quantification of benefits arising from such policies difficult if not impossible to achieve. As the representative of Aviva suggests,

> Alchemy is not dead, everyone is looking for the Philosopher's Stone, which is if we say these things about benefit streams then the next question is can you quantify it? Can you say how much of this relates to the bottom line. It won't be possible, it isn't possible at the moment.

The inability to identify with certainty the benefits arising from CSR policies is problematic considering that such policies have to be justified to the Board by reference to substantive and quantifiable outcomes, as the representative of Jarvis made clear, "People aren't going to shell out a lot of money for CSR because they're not sure what the benefits are." A view supported by Maignan and Ferrell who suggest that, "a large number of managers remain wary of committing resources to an activity which is not known to be associated with any specific market or performance gain" (2001, p. 457). All of the respondents, however, considered that, while benefits were difficult to measure, the decision not to adopt a CSR agenda would, without question, result in negative outcomes, "what we are very clear about is that if we are associated with the wrong type of business transaction then our clients would take offence at that" (representative of KPMG). This view is supported by Mohr et al. who, following a survey of consumers within the US, found, "a strong, consistently negative impact of unethical or irresponsible corporate behaviours, with this factor neutralizing or even dominating traditional purchase and retailer selection criteria" (2001, p. 52). It would seem, therefore, that while consumers may not be educated in the CSR policies of particular companies, they are influenced by well publicised examples of 'corporate misbehaviour'.

The difficulties encountered by the respondents in attempting to measure the outcomes of CSR policies, however, have been eased to some extent by the introduction of a number of indices designed to rate companies in respect of their CSR performance. Of the indices available, four ranked highly among the respondents. These were the BitC's CR Index, BitC's Environment Index, Dow Jones Sustainability Indexes and the FTSE4Good. The usefulness of these Indices as measures of corporate CSR performance remains open to question but the overwhelming view of the respondents was that they served three useful functions, namely, as a means of engagement, a form of reputational support and, a means of benchmarking.

The future of CSR

Having established current practice in respect of CSR policy development, the respondents were asked to offer their predictions as to the future development of CSR. The majority of respondents predicted a continuation of current practice with slight tweaks in respect of certain issues. The view that changes in the current practice of CSR would reflect a process of evolution not revolution was supported by the representative of Associated British Ports, "we are still in our developmental phase and we'll continue to take it forward. I don't think you're going to see a whole raft of new initiatives."

The view propounded by the majority of respondents that CSR will continue to move forwards, propelled by the voluntary activities of companies, has been questioned by Moore who suggests that there may be a limit to the progression of CSR, "there may be an optimal level of social performance beyond which the expenditures devoted to such activity detract from rather than contribute to financial performance. Thus there may be cost-benefit calculations to be made" (2001, p. 300). Pessimism in respect of the future progress of CSR was noted by the representative of Woolworths, who foresaw, but did not welcome, increased input by regulators,

> I fear that the legislators are going to get their hands on it, whether that's the Europeans or the British government. I think there will be legislation and I think that will be to the detriment of the CSR purists. That will have a negative impact on how people operate.

While the majority of respondents foresaw little in the way of fundamental change to current practice, three of the respondents had already implemented a substantial alteration in the terminology they employed. For these respondents, CSR's association with the issue of philanthropic activities had tainted its image and resulted in it becoming misrepresentative of the objectives underlying their policies. In an effort to move away from CSR as philanthropy, these respondents had adopted similar but new terminology in the form of 'corporate responsibility' (CR). The reason for this shift has been explained by the European Union's Committee on the Environment, Public Health and Consumer Policy,

> the term 'Corporate Social Responsibility' tends to locate the debate primarily in the social frame only and therefore inadequately addresses the importance of environmental sustainability; whereas the term 'Corporate Responsibility' appears to offer a more balanced formulation in this context (Committee on the Environment, Public Health and Consumer Policy, 2002, p. 18, para. E).

For these respondents, therefore, the use of the term CR was intended to reflect more accurately the aims of the company's policies and the expectations of stakeholders,

> We never use the 's' bit of CSR, we always use CR for the simple reason that when we merged with the Lattice Group they were much stronger than NG on community investment . . . but the CSR component for them was dominated by money going out of the door and that's not what we're about. When we did the survey of our employees community investment was seen as the lowest priority (representative of National Grid Transco).

