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Final Thesis

The Strategic, Organizational and Managerial Aspects in the Sustainability Communication with Stakeholders: The Centro Porsche Padova Case Study

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Abstract

The purpose of this thesis is to address the Corporate Social Responsibility (CSR) discipline from a strategic and communication standpoint, by suggesting a stakeholders-based approach whereby Centro Porsche Padova (CPP) could address and develop its own sustainability strategy approach.

The first part of the thesis has been dedicated to the analysis of the CSR discipline and its development over the years, as well as a forward-looking approach has been adopted in order to give the hints about where the current sustainability reporting discipline seems to be moving on. Then, the Freeman's Theory of Stakeholders has been recalled and, once provided the justification of its linkage with CSR, those studies serving as the theoretical foundation of the methodology have been revised. In particular, the priority was given to those studies investigating the two alternatives of CSR communication strategies, which respectively encompass an outside-in and an inside-out perspective.

The second part of the thesis has been devoted to the depicting of CPP's stakeholders in order to analysing their perception about the CPP’s sustainability strategy approach. The analysis has been conducted by using a semi-structured questionnaire, as an expression of the perspectives and fundamentals of CPP's sustainability strategy approach, by adopting an outside-in and an inside-out perspective. The resulting data have been analysed to derive the state of the art of sustainability expectations by CPP's stakeholders, which reveal if the perceptions of the internal stakeholders show some differences when compared to the whole stakeholder community.

Some conclusions and limits of the present work have been presented in the last part of the thesis, in order to show whether it has achieved the goal to address the stakeholders' view theory within the CSR prescriptions applied by the CPP’s approach.
1. Introduction

To talk over sustainability, has become an imperative for most of the organizations which aim at remaining competitive in a business world where making profit is not enough anymore. The social and environmental deterioration we have been assisting to, is probably one of the strongest by-products resulting from decades of business disinterest in all those matters which are not directly related to turnover, returns and so forth.

However, it seems that corporations have been redeeming from such a near-sighted vision, and it has been possible thanks to the intervention of the European Institutions, which have decided to promote new development patterns. The relevancy covered by sustainability can be deduced just from the continuing EU’s attention reserved to the related topic of sustainable development, which has been gradually incorporated in all European policies and strategies. The adoption of a sustainable development model, does mean to find the right trade-off between meeting current generations’ needs, and ensuring the future generations the capacity to thrive. If bringing sustainable development into action calls for institutional interventions at various levels, it seems clear that this concept –which has been mentioned also in the recent Europe 2020 Strategy- has to permeate the way companies do business, requiring them to take on the responsibility of their actions.

To this purpose, it has been vastly debated about Corporate Social Responsibility (CSR) as that voluntary integration of social and environmental issues within business models and, particularly within the relationships with so called stakeholders, by going beyond what is prescribed by law. It is enough to have a look at the steep increase in the publication of Sustainability Reports worldwide -as revealed by the last KPMG Survey of Corporate Responsibility Reporting, released in December 2013- to understand how CSR has become a spread phenomenon, with 93% of G250 companies reporting about it. To disclose information about how a company
contributes to the ambitious goal of sustainability, organizations such as Global Reporting Initiative (GRI) have defined precise principles which make the resulting informative flow aligned with stakeholders’ needs. It is also worth noting that, in order to convey its own sustainability commitment, a sustainability-oriented organization needs to carefully manage the reputational effects stemming from the disclosure of CSR information. Engaging in CSR programs, indeed, is a bold business activity which entails setting a coherent and transparent dialogue with a diverse audience, with the purpose of sharing information which are expected to demonstrate the company’s capacity to deliver on its sustainable promises. Therefore, provided that some consistency between what is disclosed and the actual performance exists, CSR communication can lead to dramatic improvement in corporate reputation. In the current business environment, building trust with both internal and external stakeholders by meeting their expectations, is something which has been playing a central role in nowadays corporations, and it can even lead to the consolidation of the market leadership. Nevertheless, that same leadership position can be put at sever risk if sustainable communication is not managed properly. As a consequence, the literature review has started from the stakeholder theory, and then it moved to those empirical CSR studies containing insights on how corporations may set their communication with stakeholders strategically, with positive outcomes from a reputational standpoint.

The purpose of the thesis, is to address CSR from the perspective of an organization which looks for revamping its reputational status quo, by involving its entire stakeholder community in this transformation process. The stakeholder-based approach adopted here, will enable Centro Porsche Padova (CPP) to establish a stable relationship with its stakeholders on CSR issues, while improving its own understanding on which direction it should move to successfully lead the sustainability way.

The main contribution of this work is that it combines two CSR communication models when the dialogue with CPP’s stakeholders has been developed, as the previous literature tend to regard them as two alternative frameworks. From a strategic standpoint, therefore, it is believed that CPP will benefit from the strong involvement by its internal stakeholders, considered as a required stop for the diffusion of CPP’s sustainable commitment outswards. Likewise, external involvement does not have to delay, since at the moment CPP lacks of valuable relationships with external
stakeholders beyond business as usual activities. In terms of practical contributions, this thesis intends to provide support to all those similar organizations which, like CPP, are about to start their sustainability journey. In fact, the companies which suffer from social acceptance problems, because of their belonging to industries commonly associated with social and environmental dissatisfaction, may find it useful to perform the stakeholder listening process like the one undertaken here, since it goes straight to the comprehension of the stakeholders’ expectations, and gives these actors (who are usually kept at the verge of the stakeholders’ expectations, and gives these actors (who are usually kept at the verge of the strategic management processes) the chance to actively and jointly craft the CSR strategy.

The structure of the thesis unfolds as follows. Section 2 retraces the CSR discipline since its first formalization in 1950s, by underlining its evolutionary path up to date. It has been emphasized the growing interest it has drawn from a managerial standpoint and, in particular, the last version of the GRI Guidelines has been presented, since it provides organizations with a valuable support when they come to disclose information about their CSR initiatives. Before closing the chapter, a step forward has been made, in order to show where sustainable reporting might place itself within the future corporate reporting framework, which seems to be bound to become much more integrated than in the past. As regards Section 3, the literature review on CSR has been presented, by starting with the Theory of Stakeholders by R. Edward Freeman, which represents the core theoretical foundation of the entire thesis. Later, the attention has first moved to the empirical studies which have enabled to understand the CSR trends across the European countries, and second it has been analysed the main communication approaches adopted by corporations when they set the dialogue with the stakeholder community. Section 4, then, begins with a brief overview about the challenges the automotive industry has been facing to become greener, and proceeds with the illustration of how CSR has been conceived by Porsche A.G. (PAG), since CPP has not started its sustainability program in insulation from the guidelines proposed by the parent company. The second part of the Section, instead, has been devoted to the methodology, around which the CPP's stakeholder survey was developed. The concerned survey has been carried out by relying on a semi-structured questionnaire which has been administered to both internal and external stakeholders. The data collected enable to derive what are the main expectations by CPP’s stakeholders when they are asked to express their thoughts with regard to CSR, in order to give CPP some indications on the main areas which are perceived as material
by them. In addition, CPP's stakeholders are called to rank a set of CSR initiatives with the purpose of preparing the ground for the subsequent phase, consisting in the discussion with CPP’s board of directors about the implementation of those initiatives which turned out to be the most appreciated. Some concluding remarks, finally, are contained in Section 5.
2. The Historical Evolution of the Corporate Social Responsibility Discipline

To trace back the origin of the debate around the existence of some company's responsibilities towards constituencies which lie outside the traditional shareholder group, does require to go back at least to the mid of the 20th century. For many years the discussion about Corporate Social Responsibility (CSR) has been the result of a multi-field approach which, at some point, raised some concerns about how to reconcile such diverging facets of the discipline. Both society, business ethics scholars, and practitioners “stretched” the corporation’s responsibility as if it was a blanket with which to attempted to cover their own research interests. With the passing of the time, this tension progressively faded in favour of a more pragmatic, easy-to-measure and codified dimension of CSR, making it one of the nowadays mainstream corporate strategies.

In the following paragraphs it will be discussed how the entire CSR discipline has evolved over time, by depicting the main socio-cultural factors which have brought about many changes of perspective with regard to the role and the nature of the corporation.

2.1 The Years of the Genesis: First Studies around CSR

If on the one hand there is no doubt about where CSR has peeped for the first time in the business world, on the other hand, to pinpoint the beginning of the related literature seems to be a harder task, because since the mid-to-late 1800s it is possible to find the first US initiatives which were not necessarily profit-oriented.

Evidence of business philanthropism came out during the II Industrial Revolution under the form of welfare movements, as a response of mounting labour
unrests, and it kept on growing over the years, enlarging the scope of social interests embraced. The general perception, however, was that social interests were a deviation from business purposes and, at least until at the end of World War II, where there has been an institutionalization of company’s role (acknowledged as a social actors taking position against Communism) the main objective companies were exclusively seeking was the economic one.

The II Industrial Revolution, on its side, not only did contribute to enhance the scientific and technological knowledge but, as anticipated, it drew for the first time attention and concerns around social categories such as employees. The first forms of social supports -sometimes resulting in paternalism examples- were provided to workers in order to help them improving their working and living conditions, thanks the provision of lunch rooms, profit sharing schemes and recreational facilities (Carroll, 1999). What it was not clear is if these kind of interventions were actually social-driven or, rather, they were undertaken in order to improve business productivity.

In spite of these feeble signals of social care which, from time to time, seemed to shroud the entrepreneur activities, up to 1930s we basically assisted to what Robert Hay and Ed Gray (1974) referred to as “Profit Maximizing Management” period, where it was believed that by meeting economic targets, the entire society would have thriven.

It is when the Great Depression broke out and many American corporations started declining that several demands from a variety of social subjects were posed. During this period dubbed as the “Trusteeship Management” phase, indeed, the “laissez-faire” tenet was replaced by the one which saw corporations covering a new role (generally spurred by the government), namely to keep balance among competing claims coming from suppliers, customers, employees and the community. Particularly, executives were asked to act as trustees for all these categories of actors rather than solely being at the service of shareholders.

According to R. Hay and E. Gray (1974) the reason for this shift was the emerging of the pluralistic society both in US and Europe, where each social group had the same power. With the above in mind, however, there is a certain agreement among academics that for the very first formal contribution on CSR topic, we should have waited the Howard R. Bowen’s one, who has been safely regarded as the father of the discipline.
In his “Social Responsibilities of a Businessman” (1953), the American economist argued that businessmen have to “[...] pursue those policies, make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. With his book, Bowen publicly acknowledged that the business conception of just serving the owners was short-sighted, thus paving the way for future research, which was also spurred by a generally more favourable legal environment, where legislations rulings in favour of not profit-oriented matters, started to be enacted.

Is it worth noting that Bowen based his studies to the businessman figure, rather than the business itself, and for the actual CSR expression we should have waited until the next decade, when the first big corporations begun to populate the US economy.

During 1960s, the debate around social responsibility started to gain momentum, thanks to Keith Davis, who not only did recognize the need for going beyond the traditional economic interest, but also gave the first strategic connotation to the matter, by claiming that socially-oriented business decisions “have a good chance of bringing long-run economic gain to the firm, thus paying it back for its social responsible outlook”. Davis, furthermore, reviewed his initial definition of social responsibility -according to which businessmen’s decisions cannot be entirely explained by an economic perspective- by considering the “[...] concern for the ethical consequences of one's acts, as they might affect the interests of the others” (Davis, 1967). To be mentioned, then, there’s the “Iron Law of Responsibility” according to which companies should try to take on social responsibilities over their actions, proportionately to their social power. That was to say that companies were expected to be as much socially responsible as they “carry weight” within the society, in order to avoid the risk to get their social power reduced by other institutions, more willing to serve the society.

Over the same decade many other scholars attempted to give a less blurry definition of what to mean by CSR and one of these was Joseph W. Mc Guire. In 1963, he published a book entitled “Business and Society”, where he talked about the existence of some responsibilities a corporation has, which are not limited to economic and legal obligations resulting from its business operations. If on the one hand Guire’s

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1 In 1953 for example the New Jersey Supreme Court allowed “corporate contributions for purposes other than a direct benefit to businesses” (Lee, 2008).
definition of CSR helped to raise company’s attention towards non-economic issues, on the other hand it seemed to be incomplete in the way he vaguely defined what these obligations were about.

Before moving forward to 1970s, when the debate undoubtedly started to take of and Social Responsibility theorizations begun to rage, it has been decided to give some room to critics the discipline has rallied around itself. One of strongest opponents of CSR is Milton Friedman, who fiercely criticized the discipline by considering it as “fundamentally subversive” (1970). In his view, the company had to be managed on behalf of the ownership and its only purpose is the generation of profits to shareholders. According to Friedman, social responsibilities are dangerous –like Theodore Levitt (1958) said- and potentially able to “[...] undermine the basis of a free society”.

In his famous book “Capitalism and Freedom” (1962) first, and then in the article published in The New York Time Magazine on 13th September 1970, Friedman specifically stated that if it has to be spoken about any responsibility with regard to a corporation, it would be better to consider just the one assumed by corporate executives, consisting in the increase of stockholders’ wealth, as a result of the existing “agent-principal” relationship which binds the two parts. Friedman indeed, thought that by spending shareholders’ money in social interest issues, executives would have made the interests of others instead of the ownership’s ones, to whom they are legally devoted. As a result, the only duty of managers was to strive to meet the shareholders’ return on equity targets, since the market would have done the rest, under the classical assumption of the invisible hand, described by Adam Smith as that superior entity which turns business selfishness into social well-being. Yet, Friedman’s view was put into a severe discussion when, in the aftermath of the Fordism, features of modern corporation went to re-shape the existing economic paradigm.

First of all, corporations begun to be deemed as sources of potential harmful externalities, and soon managers started to be considered as accountable for such adverse social and environmental effects. Furthermore, knowledge did gradually de-materialize as it became less and less incorporated in technical equipment, and it spread throughout the hosting community in which organizations were insert.

Hence, it seemed fundamental to reinforcing the linkages with the local area where firms were operating, which were perceived as a potential source of competitive advantage. The following contributions will just reflect the occurrence of these
changes, leading to consider the topic discussed here, from a more managerial and strategic standpoint.

2.2 Proliferation of CSR Models and Definitions from 1970s to 2000s

Even though Milton Friedman's contribute sought to hamper the CSR discipline, 1970s were characterized by a steep spread of renowned scientific works, among which there is the “Three concentric circles” model. Put forth in 1971 and presented in the “Social Responsibilities of Business Corporations Report”, this model drawn by the Committee for Economic Development (CED) describes CSR as a series of circles, each of these corresponding to a different range of responsibilities a company is supposed to deliver on.

Starting from the inner circle, there is a set of core responsibilities a company has to embrace in order to ensure that its main economic function is carried out. The intermediate circle instead, recalls the need for combining the economic purposes a company has to achieve, with a “[...] sensitive awareness of changing social values and priorities” (Karake, 1999). The third one, finally, is the outer circle, which refers to the quest for a greater social commitment by corporation in order to become “[...] more broadly involved in actively improving the social environment”.

In the same decade it is worth mentioning William C. Frederick's work, where the role of the corporation in responding to external forces has been emphasized, as a result of a previous internal preparation in proactively facing social pressures. What persuaded Frederick to take the distance from the CSR notion developed so far, was its lack of moral foundations and, as a result, he preferred to change perspective and to bring the discussion into another ground.

His newly-described approach -usually referred to as Corporate Social Responsiveness- has marked a new orientation which was more internally-oriented, focusing the attention on processes, procedures and mechanisms to implement in order to make the organization ready to face social pressures. Despite of its managerial attitude, Frederick concept didn't seem to provide insightful suggestions on how to make that organizational overhaul work and, most importantly, he didn't indicate how social changes might have been anticipated.
Another model to be mentioned because of the interest gained from Seventies onwards, is the three-dimension model developed by Archie Carroll in 1979 (Exhibit 1), which somehow has attempted to reconcile both CSR and Frederick's position. This model argued that Corporate Social Performance (CSP), i.e. the business outcome resulting from CSR initiatives, was the compounded result of three elements, namely CSR -to be conceived as a status quo to be achieved when a specific set of responsibilities are covered-, the social issues in regards of which CSR is exerted, and the responsiveness of corporations when responding to the aforementioned issues.

What has made this contribution a landmark study in the CSR field, is that corporate responsibilities at large are inclusive of the ethic and discretionary ones, which are not treated as separated from the economic and legal ones. Most importantly, for each of the 4 categories of Social Responsibilities, companies are suggested to implement a reactive, defensive, accommodative or proactive strategy, helping managers to think through the response to elaborate when facing CSR-related issues.

The four types of Social Responsibilities which have been categorized by the author, are enlisted as followed:

- Economic responsibilities: like the inner circle of the CED's model, the key responsibility of the business is the production and sell of products or services at a profit, in order to provide society with economic stability; (1.)
- Legal Responsibilities: The previous group of economic responsibilities have to be met in accordance with legal regulations (“play by the rules of the game”), and they are considered as that formal and partial fulfilment of the social contract which links companies and society; (2.)
- Ethical Responsibilities: These are the expression of that new un-codified part of the social contract which CSR supporters suggest, and it includes those expected behaviours not contained in the legal framework. The ethical attitude to be embraced by corporations may be summarized by that “obligation to do what is right, just and fair” in order to avoid social harm; (3.)
- Discretionary Responsibilities: These last set of responsibilities depend on those voluntary programs promoting human welfare, which are not clearly stated by society (4.) Nevertheless, being a “good citizen” is somewhat desired by social components and would complete the company's responsibility profile, in fact allocating resources to charitable institutions or assisting unemployed people, are examples of non-mandatory activities embraced by corporations willing to engage in such social- caring undertakings.

It seems evident that Carroll’s contribution has been useful to clear out what McGuire earlier referred to as “beyond economic and legal obligations, by specifically identifying the direction of these obligations. Additionally, in 1991 Carol introduced slight changes to the aforementioned model and provided a more exhaustive explanation of the rationale behind it. Firstly, he remarked the dependency relationship among blocks, and secondly he specified that these categories should have been conceived as hierarchically ordered, where the most relevant remained the economic performance. Finally, beside of using the term “philanthropic” rather than discretionary, the author decided to give a new guise to his four-level model, by using the so called "Pyramid of Corporate Social Responsibility".

During 1980s, then, we assisted to CSR-related concerns being “recast into alternative concepts” (Carroll, 1999) extending the discussions to a variety of research fields. In this decade Drucker has interestingly put forth his definition of CSR by considering it as compatible with business profits. What is more, he affirmed the convertibility of social responsibilities into business opportunities, as he believed the real business challenge was to “[...] turn social problems into economic opportunity and economic benefit”. Also Cochran and Wood in 1984 have tried to understand if social conducts led to any financial benefit, but weak results were obtained.

Among the few new definitions of CSR which have been coined in this decade, there is the M. Jones’ one, which conceived CSR as that obligation by corporations to
serve other constituents than shareholders, by going beyond legal and union contract prescriptions. The innovative element contained in his view, was that CSR was inherently considered as a process, because it was acknowledged the difficulty to understand if a certain business outcome was characterized by a socially responsible content or not.

Tuzzolino and Armandi 4 years later came up with a need-hierarchy framework for CSR assessment. The approach envisaged here, saw organizations possessing some needs\(^2\) just like human beings, and from their fulfilment it would have been possible to ensue some indications about the organizational CSR performance.

If, as it has been said, Jones has exposed a processual view of CSR, Epstein instead in 1987 proposed a vision which looked more at the “outcomes from organizational decisions concerning specific issues or problems” and, once put close to Corporate Social Responsiveness and Business Ethics, he came up with the so called “Corporate Social Policy process”.

As previously anticipates, the Eighties were featured by different studies which tried to enlarge the debate around CSR and, from this standpoint, the Theory of Stakeholders does probably represent the highest contribution. While advancing a new approach which claims the existence of a fiduciary relationship to so called stakeholders, it has dismantled the business assumption according to which there is a preferred attitude towards shareholders. Quite a significant portion of chapter 2 has been dedicated to the presentation of this theory, showing its actual essence, as well as the reasons why it could be numbered to all respects among of the most revolutionary theories in both CSR and strategic management field.

In regards of the Nineties and the first decade of the twentieth century, the debate around CSR seemed to show the first signs of cooling down, and many studies kept on branching off. Not new relevant CSR definitions were presented, but the Donna J. Wood’s one is among those ones which stood out the most.

In 1991, she tried to revamp the debate arguing that in order to make sound evaluations about a company’s performance from a social standpoint, it would have been necessary to consider the “[...] observable results as they relate to the firms’ societal relationships”. Thanks to her contribution in comprehensively defining the Corporate Social Performance (CSP) concept, it has been possible to fill the gap

\(^2\) physiological, safety, affiliative, esteem and self-actualization.
between the CSR notion -mainly considered from a normative viewpoint- and Corporate Social Responsiveness, by incorporating social performance results in one framework. According to the author, once the results of social initiatives are measured, it is possible to both evaluate those social principles underpinning them, and the usefulness of the adopted internal processes. The interest, here, is in the outcome which stems from the adoption of sustainable conducts, a field of interest which involved many scholars over the decade, particularly eager to find some linkages between CSR and the financial effects stemming from CSP.

The recent two decades, have been characterized by an increased interest towards the measurability of the mentioned CSP and one eminent contribution which goes back to 1994, is the John Elkington’s “Triple Bottom Line” model (Exhibit 2). The author proposed an original accounting framework which could have been used by both profit and not-for-profit organizations to monitor their business performance from a much more complete perspective than the one offered by financial measurement tools.

According to this approach, it is not appropriate to limit the analysis to the traditional bottom line, making assessment about the business strategy's effectiveness on the basis of the last line of the income statement, which reports either the profit or the loss for the reporting period. The author, indeed, claimed the need for a model where the financial, social and environmental dimensions of business activities -also referred as the three pillars of sustainability -would have been included, extending the original bottom line notion.

In such a way, organizations could have had a complete view about to what extent their business conducts were contributing to “[...] meet the needs of the present without compromising the ability of future generations to meet their own needs” as expressed by the notion of sustainable development created in 1987 by Brundtland Commission. The model, as already anticipated, hinges on three dimensions usually called 3Ps, which stand for Profit, People and Planet.

As far as the first dimension is concerned, the economic performance is the one which primarily looks at generating the highest return to stockholders, consistent with a corporate strategy which should promote a long term growth in the form of profit. However, the need for remarkable economic performance in this perspective is also justified by the need to generate benefit to the society as a whole. As for the People
component, then, it refers to those “beneficial business practices toward labour, the community, and the region in which a firm conduct its business” (Elkington, 1994) which are enforced with the intent to do not harm or endanger none of the social entities the company gets in touch with. Finally, in regards of the planet, companies should try to minimize the environmental impacts of their operations in order to protect the nature, or at least do not negatively affect it. For instance, the implementation of so called “cradle-to-grave” assessments, could help companies understanding in which stages of the value chain, the main environmental costs may arise.

With the passing of the time, many organizations throughout Europe have adopted and strengthen their positive attitude towards CSR strategies, thereby stimulating the European Commission to intervene in order to regulate this wave of sustainable initiatives. The foremost reason why the European institution based in Brussels has recently been concerned about CSR, depends on the influence sustainable business programs were believed to exert on the fulfilment of the Lisbon Strategy³, as set out by the European Council in 2000.

³ This strategy intended to make European Union the “most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion” (Green Paper, 2001)
By releasing the Green Paper in 2001, the EC has taken an official stance on CSR, defined as that practice of “going beyond compliance and investing more into human capital, the environment and the relations with stakeholders” (Green Paper, 2001), with the internal and external dimension to be kept distinct.