The likelihood of CSR being replaced by CR as the term of choice has increased following its acceptance by the UK government. The previous Minister for CSR, Nigel Griffiths, in one of his first speeches following his appointment in October 2004, was keen to disassociate CSR from the single notion of philanthropy and to broaden its scope by making use of the term 'CR' which he defined as, "the alignment of business values, purpose and strategy with the social and economic needs of customers, while embedding responsible ethical business policies and practices throughout the company" (Griffiths, 2004).

While the move to CR might be welcomed as a move towards clarity, the adoption of new terminology without further elaboration as to its substantive content and meaning will fail to remove much of the ambiguity that persists in relation to CSR, as Hopkins makes clear, "a common and agreed set of terms would be very helpful in today's kaleidoscope world where concepts, especially in business, rain like confetti" (Hopkins, 2002, p. 1).

Conclusions and issues for further research

The findings of this research suggest that CSR reveals itself among large companies not as a uniform concept but as a variety of conceptions. For some companies, CSR derives from and is closely related to pre-established concepts such as stakeholding. For others, it concerns the manner in which they operate all aspects of their business and the extent to which that behaviour impacts upon the environment, their stakeholders and society generally. There existed, however, three unifying themes within the data. The first was a genuine commitment, on the part of those responsible for implementing CSR policies, to identify and respond to stakeholder expectations. The second was the desire to rid CSR of its image of corporate giving and the associated problem of the 'Chairman's pet project'. Attempts to achieve this included the publication of information relating to a wide range of activities classified as CSR and the strategic implementation of charitable donations. The third recurrent theme concerned the view of CSR as a relatively new and significant means of enhancing the reputation and financial interests of the company, thereby ensuring its continued survival.

The relatively recent introduction of the language of CSR and its apparently inherent link with corporate reputation derives from the significant pressure exerted by secondary stakeholders, most notably NGOs and the SRI community, although the ability of these groups to influence corporate CSR policies differs according to the sector within which particular companies operate. It is interesting to note that the respondents did not consider regulation to be a fundamental factor in deciding whether or how to implement CSR. While this is consistent with the UK government's preference for encouraging rather than compelling companies to adopt CSR (see Whitehouse, 2003), further research is necessary in order to evaluate the impact of regulatory measures upon CSR policy development.

Added to these external pressures are a number of internal drivers for CSR, including a concern to 'do the right thing', to retain customers and to motivate employees. The differing conceptions of CSR employed by the respondents, however, raises concerns regarding the ability of consumers and employees to make informed choices based upon CSR considerations. While this research indicates that, despite the publication of significant literature by the respondents in respect of CSR policies, awareness of CSR issues remains low among consumers and employees. The ability of these primary stakeholders to exercise informed choice, however, depends not on the quantity of information available to them, but the quality of that information. In order to compare the performance of different companies in respect of CSR, consistent and systematic criteria for evaluating corporate performance must be applied, a requirement that is undermined by the adoption of differing definitions of CSR and the use of alternative terms such as CR. The introduction of such criteria might also be of assistance to company managers who currently find it difficult to measure the success of their own CSR policies. The rating indices currently available may prove helpful in this respect but further research is necessary to determine the extent to which they offer accurate and valid comparisons between different companies in respect of their corporate CSR performance.

Recognition by the respondents of the need to adopt the language of CSR in order to avoid reputational damage means that CSR operates, in practice, as a shield, designed to fend off accusations of unethical behaviour, rather than a sword with which to tackle the adverse impact of corporate behaviour. The result is the implementation of, at times, *ad hoc* policies designed to address particular issues or enhance the reputation of the firm and a suspicion that, for some companies, CSR serves as a convenient label by which to appease powerful NGOs and investors rather than a genuine commitment to resolve stakeholder concerns. This use of CSR is perpetuated by the current legal position which demands that company managers prioritise the interests of shareholders above all others. Managers are required, therefore, to use CSR as one means of pursuing profit maximisation or, considering the pressure from secondary stakeholders, deterring the loss of profits. While the UK government has proposed reform of the duties owed by directors so as to take into account the interests of employees, consumers and the environment (Department of Trade and Industry, 2002, para. 2), the guiding principle of enhancing shareholder value remains paramount (Department of Trade and Industry, 2002, para. 2a). It would seem, therefore, that while managers, literally, cannot afford to ignore the issue of CSR, they can continue to define it in whatever manner best suits the interests of their company.

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