In regards of the former, the focus is inside the corporation and on those social and environmental challenges it has to take into account of on a daily basis, ranging from HR management issues, health and safety concerns, reconstructing practices, to the management of natural resource consumption and its related environmental impacts. The external side of CSR instead, “extends beyond the doors of the company and [...] involves a wide range of stakeholders” (Green Paper, 2001). Showing CSR behaviours outwardly, as a result, does imply to act responsibly in the local community in which an organization is hosted, and particularly to work closely with all those institutions therein operating.

What has made this paper issued by the EC very interesting, was its intention to promote the debate around many of the CSR-related matters at international level, by suggesting deeper relationships among public and private actors so to build an always more solid framework for CSR. By relying on a conspicuous set of questions, the Green Paper has intended to ignite the debate and, at the same time, to inspire companies working towards more sustainable objectives.

2.3 The Global Reporting Initiative and its Last Version of Guidelines

So far, we have got the chance to see that at the dawn of the discipline, the discussion about CSR was more concentrated on defining its normative content, and that it was usually regarded (and perceived) as a sort of “burden” for companies. Later, although, CSR started raising interest among managers, who believed it could have been a source of competitive advantage if properly managed. When this attitude came to surface, it was clear that the phenomenon should have become more measurable, formally observable, and it should also have been treated in ways that helped the comprehension of its evolution over time.

In other words, in order to make CSR comfortable among the various managerial tools in force within firms, there was the need for it to be reported. The majority of the endeavours which were sunk in the development of Sustainable
Reporting systems, reached the peak around 2000s, with many international organizations trying to offer guidance on how to report about those social, environmental and economic issues corporations were asked to cope with.

For this reason, the current paragraph has been dedicated to the presentation of the last version of the Guidelines released by Global Reporting Initiative (GRI), one of those leading organizations which have laid the basis for fully-fledged sustainability reports. When it comes to talk about sustainability report, it is first of all necessary to clarify what kind of document it is about and which information it contains.

The G3 Guidelines released in 2006 by the GRI defined it as that “ [...] practice of measuring, disclosing and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development”. Deciding to engage in the preparation of such a document, as a result, does require the reporting company to have a strong willingness to set a dialogue with all its stakeholders, with the intent to provide them with an unbiased picture of how the organization has performed from an environmental, social and economic standpoint.

The GRI was established in 1997 in Boston, and it is a not-for-profit organization whose mission is to make sustainability reporting standard practice, by providing organizations -regardless of their size and sector- with support and guidance during their sustainability reporting processes. This mission has been achieved thanks to a periodically overhauled Sustainability Reporting Framework, which is a reporting system helping companies willing to demonstrate their sustainability commitment, to accurately measure, monitor and disclose both outcomes and impacts of their economic, social and environmental performance. The GRI is a spin-off of the Coalition for Environmentally Responsible Economies (CERES), since it was firstly established as a separated department of that environmental consulting company, and just in 2001 became a separate entity. As early as 1998, a Steering Committee was appointed to set the former GRI guidance, with the purpose to go over the environmental issues the Coalition was used to deal with.

Since 2000, when the first set of Guidelines were published, the GRI has been committed in making the sustainability reporting principles as much aligned with stakeholders’ communication needs as possible, by releasing Sustainability Reporting Guidelines (the Guidelines) alongside the so called Sector Supplements, specifically addressed to those organizations belonging to industries with unique sustainability issues. The latest version of the Guidelines released in May 2013 is the G4, and it has
been prepared on the basis of a multi-stakeholder approach, which has involved representatives and experts from several fields.

As it will be discussed shortly, G4 does encompass both Sustainability Reporting Principles and Standard Disclosures which, respectively, indicate what main principles have to be enforced to make the report compliant with the GRI Guidelines, and what content should be included in the final document in case the disclosing company went for the “Core” rather than the “Comprehensive” option. As far as the Sustainability Reporting Principles are concerned they are divided up into two categories: Principles for Defining Report Content and Principles for Defining Report Quality.

Starting with the first type of Principles, they are geared towards the identification of the features the content must possess in order to be of some interest for the recipients of the document i.e. the company’s stakeholders. The first principle is the Stakeholders’ inclusiveness, which highlights the importance of identifying those persons or organizations which can be either positively or adversely impacted by company’s operations. Moreover, it has to be provided an explanation on how the company intends to meet stakeholders’ expectations and needs. In order to make stakeholders fully aware of company’s impacts on the context in which its operations take place, it seems fundamental that the disclosing organization accurately reports about how it intends to contribute to the development rather than the deterioration of the local, regional or even global environment. As a result, to contextualize business activities does allow to do not limit the information flow to an internal perspective -as it would happen if just information about company’s efficiency were disclosed- but, in fact, to embrace a broader view about how a company is potentially able to influence the future development of the surrounding economic, social and environmental system. The overriding principle G4 Guidelines seem to be firmly hinged on, is the materiality principle, which deliberately claims to report exclusively about all those aspects which can both generate the highest economic, environmental and social impact, and “substantively influence the assessments and decisions of stakeholders” (G4, 2013). The process which has led to the determination of the material aspects should be recalled in the sustainability report, in order to make it easier for recipients to comprehend what has motivated the reporting company to select a specific set of material aspects. Finally, there is the completeness principle, fundamental do not overlook any information which may prevent stakeholders from having a fair and
complete understanding of company’s sustainability performance.

Once described the characteristics the content of the report should possess, it is time to consider what principles have to be applied in order to ensure a highly-quality and transparent document.

First of all, the CSR report should include both negative and positive information, in order to avoid distortions and to provide an unbiased portray of the company’s performance. Being in possession of balanced information, would voucher stakeholders to formulate sound evaluations about the impartial representation contained in the report. In order to be valuable, information has to be presented in a way that comparisons between current and past performance to which it relates, are eased. Furthermore, the economic, environmental and social performance should be consistently reported so that it is possible to assess that performance against other organizations’ one. Comparability, as a result, turns out to be essential for stakeholders to track company’s performance, but it is not enough. Accuracy, for instance, is another central principle which permits recipients to have a deep comprehension about how the company has performed during the concerned period of time. Accuracy in the information leads to accuracy in the assessment, and this is the reason why availability of detailed information seems to be so crucial. Then, there is the timeliness principle, which refers to the need for reporting information timely and on a regular basis, to favour smooth decision making process by stakeholders. The comprehensibility of the report is a further principle companies have to bear in mind when they decide to disclose sustainability information, as it can affect the accessibility to the content. Beside this clarity principle, there is the last one namely reliability, whereby it is emphasized the importance given to the possibility to check all information contained in the report.

Before moving to the Standard Disclosure, it is important to distinguish between the two “in accordance” options companies can choose.

The core option differs from the comprehensive one because the report focuses on fewer elements than the comprehensive alternative does, requiring less Standard Disclosures to report about. The comprehensive option, on its side, asks for both more General Standard disclosures about “Strategy and Analysis”, “Governance” and “Ethics and Integrity” and a greater amount of data in the Specific Standard Disclosures section, where all the indicators related to material aspects need to be disclosed.
The Standard Disclosures are divided up into two sections, that is to say the General and Specific Standard Disclosures. The main difference between them consists in the type of information included, since in the former “a description of the organization and the reporting process” (G4; 2013) is provided, whereas in the latter, all the concrete programs the company has implemented to face its main sustainability challenges, as well as the indicators to keep track of them, are discussed.

The General Standard Disclosures, as a consequence, intend to set the context within which the firm operates and it maintains a certain level of generality, with few differences if the report is prepared in accordance to the core option rather than the comprehensive one. The following bullet points are going to illustrate the seven parts these General Standard Disclosures are composed of:

- **Strategy and Analysis:** this section should provide an overview about the sustainability strategy, by describing the key strategic objectives the firm wants to achieve in the short, medium and long term. For those companies complying with the comprehensive option, two sub-sections have to be added. The first one is supposed to provide an explanation of the foremost impacts the company's activities generate on their stakeholders, whereas the second one is about the risks and opportunities which stem from the sustainability issues the company wants to face, with a particular attention given to the financial consequences.

- **Organizational Profile:** in this descriptive section information about products and services, markets served, employees, corporate governance structure and all other elements contributing to better outline the organization, is discussed.

- **Identified Material Aspects and Boundaries:** here it is indicated the process whereby the organization has come to identify those material aspects about which it intends to measure its sustainability performance. Furthermore, it has to be indicated the “Aspect Boundary”, namely to whom a certain issue is relevant (both inside and outside the organization) in order to help understanding who are the mostly affected stakeholders.

- **Stakeholder Engagement:** this Standard Disclosure asks for the description of how the process whereby the organization has actively involved its stakeholders has unfolded, as well as the primary concerns which came to light during this dialogue.
• Report Profile: this fifth section of the General Standard Disclosure contains information which is about the reporting period of the document (the fiscal or the calendar year), the related reporting cycle, which of the two available in accordance options has been selected, the GRI content index and finally if any external assurance has been provided.

• Governance: As anticipated, beside of the Strategy and Analysis section, the second standard disclosure where some differences between the core and comprehensive option can be spot, is the Governance one. The content of this disclosure is about the composition of the Governance body, its role in the reporting and risk management activities, as well as in the definition of organization’s purpose and values. To complete the section, it is required to report about the remuneration of the governance body and their incentives, and to disclose the existing procedures to assess their performance in the matter of sustainability. Except for the governance structure, all other aspects have to be included just if the comprehensive option is chosen.

• Ethics and Integrity: this is the last section which mainly refers to the content of the code of conduct enforced by the organization. If the report is drawn up on the basis of the comprehensive alternative the disclosure is not limited to this, indeed it also contains the existing internal and external procedures “[..]for seeking advice on ethical and lawful behaviour” (G4; 2013) as well as the mechanisms to denounce violations of the code of ethics.

In regards of the Specific Standard Disclosures, they develop along three categories, i.e. the economic, environmental and social, whose structure will be presented shortly. First of all, the economic and environmental categories distinguish from the social one as they do not have further sub-categories like the social one has, and the number of aspects they contain are way lower than the ones falling within the social category, as it can be seen in Table 3.

As far as the information format of these disclosures is concerned, G4 indicates that these should be reported under the form of Disclosures on Management Approach (DMA) or Indicators. DMA have to indicate why a certain aspect is considered as material and “[...] how an organization identifies, analyses, and responds to its actual and potential material economic, environmental and social impacts” (GRI, 2013),
<table>
<thead>
<tr>
<th>Category</th>
<th>Economic</th>
<th>Environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects(iv)</td>
<td>• Economic Performance</td>
<td>• Materials</td>
</tr>
<tr>
<td></td>
<td>• Market Presence</td>
<td>• Energy</td>
</tr>
<tr>
<td></td>
<td>• Indirect Economic Impacts</td>
<td>• Water</td>
</tr>
<tr>
<td></td>
<td>• Procurement Practices</td>
<td>• Biodiversity</td>
</tr>
<tr>
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<td>• Emissions</td>
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<tr>
<td></td>
<td></td>
<td>• Effluents and Waste</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Products and Services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Compliance</td>
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<tr>
<td></td>
<td></td>
<td>• Transport</td>
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<tr>
<td></td>
<td></td>
<td>• Overall</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Supplier Environmental Assessment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Environmental Grievance Mechanisms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sub-Category</strong></td>
<td><strong>Labor Practices and Decent Work</strong></td>
</tr>
<tr>
<td>Aspects(iv)</td>
<td>• Employment</td>
</tr>
<tr>
<td></td>
<td>• Labor/Management Relations</td>
</tr>
<tr>
<td></td>
<td>• Occupational Health and Safety</td>
</tr>
<tr>
<td></td>
<td>• Training and Education</td>
</tr>
<tr>
<td></td>
<td>• Diversity and Equal Opportunity</td>
</tr>
<tr>
<td></td>
<td>• Equal Remuneration for Women and Men</td>
</tr>
<tr>
<td></td>
<td>• Supplier Assessment for Labor Practices</td>
</tr>
<tr>
<td></td>
<td>• Labor Practices Grievance Mechanisms</td>
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<td></td>
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</tr>
</tbody>
</table>

Exhibit 3: The Categories and their related Aspects, according to G4 Guidelines (Sourced by G4, 2013)

giving indication on how the reporting organization has managed the concerned aspect. Furthermore, DMA are expected to report the results of the assessment it has been carried out to test if the concerned management programs are adequate to face the aspect. The G4 Guidelines do comprehend a wide set of aspects that each organization has to consider when it draws up a sustainability report compliant with
the aforementioned guidelines. The DMA as well as the Indicators, are to be provided on the basis of just those aspects the management and stakeholders perceive as material but this general rule varies on the basis of the type of Specific Standard Disclosures adopted. Indeed, if the core option is embraced, it is enough that at least one indicator is released for each material aspect selected; conversely if the comprehensive option is adopted, all indicators the organization has used to measure the CSR performance, need to be disclosed in the final report.

To sum up, this paragraph has explained what current GRI guidelines ask for, and it has underlined how the materiality criterion is the main one around which a sustainability report should be based on. As it will be seen later on, this criterion will be recalled in the case study, since the central section of the questionnaire has been hinged just on this concept.

### 2.4 Where is Social Reporting Heading to? Hints from the Integrating Reporting Framework

If we wanted to sketch the trajectory of where the sustainable reporting is heading to, we would have to recall the recent changes corporate reporting practices have undergone up to now, in order to better figure out what the current reporting landscape looks (and will probably look) like.

Stand-alone reports containing non-financial information, are quite a recent phenomenon as, before 1980s, corporations were used to include their social and environmental performance within traditional annual reports. At a certain point, however, the amount of information contained in these annual disclosures became considerable, and there has been a drift in favour of separate sustainable reports.

International organizations such as GRI and AccountAbility, then, have set out reporting standards which provided companies with support during the preparation of such corporate reports, but because of the resulting level of detail, it became “often difficult for readers [...] to systematically link information across different policies, practices and impacts” (de Villiers et al), nurturing the need for new ways to bond together –better, integrate- distinct sets of information which, otherwise, would have risked to provide an excessively fragmented portrait of the company.
In 2010 the International Integrated Reporting Council (IIRC) was formed with the precise intention of spreading globally the practice of Integrated Reporting (IR). Thanks to the development of an appropriate Integrated Reporting Framework made available to the public in late 2013, the IIRC has struggled to “bring together the diverse but currently disconnected strands of reporting into a coherent, integrated whole” (IIRC, 2011) in order to show in one single and comprehensive fashion how a firm has been creating value in the short, medium and long term.

The information to be included within this single-prepared report rests on the following areas: company's overview and business model, its major risks and opportunities, its strategy, the governance and remuneration, its performance, as well as its future outlook. Among all these elements, the business model plays a central role, as it is described how the organization creates value during the fulfilment of its operations, alongside the indication of what are the external factors which have been posing risks and opportunities to the corporation.

Most importantly, IR intends to shed the light on the modalities the business model links to the main resources deployed by the organization, indicated as capitals (Exhibit 4), which could be of six kinds, i.e. financial, manufactured, human, intellectual, natural and social. By monitoring the changes these assets have been subjected to, stakeholders can understand how “the organization uses those capitals, and its impact on them” (IIRC, 2011) which, in turn, is going to benefit the resource allocation for the future.

One of the most striking point in favour of IR is its marked forward-looking orientation, in strong contrast with the short-sighted view taken by traditional reporting systems. Thanks to the indication of future challenges and opportunities the organization is expected to encounter while striving to accomplish its strategic objectives, the resulting stakeholders’ comprehension about the firms’ future outlook is going to enhance dramatically.

All in all, the integrate reporting initiative can definitely be considered as a bold attempt to create cohesiveness among the patchy and cluttered set of corporate information but, if on the one hand, this latest innovation in the corporate reporting frontier does show most of the features which could make it the next reporting standard, on the other hand, it has already been gathering some objections around itself.
Few puzzlements and critics have been moved, because IR seems to do not properly foster sustainability, as social and environmental reports are used to do. In particular, it encompasses a sort of instrumental view of sustainability, whose meaning appears to be “linked to the efficient use of non-financial resources aimed at [...] the perpetuation of economic value creation. (de Villiers et al). Based on this argument, Cheng et al (2014) have raised the issue of the IR’s proneness to primarily serve capital providers’ needs, as openly stated in the introductive section to the IR framework (IIRC, 2013).

The lack of exhaustiveness in explaining both the meaning of the six capitals, and their related trade-off -which, by the way, will risk to turn “disclosure into thinly veiled, self-promoting justifications” (Cheng et al, 2014) is another issue which is required to be addressed soon, just like the one related to the external assurance. To this purpose, it is relevant to highlight that, so far, there are not enough criteria and benchmarks to be used by auditors when assessing the compliance to IR principles, posing the concrete risk that entire system would fail to gain traction.

To conclude this part dedicated to IR, it seems that sustainable disclosures have recently found a fertile terrain where to ripen in the next years, in favour of a seamless reporting configuration which will be characterized by different contents, to be melted
inside just one concise statement. Warnings about the IR practice have been briefly recalled but they should not discourage the spreading of the integrated thinking suggested by IIRC, which is expected to positively impact the way managers “monitor, manage and communicate the full complexity of the value creation process” (IIRC, 2011).
3. Literature Review: from the Theory of Stakeholders to Major Studies addressing CSR from a Communication Standpoint

3.1 The Stakeholder Theory and its Contribution to Strategic Management

The current business environment is much more complex and crowded than ever before, and the way it is depicted does not give enough space to all those factors which are able to affect -either positively or negatively- the way a corporation operates. It should have been waited R. Edward Freeman to see the first deeply overhaul of the current view about the business, as explained in his ground-breaking book entitled “Strategic Management: A stakeholder Approach (1984). It is here that Freeman moved his first observations stating the inadequacy of the current theoretical framework, which risked to provide an over-simplified image of the company and its relationships.

When the author expressed all his concerns about the incapacity of the Managerial View of the Firm\(^4\) in helping managers facing both current and future strategic issues (resulting from a variety of internal and external sources of instability), he decided to provide an insightful alternative theory which was based on the concept of stakeholder.

Thanks to this theory, which has the merit of having enlarged the stage to those who were traditionally overlooked, executives could have found both a theoretical and a practical support when facing all the major managerial challenges, which were oftentimes posed by non traditional stakeholders. Before embarking in the explanation of how such concept can -and should- be included within the strategic management

\(^4\) According to this view, the company was expected to take into account just the interests of shareholders, suppliers, employees and customers.
process, it seems important to discuss who are stakeholders, which are their relative stakes and how they should be identified.

The term stakeholder, by definition, indicates “any group or individual who can affect or is affected by the achievement of the organizations’ objectives” (Freeman, 1984). What can be noticed at a first glance is that whoever has a stake or some sort of interest in the concerned firm and, because of that, a certain influence can be either exerted or suffered, could be virtually considered as a stakeholder. This definition, however, needs to be circumscribed and, to this purpose, the author has suggested a General Stakeholder Map (Exhibit 5). Few warnings have to be kept in mind while reading the concerned map, though.

First of all, it does not pretend to be a fixed prescriptive portrait of what an organization looks like, but rather it is a starting point or a checklist in case the “[...] historical analysis of the environment of that particular firm (would miss)” (Freeman, 1984). Further, a stakeholder map is useful if it is contextualized, as beyond the time span within which it has been developed, it may fail to provide a correct representation.

Exhibit 5: The General Stakeholder Map of a large firm (Sourced by Freeman, 1984)
of the relationships between the company and its stakeholders. As a matter of fact, given the changing nature of the strategic issues raised by the company, it is not uncommon to see stakeholders’ stakes varying as well, and a new mapping is required.

With the same purpose of helping managers to identifying those stakeholders they should be aware of, there is another related contribution, developed by Mitchell and Wood (1997), i.e. Theory of Stakeholder Identification. According to this theory, the authors maintain that it is possible to “reliably separate stakeholders from non-stakeholders”, based on their possession of at least one of the three following characteristics: the power to exert some sort of influence to the company, the legitimacy of the relationship with the firm and the urgency of their claims. The more the attributes possessed, the higher the stakeholder salience perceived by managers, because if a certain stakeholder has more than one feature, it means that its needs have a greater priority over the others’ ones. Exhibit 6 does help to enlighten how the 7 classes of stakeholders conceived by Mitchel et. al, can be ranked on the basis of the three concerned criteria, and with the indication of their relative salience. It is worth noticing that one of the three attributes has been treated by Freeman as well, when he described the stakeholders’ power as that capacity “[..] to use resources to make an event actually happen”. The author has also discerned three basic forms of power, namely the voting, economic, and political power. The first one is usually exerted by shareholders, when they express their willingness by voting for certain corporate decisions, whereas the economic one is usually exerted by suppliers and customers, when for instance they switch to another firm provoking an economic setback.

<table>
<thead>
<tr>
<th>Power</th>
<th>Legitimacy</th>
<th>Urgency</th>
<th>Salience</th>
<th>Stakeholder class</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td></td>
<td></td>
<td>Low</td>
<td>Dormant</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td></td>
<td>Low</td>
<td>Discretionary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>X</td>
<td>Low</td>
<td>Demanding</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td></td>
<td>Moderate</td>
<td>Dominant</td>
</tr>
<tr>
<td></td>
<td>X</td>
<td>X</td>
<td>Moderate</td>
<td>Dependent</td>
</tr>
<tr>
<td>X</td>
<td></td>
<td>X</td>
<td>Moderate</td>
<td>Dangerous</td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>High</td>
<td>Definitive</td>
</tr>
</tbody>
</table>

Exhibit 6: Stakeholder categorization based on their relative salience
(adapted from Mitchell and Wood, 1997)
Finally, there is the political power, which is usually a prerogative of governmental agencies, since they can potentially present new bills or bring to lawsuit the company.

Of course, to pinpoint the company's stakeholders turns out to be the condition sine qua non it would be hard be to proceed with the subsequent stakeholder management processes, but few further considerations need to be advanced. For instance, the overlapping between two stakeholder groups is something easy to detect, in fact, it is enough to consider that in most cases employees are at the same time members of labour unions, advocacy groups, or even customers of the company. In order to avoid negative consequences stemming from underestimation of possible effects given these different roles, it would be convenient to lay down what Freeman referred to as a Stakeholder Role Set, where different roles covered by a certain stakeholder, are listed. In addition, it may be that two or more groups of stakeholders collaborate each other, given the commonality of stakes carried by them, and the result of these coalitions can be extremely harmful if such a network expands and start pressurizing the company.

As far as the type of stake which can be possessed by a certain stakeholder group is concerned, Freeman (1984) has pinpointed three stakes namely the equity stake, like the one generally hold by shareholders, the market presence stake, possessed whenever there is an interest towards the organization because of market bonds with it), and finally there the is the non-market presence stake, possessed by those called influencers⁵. To completion of this stakeholder identikit phase, it is time to make the conceptual shift occur, by bringing the stakeholder approach within strategic management, as outlined in the next rows.

The strategic management literature contains plenty of contributions which have helped to better outline the overall strategic management process, but what makes Freeman's work revolutionary is its inclusion of the stakeholder concept, since the very first moment of setting direction. Traditionally, in order to help corporations deciding in which businesses they want to be (or they should be) two traditional strategic management tools are used: the portfolio approach and the situational analysis.

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⁵ They are all those who are not properly placed in the marketplace but still they have “[...]an interest in what the firm does because it affects them in some ways” (Dill, 1975).
As far as the portfolio approach is concerned, corporate planners are used to plot in a matrix all businesses a corporation is composed of, and evaluate them according to the Industry Attractiveness - usually measured by the industry growth rate- and the Business Strengths - expressed by the relative market share. If on the one hand there is no doubt about the effectiveness of such an approach, since it permits to get a balanced portfolio of businesses which maximise the overall profitability, on the other hand, very few stakeholder-related factors are included. Both market share and industry growth rate indeed, tend to reflect a multitude of stakeholders’ effects which eventually are expressed by just these two measures, preventing to understand who and to what extent a stakeholder has influenced their single level.

The situational analysis, instead, is a strategic planning tool which rests on the idea that the competitive position of a company rests on some industry-related factors as well as internal resources and competences. By analysing the external environment, it is possible to derive the sources of opportunities and threats which, if matched with internal strengths and weaknesses, may lead to alternative strategies able to make the company prosperous within the industry in which it operates. Despite this method appears to look both inside and outside the organization, Freeman has decided to take the distance from it, and to put forth a more “stakeholder-oriented” model to be used when the corporate direction has to be set.

This four-step process called Stakeholder Audit starts with the a) statement of corporate mission, which shows where the company is heading at macro-level, and at this stage it is suggested to draw a first stakeholder map where a ranking of all stakeholders is made in order to derive their relative importance for the company’s long term success. Once managers have understood to what extent one stakeholder group is able to affect the corporate performance, the audit process goes on with the b) identification of stakeholder issues and concerns. This second phase permits managers to identify for each business the company is composed of, which are the main critical points stakeholders would like to be addressed by the firm. By combining each stakeholder category (previously classified according to their importance) with the list of concerns, it is also possible to make a ranking of how much one concern is crucial for that group and, as a result, to deep the view executives have on stakeholders and their needs. The third task to undertake is the c) assessment of corporate strategies for stakeholders, where the current strategies to deal with each of the stakeholder groups are listed, as well as their relative effectiveness. It might be that there is no deliberate
strategy in force for some of the stakeholders, and managers should therefore fill the gap by formulating appropriate business strategies. The steps illustrated so far, do help to figure out what is the distance which separates the company from its stakeholders and, in order to avoid negative consequences resulting from this misalignment, it might be sensible to complete the last step of the process, called d) readjustment of corporate priorities. If there is some inconsistency between stakeholders’ issues and the way they have been dealt with, managers need to intervene to change the strategies they have implemented, and to make the corporate priorities more tuned with what stakeholders ask for.

Once this process is completed and consistency at corporate level is achieved, the organization can be considered as possessing sound foundations for successfully conducting the next phase, which consists in the strategic program formulation for each of the stakeholder groups.

This section represents a nodal point of the entire report, since it provides one of the theoretical framework on the basis of which the survey has been carried out. The first step of the logical path leading to the final action plan for stakeholders, is the Stakeholder Behaviour Analysis (1). This task starts first of all by understanding how

Exhibit 7: Stakeholder Strategy Formulation (Sourced by Freeman, 1984)

a certain stakeholder group currently behaves, so that managers may get a snapshot about the current relationship existing between the company and the concerned
stakeholder. This behaviour by itself does not provide any strategic suggestion though, as it just represents the state of the relationship up to a certain moment.

The Cooperative Potential (CP) behaviour analysis, indeed, has the advantage of highlighting what could be the most desirable behaviour which could help the company to implement the desired strategic objectives. This projection is the result of a best-case scenario, provided that the stakeholder does not act against company's intention. From a comparison between the current behaviour and how it would be if stakeholders were supportive, executives could get a rough idea on where to focus in order to make that positive scenario working. If on one side there could be a fruitful relationship with stakeholders, on the other one it might be that the future behaviour will be in contrast with the company's one (worst case scenario). In this case, managers should be aware of these potentially harmful demeanours known as competitive threats (CT), in order to prepare the organization to spend more time one those strategic programs which minimize them.

Developing a sense of awareness about both the current and future stakeholders' behaviours which are likely to be observed, is an extremely useful exercise, which somehow helps harnessing the business uncertainty, by making the strategic outcome more stakeholder-proof. Yet, to limit the level of analysis here it is not enough, since stakeholders' behaviours would still remain unexplained. As a result, the analysis shifts to the explanation of those behaviours by respectively looking at their objectives, beliefs and relative stakeholders (2).

First of all, it is tried to guess what are the stakeholders’ objectives both with regard to a specific issue and in the long run, in order to figure out if there is some consistency between them. As far as the stakeholders' beliefs are concerned, it is analysed what is the business reputation as perceived by stakeholders, in order to get a view about how stakeholders conceive the company and its commitment about a certain issue.

The third step of the stakeholder's behaviour explanation is called “second-order stakeholder analysis” thanks to which it is possible to realize what is the position the company covers in the stakeholder map of a certain stakeholder group, and what are the forces which exert some pressure on it. Without this further analysis, the risk is to engage with stakeholders who, reputedly, do not even hold any interest in the strategic issue under consideration, since what is a priority for the company might be not so for its stakeholders.
The possibility that stakeholders arrange and form a coalition (3), is another element which shouldn't been underestimated since, as anticipated beforehand, some counter-productive effects may incur. It can be, for instance, that some stakeholders share the same behaviours (either actual or CP, or even CT) as well as the same interests –in case they have common objectives, beliefs and stakeholders- persuading them to collaborate in more or less explicit forms.

The aforementioned three phases of the stakeholder strategy formulation process, have the benefit to increase the level of knowledge managers have about their stakeholders, and to prepare them for the following step about the formulation of the generic strategies.

By moving downward along the diagram, the next stage is the formulation of the Generic Strategies (4) which require the traditional Five Forces of Competition Model by Michael Porter⁶ (1980) to be “fit” within the stakeholder framework. Despite it is widely acknowledged that this model provides insightful indications about what is the current level of the competitiveness within the industry, it seems to do not include the stakeholder component, and for this reason Freeman (1984) has added a sixth force called Relative Power of Stakeholders. At this point, the generic prescriptive strategies can be deduced, by starting with a ranking where stakeholders are evaluated according to the high, medium or low likelihood that a cooperative potential behaviour- rather than competitive threat one- may be observed. The purpose of this distinction is to keep separate those groups who are very likely to become cooperative and those who, instead, are going to hamper the achievement of future objectives. According to their relative CP or CT, stakeholders are then matched with a certain generic strategy, as showcased in Exhibit 8.

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⁶ This framework has enabled managers to understand which was the level of industry attractiveness resulting from five key factors, along which the industry competitiveness was measured. M. Porter argued that the rivalry among competitors, the threat of new entrants, the bargaining power of suppliers and customers, and the threat of substitute products, are those factors which are responsible for the competitive pressure within the industry.
High CP

<table>
<thead>
<tr>
<th>Change the Rule Strategy (Swing Stakeholders)</th>
<th>Exploit Strategy (Offensive Stakeholders)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low CP</td>
<td>Hold Strategy (Hold Stakeholders)</td>
</tr>
<tr>
<td>Defensive Strategy (Defensive Stakeholders)</td>
<td></td>
</tr>
</tbody>
</table>

Exhibit 8: The Generic Stakeholder Strategy Matrix (Freeman, 1984)

As far as the swing stakeholders are concerned, they are those groups with both high CP and CT and they are so called because they can either help or oppose to company’s future activities. The strategic outlook to adopt in this case is to try to change the rules which govern the relationship between the company and the concerned stakeholder, in order to stimulate a positive behaviour from them. When the CP is low and the CT is high, then, the company should try to defend itself from the risk of negative stakeholders’ behaviours, by formulating a defensive strategy intended to minimize them.

By keep on proceeding anticlockwise, it is possible to notice that the hold strategy is the one which is suggested when stakeholders are expected to be neither collaborative nor hostile. In this case, the generic strategy should be leaving the situation unchanged, without implementing substantial changes, since there are limited possibility for any positive and negative evolution from those relationships. Finally, there is the exploit strategy to be adopted with offensive stakeholders, namely those who are expected to have a high CP and at the same time a low CT. It’s here that the firm should struggle to formulate those strategies which can lead the company to success when relate with stakeholders.

Afterwards, once the generic strategies are come up, it is suggested to move from the general to the specific level (5) and, as a result, single tailored strategic initiatives are to be formulated, according to the single stakeholder group faced.
Finally, an overall sense of consistency must be delivered (6), and this is what the last stage of Exhibit 7 recommends, since matching the needs of a certain stakeholder group might result in generating dissatisfaction to another one.

To conclude, this paragraph has been developed with the intention to provide an overview about the Freeman's theory of stakeholders and, in particular, to describe the strategic implications derived from the adoption of a fresh vision of the company, which encompasses an enlarged audience with whom today's corporations are called to interact with. The next paragraph, instead, aims at exploring how the stakeholder model has been able to insert itself within the CSR discipline, by clearing up its relative benefits in comparison with other theoretical constructs. Thanks to this theoretical reconciliation, the review of the empirical studies which will be presented later on, is expected to be have more sense.

3.2 Combining the Stakeholder Theory with CSR

In this paragraph the main contributions which will help understanding why the Freeman's theory (1984) has gained currency both among practitioners and scholars, when addressing CSR issues, will be showcased. As it has been illustrated before, the CSR discipline has been chiefly debated from a mere theoretical standpoint, while attempts to bridge these theorisations with practical concerns have not led to remarkable results.

So far, all major—and the most enlightening-empirical studies intended to debate the sustainability practices enacted by corporations (as it will be seen in the next paragraph) have been carried out within a stakeholder-based approach, witnessing its more manageability from a practical point of view.

In order to stress its superiority, some alternative models to be used when gauging social performance of corporations will be firstly recalled, and then it will be explained in which way the stakeholder model has allowed to fill the gaps remained unsolved.

Few CSR-related definitions which have been provided over the years, have been sometimes decried because of their alleged elusiveness (Lee, 1987) leading to a low consensus about what is the meaning of the term social, recurring also in Corporate Social Responsiveness (CSR2) and CSP concepts.
Clarkson (1995) has talked about this semantic confusion by maintaining that the world social pertains to society, moving the debate to a “level of analysis that is both more inclusive, more ambiguous, and further up the ladder of abstraction [...]”. In his research program spanning 70 field studies across US and Canada over a period of 10 years, Clarkson set forth a methodology to measure the CSP, by taking the distance from models derived from CSR-related theorizations, in favour of a stakeholder-based one.

The author firstly relied upon the Preston’s model, according to which the social involvement of a company could be assessed by looking at a four step process but, at the same time, he realized that it did not provided any indication on how to discern among the variety of social issues managers were called to be concerned about. A new model was therefore required to better interpret the CSP, and for this reason the Wartick and Cochran’s one (1985) was considered, thanks to its capacity to enlarge the scope of the methodology to the concepts of CSR and CSR2.

As far as the CSR was concerned -based on the aforementioned Carroll’s model (cfr. supra par. 2.2)- a firm was regarded as properly fulfilling its responsibilities, if all the economic, legal, ethical and discretionary dimensions of sustainability were not neglected. Still, few difficulties remained, especially when the collection of data was performed along these four types of responsibilities. It turned out that “unless there was a history of unprofitability, coupled with evidence of illegal or unethical corporate behaviour” (Clarkson, 1995) a company was hard to be assessed as irresponsible, making the data collection process difficult to perform.

In regards of CSR2, then, the model maintains the link with the Carroll’s theory, as it recalls the reactive, defensive, accommodative and proactive response strategies to social issues, with the major challenge entailing the scarce applicability of these 4 response modes into a real context. If it is tried to understand if a normal social response is a “stand-alone” deed, rather than a part of a more organic process, few doubts arise.

The more corporate data were collected, the more it became clear that they were not able to fit this second model either since, despite its “intuitive appeal on the printed page, [it] failed the test of practicality”. (Clarkson, 1995). Conversely, the stakeholder management framework seemed to be much more aligned to the way

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7 According to Preston, this process consists in the acknowledgment and analysis of social issues, followed by the development and the implementation of adequate policies.
managers actually operate, because they usually circumscribe the field of their responsibilities to the functional area in which their control is exerted, making them more inclined to accept a stakeholder-based perspective.

Managers indeed, are usually asked to manage wisely the relationships with a wide range of stakeholders, who have interests and issues to be dealt with, rather than with the society at large. In relation to that, stakeholders and social issues are suggested to be kept separate, because, even though there can be overlaps among them, not all social issues fall within the business management competencies.

In order to provide further justifications about the spreading of the stakeholder approach to CSR, it seems worth mentioning the prominent Jamali’s study (2008), which has reviewed both the Carroll’s model and the Wood’s one, to emphasise their excessive “inclination toward providing static taxonomic CSR descriptions”.

As far as the former is concerned, it has been recognized its capacity to define and illustrate the dimensions of social responsibility but, because of its unfocused indications on how to use these categories when measuring a company’s sustainable performance, it has been daunted by most of the managers and scholars. In regards of the latter, similar conclusions have been drawn as, despite its broader and deeper analysis of CSR, it still suffered from a reduced practicality, generating scarce attention on itself.

It has been with the advent of the stakeholder theory, that institutionalization of corporate responsibilities towards a wider range of stakeholders have been finally achieved, and a solid base for CSR development has been laid down. Thanks to this “new way to organize thinking about organizational responsibilities” (Jamali, 2008) stakeholder theory started to be favoured by researchers whose intention was to study CSR from a new and much more updated perspective. Particularly, the relevancy of such a leading-edge approach rests on its capacity to go straight to the core of the relationships a firm have with its stakeholders.

Hence, it has enabled to smooth over the pathway towards a sustainable dialogue with managers, who are more inclined to reason in stakeholder terms “[...] as most firm understand and define obligations and responsibilities vis-à-vis their traditional stakeholders” (Jamali, 2008).

CSR, as a result, is usually interpreted through the lenses of this concerned theorization, because it frames the debate about social and environmental
responsibilities within the business context, while defying the discussion to an overly general level, which would result if a society-wide level of analysis were adopted. A stakeholder-based approach, then, seems to be welcomed by scholars too, and the following review of empirical studies is a clear example of it.

3.3 Empirical studies on CSR

To develop a comprehensive view about how the CSR phenomenon has been differently interpreted across nations, it is enough to have a look at some of those empirical studies which, to various extent, have been able to portrait the nowadays’ CSR landscape.

In their 2009 study aimed at understanding the communication trend in existence among Hungarian countries, Ligeti and Oravecz have discussed the presence of a divergence between those enterprises which seem to prefer to do not speak up about their CSR policy -as a certain “CSR activity is only valuable if it is not given great publicity”- and those who instead refuse to adopt a “quite” CSR communication strategy, in favour of a more “loud” one. Besides, the research has unveiled that CSR is perceived as a “compliance with regulation” activity by 66% of people interviewed, whereas 50% of them regard it as an activity aimed at “addressing stakeholder concerns”.

A further eminent contribution comes from Perrini who, in 2005, analysed the set of information contained in the sustainability reports published by 90 European listed companies, with the intent to derive similarities and contrasts in terms of topics and issues therein contained. His research relied on 8 broad stakeholder-based categories of CSR themes used to classify the collected information, and what turned out is that 91% of reporting companies considered as fundamental the “environmental strategy and relations with the community” issue, followed by the “stakeholder engagement” one, mentioned by 86% of the reports examined. This study has been useful to understand that in Europe a slight convergence can be observed in particular with regard to environment-related issues.

In line with Perrini’s results, few considerations have been drawn by Furrer et. al. (2010) who conducted a survey on a sample of more than 3000 managers and business students throughout 8 Western Europe and Central and East Europe
countries. This study, indeed, has revealed that Western Europe countries are much more concerned of the environment dimension of CSR rather than the social and economic ones, reflecting the different institutional contexts which characterize the two set of countries 8.

There is no doubt that the studies mentioned so far are very helpful in outlining the current “state of the art” of CSR across European countries, but at the same time if we wanted to get the answer to the question “why should a company implement a CSR strategy?” we would better move to another set of studies, more focus on motivations determining a sustainable business conduct. Finding reasons why many corporations have decided to turn their head up to CSR issues and, most importantly, to communicate about it, has been widely debated, and a common refrain seems to emerge, namely the quest for legitimacy (Degan C. 2002).

What seems to persuade organizations to make their CSR strategies visible to the public, is the hope to gain -or regain- legitimacy to act by its stakeholders, as CSR is deemed as one of those tools which can “potentially aid [today’s managers] in handling the legitimacy challenges faced by organizations, by strengthening relationship building through dialogue “(Johansen and Nielsen, 2011). As it will be illustrated later on, however, the way stakeholder dialogue is managed and structured is a fundamental moment when social legitimation is sought, since what may occur is that an excess of CSR information could lead to tarnish the corporate credibility and, as a results, the legitimacy itself.

An interesting study which has tried to go straight to the core of the issue, by helping to understand what were managers’ perceptions about sustainable communication, has been carried out in 2010 by Arvidsson. By relying on a set of in-depth interviews and a questionnaire, the author discussed some insights derived from the Investor Relation Mangers (IRM)s employed in 27 multinational companies listed on the Stockholm Stock Exchange.

It has been noticed that CSR interest has intensified over the years due to corporate scandals, which have brought about a widespread mistrust in the business

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8 CEE countries after the dismantlement of their highly centralized economy and the consequent shift to a free-market system, faced a long period of crisis and people became closer to modernist values, (i.e. individual achievement, maximization of economic wellness etc.) as opposed to post-material values, like quality of life and self expression, typically embraced by Western Europe countries. For this reason, Central European countries are expected to be less inclined to forgo their economic stability in favour of environmental dimension.
world, and for this reason in the coming years stakeholders started to ask more non-financial information in order to keep track of corporate activities. In response to that, business leaders have firstly begun to report about their CSR initiatives in a reactive way i.e. they attempted to fix reputational damages incurred during crisis situation, by releasing such kind of disclosures. Nowadays, however, situation seems to have changed and, arguably, we have been going through a transitory period characterized by a more proactive approach, which is aimed at consolidating the company's reputational capital. Interviewees, in fact, revealed that because “[...] CSR information in corporate communication is definitely demand driven and not supply driven” (Arvidsson, 2010) they basically strive to meet this informative need, with the main purpose of proactively safeguarding their company’s reputation.

The legitimation theory, as a result, appears to be firmly entrenched on managers’ mindset, even though Guthrie and Parker, in one the most sizeable empirical studies ever made in the CSR field, have claimed that legitimation theory and CSR disclosure are not as tuned as it is believed.

The authors reviewed 177 annual and half-annual reports released by one of the largest Australian companies\(^9\) over a 100 year period, and they tried to figure out if any positive correlation could have been observed between the frequency of the CSR disclosure and the social, economic or political events occurred during the same time span. Under the assumptions of the legitimation theory, indeed, peaks in the sustainability disclosure frequency should have been stood out at the occurrence of negative events in which the company was involved, since in these circumstances, the corporation was expected to increase the amount of CSR-related information in order to contain the de-legitimation risk.

Surprisingly, in all four dimensions along which CSR reports were assessed (i.e. environment, energy, human resources and community involvement) the concerned theory failed to fully explain the company's social disclosure, and oftentimes contradictory results were obtained\(^10\). Guthrie and Parkers, therefore, have empirically demonstrated that it must be paid attention when conclusions about the motives

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\(^9\) Broken Hill Proprietary Company Ltd.

\(^10\) In regards of human resource issues, for instance, it has been noticed that when in 1960s and 1970s there was a peak in the CSR disclosures, "no significant industrial or labor-related disputes or problems were documented for that period" (Guthrie and Parker, 1989).
underpinning sustainable reports are drawn, but at the same time, as they have based their study on just one corporations, strong generalizations cannot be made.

By moving on the discussion about the empirical studies which have scrutinized the CSR discipline from different angles, it has been decided to consider those ones which are primarily concerned with the communication side of CSR with stakeholders, by looking at the related organizational processes whereby CSR efforts can be conveyed.

### 3.3.1 Outside-in vs Inside-out Approach: alternative CSR Communication Models

Since CSR has become a pervasive phenomenon in the business field, with stakeholders exerting a strong influence on firms’ activities, it appears evident the importance of properly handling the relationships with all these constituencies, in order to fend off whichever damage able to impair the corporate reputation. As a result, managing the CSR communication process in a strategic fashion, turns out to be one of the nowadays’ greatest challenges the modern corporation is expected to tackle. It is regarded as a challenge, because it is well known that “stakeholder expectations about CSR are a moving target” (Morsing et. al, 2006), asking for innovative ways to set the communication.

To this purpose, Morsing et. al (2006) have provided their contribution by formulating three CSR communication strategies, which resulted from an empirical research involving 58 Scandinavian corporations. Before going deeper into the discussion of the communicative alternatives, however, two core concepts need to be enlightened.

In order to make sense of things about an organization and to understand how it truly works, managers are expected to step out of the isolation and to gather information from third parties, as well as to exchange ideas with them, so to build up a less fuzzy picture of their company. Once this process known as sensemaking is carried out by all stakeholders, and the resulting facets of the same entity are combined each other, the next step would consist in trying to influence the way others seem to perceive -better, to make sense of the organization itself. This process is also called sensegiving and it comes about when an organization takes advantage of the visions
previously gained from stakeholders, and then reactively provides a response to them in line with the corporate vision to be spread.

The first type of CSR communication strategy is called Stakeholder Information Strategy and it is enacted whenever a corporation is confident about the goodness of its sustainable actions and it simply wants to make stakeholders acknowledge about them. This way to manage the stakeholders’ relationship cannot be considered as dialogic at all, as the main purpose is to govern the sensegiving process in order to ensure external support. The informative flow goes out from the organization and it reaches the recipients, who are not put into condition to provide neither a feedback, because once the message is dispatched, the relationship with stakeholders can be considered as concluded. With the only priority to spread the message as much persuasively as possible, this model has gained some interest among all organizations which are not willing to put into discussion the content of their CSR policies. An example of such a one-way communication model is the press release, but as it will be argued at the end of the current paragraph, risks behind this approach are several, especially because conspicuous corporate releases may reveal detrimental to the corporate reputation.

If we made some changes to the aforementioned one-way model and we introduced another informative flow from the stakeholders as well, we would obtain a two-way CSR communication model, to be distinguished between the asymmetric and the symmetric one.

As far as the asymmetric CSR communication model is concerned, few mild signs of a dialogue might be observed but, as it is deducible from the adjective asymmetric, the relationship between the company and its stakeholder base is still unbalanced in favour of the company. Such a Stakeholder Response Strategy can be distinguished from the previous one as the stakeholders’ opinions are considered somehow relevant to figure out the success of a certain CSR program.

Stakeholders therefore are asked to provide their opinion back to the company, in order to help it comprehending what are the consequences which might ensue if a certain CSR program was enforced. Despite the company here is quite motivated to get a grasp of the stakeholders’ opinions, this “responding to stakeholders [strategy] is still rather sender oriented” (Morsing et al. 2006), where the sensegiving process simply tries to address (and influence) the concerns expressed in the surveys undertaken. This strategy can be arguably considered a step forward from the informative one, but the
stakeholder involvement is still at its embryonic stage, as the only reason why the organization wants to hear from its interlocutors is to give sense of its actions in line with their expectations.

The Stakeholder Involvement Strategy is the last communication model to be presented, which stands out quite considerably from both the previous ones, thanks to a more active role which is reserved to stakeholders, involved in a very tight and symmetric negotiation. The CSR initiatives, indeed, are not imposed by the management but rather they are jointly developed as the outcome of an interactive process. By staying in close connection with stakeholders, indeed, this strategy ensures that the CSR activities have a high degree of acceptance, as a result of the alternation or “progressive iterations of sensemaking and sensegiving processes” (Morsing et al, 2006). If, on one side, the company reacts to stakeholders’ expectations about its CSR behaviour by exerting some sort of influence on them, the same thing could be said about stakeholders, as here the relationship between parties is much more balanced than in the previous cases. The most relevant aspect of this communication mechanism, is the pivotal role which is recognized to stakeholders, as they are treated like an external source of CSR inputs, where sustainable initiatives are both discussed and co-projected, making the case for a valuable outside-in approach to CSR communication.

A similar outlook seems to have been embraced by Miles, et. al (2006), when they proposed their view based on strategic conversations with stakeholders, i.e. those communication processes which aimed at “shaping and integrating the strategic intent of top management with both the firm’s capabilities and the competitive realities the organization encounters”. It is straight-forward that communicating with stakeholders about the corporate sustainability commitments, is going to be helpful in generating consensus around those CSR programs which will be implemented but, if conversations weren’t managed strategically, the latent risk would be that stakeholders passively receive the message and feel themselves as mere recipients of decisions taken from others. The solution suggested by the authors, therefore, consists in the adoption of a new way to conceive conversations with stakeholders, which is closer to the new corporate communication models adopted by organizations since 1980s, characterized by a less functional, isolated and mono-directional communication flow, in favour of a more receptive and market-oriented approach. If time ago all business information was used to go downward, the schema suggested
here is upward too, as worthwhile information can stem from those who are in a close connection with external stakeholders, that is the so called Boundary Spanning Employees (BSEs). The role of these BSEs is so crucial since they act as a sort of connecting loop between the external environment and top management, allowing the entire organization to be aware of the most important CSR issues. What it is often underestimated is the potential benefits which can be generated from such type of conversations, as they provide top managers with a “more realistic understanding of the firm, its capabilities, opportunities and social responsibilities” (Miles et al., 2006). Thanks to honest and unfiltered information exchanges -which are fundamental for building up a shared knowledge base among top managers, BSEs and stakeholders- the entire organization results to be more tuned with what happens in the external environment.

If these conversations have to be conducted effectively, it is better to first of all develop an understanding of the various mental models which are deployed by executives, BSEs and stakeholders, in order to derive what are called the Performance/Capability Gap and the Futures Gap. As far as the first type of gap is concerned, it can be defined as the sum of all existing differences between current CSR performance and the CSR capabilities possessed by a corporation, as perceived by its executives, BSEs and stakeholders. In regards of the second kind of gap, instead, it refers to the different views about what the most likely future and the ideal one, look like, and what is the role of a certain company in making these future scenarios happen.

Both of these gaps are obviously very common in whichever business context considered and, in order to minimize them, it seems necessary to unleash the tacit knowledge possessed by all the three key participants of the conversation, and then make it explicit. At the end of this process, it is possible to have a mutual grasp of how the company is currently seen from different viewpoints and what are the future paths as perceived by internal and external stakeholders. Once these variety of views are adequately channelled in the strategic formulation process, positive outcomes will be experienced.

This way to manage the corporate conversations with stakeholders, is once again a clear expression of the “outside-in perspective to strategy formulation” (Miles et al., 2006), where BSEs and stakeholders are considered as important elements providing information which otherwise would not be considered, and enabling the strategic outcomes to be more responsive of all their opinions and views.
Managing the CSR communication by internalizing interesting hints coming from conversations with the external, is not the only viable solution to be adopted when its own sustainability commitments have to be conveyed. Conversely, it may be that a corporation prefers to adopt a different communication strategy, which is much more focused on the internal dimension of the entire communication process, and just at a later moment, it turns to external stakeholders.

The model presented below has been embraced by two leading Danish companies\(^{11}\), which have been able to accomplish outstanding results in the CSR communication field thanks to an inside-out approach, with employees positioned in the foreground. What makes the model relevant is its capacity to address a paradox which may occur when companies decide to pave the way of sustainability. If on the one hand sustainability is one of the mostly mentioned drivers which bolsters the overall corporate reputation as perceived by the public (Morsing et al., 2008), on the other hand some scepticism is faced whenever a firm conspicuously divulgates its social responsibility efforts, making the case for a double-sided communication mechanism to balance these two diverging forces.

First of all, it is believed that employees are those ones who are required to be the most committed among the different set of stakeholders, even when a company has in mind to extend its efforts to the external community. The workforce, indeed, is the first targeted stakeholder to communicate with, in order to increase its sense of engagement in all those sustainable practices the organization aims to pursue. Of course, the employee component is likely to be much more committed to CSR, if the communication with them is based on issues of their concern (such as initiatives for work environment improvement) and this is the reason why an inward-looking approach to CSR is highly suggested in this initial phase. To completion of this first employee-centred engagement process, which aims at achieving the related “organizational anchoring of CSR activities” (Morsing et al., 2008), the expectation is that the sustainable employees’ thrust keeps going until the corporate CSR agenda is fully developed. The purpose of such a tight communication with them, in fact, is also

\(^{11}\) Novo Nordisk and Danfoss are two Danish companies with proven CSR commitment, respectively operating in the pharmaceuticals and in the industrial heating & cooling systems industry. In 2005 Novo Nordisk was the “most admired company in Denmark” (Morsing et al, 2006) whereas in 2004 Danfoss got the highest CSR score in the whole nation, according to the Reputation Institute Survey (Morsing et al. 2008).
justifiable by the willingness to encourage their involvement in boosting CSR programs at local, national or even international level.

According to this perspective, therefore, employees are somehow seen as the engine of the entire CSR strategy, which starts from inside the organization and then goes outside. Communication wise, all this requires a process which consistently spreads the commitment at the various intra and inter-organizational levels. The entire communication model which reflects what has been said so far, is made up of two interconnected processes, known as the Expert CSR Communication Process and the Endorsed CSR Communication Process (Morsing et al. 2008).

As far as the former is concerned, the communication is deliberately limited to a restricted range of stakeholders who are in general more comfortable with CSR issues and for this reason they are called experts (or alternatively elite readers). Beside of organizational members there are also politicians, local authorities, media and NGOs, identified as the other main recipients of the CSR messages mainly sent under the form of sustainability reports, company websites or personnel magazines. Interestingly, it should be noticed that in this early phase advertising campaigns are not recommended, since they could easily lead stakeholders to believe the message is a sort of self-celebrating communicative gimmick, in contrast with the true commitment the company wants to share about its CSR policies.

The second part of the communication model is the endorsed one, where a cascade-effect is observed. Here indeed, once the selected stakeholder groups have acknowledged the CSR programs put forth by the company, the message is passed to the public and customers, who are going to receive it as mediated by these third party stakeholders. The challenge, at this point, appears to reside in the company’s capacity to persuade stakeholders to endorse the message previously received.

All in all, despite the entire process is characterized by two separate moments, it should be conceived as a continuum, where the direct communication component to experts needs to be aligned with the subsequent indirect component, in order to make the entire communicative flow as smooth as possible. To this purpose, it is important to accurately select the CSR topics, in order to make them eye-catching enough to both classes of stakeholders involved, thus reducing the risk that the communication stops before reaching the public and customers.

\[12\] Just 30% of the Danish companies surveyed in 2005 were in favour of corporate advertising to publicize CSR initiatives, with few more percentage points in Sweden (Morsing et al. 2008).
Thanks to this CSR communication strategy, whose main feature is its highly dependency on the continual support of the employees, both Danish companies seem to have been able to overcome what is usually referred to as the “self-promoter’s paradox”, according to which, CSR communication messages released directly from companies are regarded with scepticism.

Exhibit 9 summarizes all the relevant empirical studies which have been mentioned in the literature review.
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Research question</th>
<th>Country</th>
<th>Sample</th>
<th>Methodology</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>György Ligeti, Agnes Oravecz (2008)</td>
<td>To figure out how CSR is considered by Hungarian companies as well as how they handle CSR communication with stakeholders.</td>
<td>Hungary</td>
<td>Interviews: top 20 Hungarian companies. Questionnaire: 500 companies</td>
<td>Interviews and questionnaires</td>
<td>The majority of Hungarian companies believe CSR is just about complying with regulations. Loud vs Quiet communication strategies can be identified.</td>
</tr>
<tr>
<td>Francesco Perrini (2005)</td>
<td>To determine if there is a common trend in CSR Reporting practises across European countries.</td>
<td>Europe</td>
<td>90 companies</td>
<td>Qualitative (stakeholder-based multi-criteria grid)</td>
<td>Companies tend to prioritize CSR issues to disclose around 7 main themes.</td>
</tr>
<tr>
<td>Oliver Furrer et. al (2009)</td>
<td>Identify differences in social, economic and environmental responsibilities as perceived in West and East Europe.</td>
<td>Croatia, France, Italy, Czech Rep, Lithuania, Russia, Spain, Switzerland</td>
<td>3064 managers and Business students</td>
<td>Questionnaire-based surveys</td>
<td>In West Europe more attention is given to corporate environmental responsibilities; in Eastern Europe attention is higher to the economic ones.</td>
</tr>
<tr>
<td>Susanne Arvidsson (2010)</td>
<td>To analyse what is the view managers of MNCs have with regard to CSR communication.</td>
<td>Sweden</td>
<td>27 listed MNCs</td>
<td>Questionnaire-based surveys and in-depth interviews</td>
<td>It turned out that managers disclose CSR to prevent legitimacy risks (proactive approach).</td>
</tr>
<tr>
<td>James Guthrie, Lee D. Parker (1989)</td>
<td>To test if CSR disclosure is justified by the legitimacy theory.</td>
<td>Australia</td>
<td>1 MNC</td>
<td>Historical and content method approach</td>
<td>The legitimation theory turned out to do not fully explain why companies report about their CSR activities.</td>
</tr>
<tr>
<td>Mette Morsing and Majken Schultz (2006)</td>
<td>To understand how Scandinavian corporations are used to communicate with their stakeholders.</td>
<td>Denmark, Sweden, Norway</td>
<td>58 companies</td>
<td>National Reputation Survey</td>
<td>There are three ways to communicate CSR initiatives. The stakeholder involvement strategy is the most successful one (outside-in approach).</td>
</tr>
<tr>
<td>Mette Morsing, Majken Schultz, Kasper Ulf Nielsen (2008)</td>
<td>To understand how corporations may avoid to be trapped in the “Catch 22” situation, which occurs when the public asks for CSR disclosure but at the same time it is hostile to excessive CSR information, since it is perceived as pure managerial rhetoric.</td>
<td>Denmark</td>
<td>17 companies</td>
<td>National Reputation Survey and 2 case studies</td>
<td>Thanks to an inside-out approach (centred on employees) companies can spread their CSR efforts outwards while firstly committing their internal stakeholders and then targeting the rest of the stakeholder audience.</td>
</tr>
</tbody>
</table>

Exhibit 9. Empirical stakeholder-based studies about CSR.
3.4 The Position of the Current Work with Respect to the Literature Reviewed

The body of literature on the basis of which the current work is built, has been derived with the purpose of cross-fertilizing different disciplines which respectively provide some insights to the CSR issues debated here.

It has started with the stakeholder theory, by looking at how organizations could improve their strategic management processes, if stakeholder concept was rooted within corporation’s strategic decision mechanisms. In this part it has been given particular emphasis to the stakeholder strategy formulation process, since it represents an innovative way to come up with stakeholder strategies, once their behaviour has been carefully scrutinized. Then it has moved the discussion to what makes the “stakeholder theory-CSR” binomial valid, before illustrating few studies which have sift the CSR attitudes at European level. However, to make the world know about the CSR activities of a “High Sustainability company” -as Eccles et al. (2012) would call it-, it is necessary to look at how sustainability is communicated, and for this reason studies which have deal with this particular matter, have been cited.

The intention to both link and create some convergence with regard to the mentioned theoretical strands, is what has guided the following step consisting in the preparation of the stakeholder survey. By relying on a semi-structured questionnaire, indeed, it has decided to deliberately capitalizes on both the outside-in and the inside-out CSR communication approaches, in order put forth a concrete and balanced CSR communication example, to be employed by whichever organization intended to set fruitful relationships with its stakeholders.

The position taken, to conclude, seems to be a step forward in comparison to all those empirical studies which have already treated the relationship between a firm and its stakeholder audience, as it espouses two antithetical vision which, however, could be seen as complementary as well.

4.1 Sustainable Mobility: An Automotive Industry Outlook

Before engaging in the presentation of how Centro Porsche Padova (CPP) has been making its own way through the sustainability pathway, it has been decided to briefly recall what are the major issues the World’s Automotive Industry is expected to deal with, in order to harness the transition towards a new and greener era of mobility.

According to the United Nations Global Compact-Accenture CEO Survey\textsuperscript{13}, there are both internal and external circumstances which, at the moment, seem to be preventing the main carmakers to fully leapfrog into the sustainability field. From a technological standpoint, for instance, there are quite a few alternative powertrains which can be suitable substitutes for the traditional combustion engine, such as hybrid, plug-in-hybrid, pure electric and hydrogen systems, but none of them has prevailed as yet. In turn, the risk to invest in a technology which may not become the future standard, is something which feeds the reluctance of the investor community in financing these cluttered business initiatives, as return on capital is still unclear.

It is also worth mentioning that the current capital budgeting techniques are not able to properly incorporate sustainability-related factors, and about 95% of automotive CEOs consider it as an important element which needs to be addressed if sustainability has to take off across the industry. Arguably, the stimulus for making this change happen is internal, as corporations should strive both to find appropriate metrics to keep track of sustainability, and to measure their effects on traditional lagging indicators, such as turnover growth, cost reduction and so on. In this way, investors will pay more attention to sustainability factors and will include them inside their investment models.

\textsuperscript{13} This study entitled “Towards a New Era of Sustainability in the Automotive Industry” was published in 2011, and it was based on opinions collected from more than a thousand CEOs as well business leaders and academics.
On the market side, then, it is likewise hard comprehending to what extent sustainability is going to drive consumers’ purchasing behaviours as, despite they have been showing environmental concerns about CO2 emissions, they appear to do not be willing to pay more for a vehicle with a reduced ecological footprint. As a consequence, companies should try to shape the market by sharing information about the advantages stemming from the possession of sustainable cars, from the tangible financial benefits over the entire vehicle’s lifespan, to the reduction in carbon emissions, in order to enlarge the size of a market which, at the moment, appears to be is still unseized.

An additional source of uncertainty comes from the difficulty to forecast how central governments are going to rule in respect of sustainable mobility. To clear out a regulatory framework which is still under definition, companies might decide to set tighter collaborations with policymakers, and a notable example of that could be spot in Germany. In 2011, indeed, it was launched a National Electro-Mobility Development Plan, whereby 1.5 billion euros had been pull together and allocated to a selected group of businesses, which worked on the development of electric vehicles and energy storage devices\(^\text{14}\). In this way, it has been possible to fund the work of highly innovative companies with the purpose of gradually coming closer to the ambitious goal to have in Germany 1 million electric cars by 2020.

As far as internal barriers are concerns, instead, it has been mentioned by more than three out of four automotive executives, that their future business success will strongly rely on the capacity to embed sustainability into their core strategies and daily operations. This problem of strategy execution seems to depend on a variety of factors, and the existence of competing strategic objectives is just one of those which negatively affects the capacity of sustainability to permeate businesses, usually called to hit short-term objectives while working on long-term sustainable innovation.

The paucity of the right skills and mindset by managers, then, is perceived as another issue which might undermine the full adoption of the sustainability tenets, as just 52% of executives polled declared their company has already done it. Not only it is crucial that business leaders are trained on sustainability issues, but also it is

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\(^{14}\) BMW A.G, Audi A.G and Porsche A.G were among the large-scale enterprises which supported the winners of the showcase projects.
required to link employees’ targets to sustainability parameters, as well as to consequently recalibrate the performance evaluation systems on new KPIs.

A particular aspect which seems to stand out from all those ones which have been discussed in the UNGC-Accenture survey, is that 86% of executives believe sustainability should be embedded throughout the whole supply chain, revealing how the shift to sustainability is expected to spread beyond the organizational boundaries and to inspire all business partners positioned both upstream and downstream.

If on the one hand it not possible to discuss about sustainability without considering the crucial role which is covered by both the carmaker and its constellation of service and parts providers, on the other hand, it is equally fundamental that the commitment coming from these actors, will seamlessly flow down to the last link of the supply chain, i.e. the dealerships. To this purpose, in the next paragraph it will be firstly illustrated the sustainability strategy as set out by Porsche A.G (PAG), and later the example of how CPP has been able to take up the sustainability challenge coherently with the corporate principles posed by the parent company, as expression of the strategic continuity which characterizes the concerned Porsche Centre.

4.2 A Journey through Sustainability according to Porsche A.G.

In 2013, the company headquartered in Zuffenhausen, did publish its first Sustainability Report, thanks to which all the main areas where PAG has been pouring its efforts for a stable sustainable growth, have been disclosed.

To understand why a sports car manufacturer like Porsche should be committed on sustainability issues, it could be used an effective similitude, as the German manufacturer might be likened to a professional athlete who, in order to achieve a high and long-lasting performance, needs to carefully deploy his energy and to manage his own resources wisely. PAG, as a consequence, has been striving to balance economic objectives with environmental and social concerns, by deftly working along five different areas: Business and Customers, Product Responsibility, Environment and Energy at the Sites, Employees, and Community.
The customer-centricity of Porsche is easily assessable if it is considered how structured is the business function which looks after customers worldwide\textsuperscript{15}, where the ultimate goal of meeting customer needs and nurturing their satisfaction, is pursued. With regard to business partners, instead, PAG does choose its suppliers according to stringent sustainability requirements, in light of the “Sustainability in Supplier Relationships” concept. Thanks to this approach (derived from Volkswagen) the entire process ending with the selection of the suppliers is minutely reviewed, as they are asked to conform to an extensive set of criteria before even make an offer. Besides, in order to avoid any detrimental effect on company’s reputation, a risk assessment is performed for each supplier and once all preliminary evaluations are successfully passed, the concerned business partner enters the circle of Porsche suppliers.

With the commitment on product responsibility, PAG intends to provide highly innovative and sporty premium cars, while minimizing fuel consumption and carbon emissions, as witnessed by the recent line-up enlargement occurred with the introduction of plug-in-hybrid models -such Cayenne S-E Hybrid, Panamera S-E Hybrid and 918 Spyder. The protection of the environment is another priority Porsche is not available to skimp on, and this is backed by the employment of the most cutting-edge facilities which equip the assembly lines. Energy, water and raw material management systems have been implemented throughout all the production sites, so to cut down the related expenses, improve efficiency and preserve the surrounding eco-systems. Porsche, in addition, looks after all those neighbouring areas where the manufacturing activities might impair the vegetable and animal biodiversity, by trying to mitigate the harmful effects on it.

As far as employees are concerned, PAG does recognize that its skilled workforce is the most important resource possessed, whose working conditions are tried to be maintained at their best. The Human Resource and Social Affairs department, in particular, has been working to get the right work-life balance, by creating partnerships with local day-cares, as well as providing viable solutions for whichever need of flexibility. Vocational trainings are then provided to young school leavers through apprentices and, once successfully completed, Porsche does offer them

\textsuperscript{15} Porsche has different departments within the Customer area, i.e. the Customer Relations, Customer Insights, Customer Relations Projects and Processes and the Customer Commitment department, in addition to the Customer Contact Centre (PAG, 2013).
a permanent position within the company, as it is believed that future generations of workers are required to be properly trained and assisted, if the company wants to keep on manufacturing state-of-the art cars. The expansion of workers’ knowledge and skills, as a result, is what inspire Porsche to invest in HR development, as demonstrated by the multifarious initiatives which target the employees at various levels.\textsuperscript{16} Attention to Porsche’s workforce is also epitomized by the presence of advanced healthcare management practices, such as the so called “Porsche Check-up”, a medical prevention program aimed at the early identification of health issues. Occupational health and safety is a further aspect which is addressed by Porsche, in order to avoid hazardous events like work-related injuries and diseases, which may put at severe risk the people working at plants. To be mentioned then -as a similar initiative has been carried out by CPP- is the 2013 “Sentiment Barometer”, which is an internal survey intended to gather information in respect of issues like the level of cooperation among employees, their perceived quality of the working environment and so forth, giving the chance to PAG to work out what was is level of satisfaction among its workforce. To conclude this part about the PAG’s employees, it has to be mentioned the strong emphasis the corporation has recently put on female employment which, at executive level, has soared by 3.6% over the 2012-2013 period.\textsuperscript{17}

The last point to completion of the sustainability framework in which Porsche has put its business activities, is the Community. The German car manufacturer, indeed, has been trying to strengthen its relationship with a vast audience of stakeholders, since a durable social acceptance wouldn’t be achieved without the support of cultural and sport events -both at local and international level-, in line with the Porsche heritage. Social commitment is another fundamental component of PAG engagement towards its hosting community and, among the most striking local examples of it, there is the “Kids Driving School” program, which gave the opportunity to children to go round a small track and to learn what is the correct way to behave on road. Concrete social actions have been undertaken in Latin America too, where more than 250 houses have been built up with the financial support of Porsche, securing safe housings to about 1500 people. Finally, education and research wise, the company has been

\textsuperscript{16} Porsche Management Program, for instance, is a modular program delivered to experienced employees covering managerial positions, who are given the chance to keep up with the last business management practices.

\textsuperscript{17} Sustainability Report 2013, (PAG, 2013).
Exhibit 10: The targets of sustainable growth at Porsche AG

(Sourced by Porsche AG)

collaborating for long time with both with high schools and universities, by awarding scholarships to distinguished students in technical and managerial subjects. The “Ferry Porsche Preis”, for instance, is a yearly prize awarded to best students who achieve the highest mark in the university entrance test in scientific subjects.

All the above plethora of initiatives which have been implemented by PAG, enable the company to be at the forefront in the sustainability field, and to drive it successfully throughout the achievement of those sustainable targets which lie at the core of the PAG’s sustainable growth process (Exhibit 10).

4.3 The Sustainability Challenge: The Way Ahead for Centro Porsche Padova

Centro Porsche Padova S.r.l is one of the two Porsche dealerships 18 which is wholly owned by Porsche Italia S.p.A, -the exclusive importer of Porsche vehicles for

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18 Porsche Haus s.r.l, with its two commercial branches Centro Porsche Milano Nord and Centro Porsche Milano Est, is the other direct dealership operating in Milan, Lodi, Monza and Brianza.
the national market- and, since its incorporation in 1999, it represents a reference point for the provinces of Padua, Venice, Rovigo and Belluno. Headquartered in Corso Stati Uniti, (Padua, IT), this Porsche dealership manages the sale of new cars, second-hand cars and original spare parts, and it also provides the required technical maintenance to Porsche cars. In the same venue as CPP, there are also the offices of Porsche Italia and Porsche Financial Services, both located in the first floor of the building.

Starting from early 2015, CPP’s board of directors has agreed on the need for a strategic overhaul in the existing business orientation characterizing the dealership, by pursuing new lines of development which would have allowed the company to further fortify its market leadership. It was believed that the key driver the concerned dealership should have started to lean on, was Sustainability, and for this reason four core sustainability targets –to be achieved within 2018- have been outlined (Exhibit 11).

Improvement in customer experience is the first goal to be achieved in order to live up the high expectations all Porsche customers have, when they step into the official Porsche dealership. Since, at the moment, the CPP’s relationships are quite limited to the normal business activities, the second target is to work on this direction so to widen the portfolio of relationships between the dealership and its set of stakeholders, with the ultimate purpose to raise its social acceptance. The third area of intervention, then, is about human resources, with CPP striving to become an excellent employer, by leveraging on factors such as better work-life balance and improvement of the internal climate for innovation. The CSR target is about the environmental sustainability, whereby the company aims at both spreading the benefits of hybrid models currently available, as well as diminishing the environmental impacts stemming from its daily operations.

These four sustainability targets have been conceived in order to help out the organization to generate value-added during the accomplishment of the 2018 business strategy, which, in turn, revolves around four main objectives. Beside of achieving defined sales targets, indeed, not only is CPP expected to commit towards the protection of the purchasing value, but also it is called to get high levels of customer satisfactions, alongside the continual support to the workforce.
Exhibit 11: The 2018 sustainability targets of CPP (Sourced by CPP)

What CPP has been trying to accomplish through its new sustainability strategy, is to develop a CSR pattern which is tuned both with the strategy developed by Porsche A.G and with its internal set up currently in force, in order to gradually pervade the dealership practices with a greater sustainability content. If the willing to conform to the parent company with regard to sustainability targets, is something which has been taken into account during the preparation of the questionnaire, the second aspect concerns the willingness to create a more systematic framework where sustainability initiatives may be put in place, without overlooking what the dealership has done so far to act fairly from a social and environmental standpoint.

In the field of the Organizational and Managerial Model (ex. Legislative Decree 231/01) adopted by CPP, a central role is covered by the Code of Ethics, which provides all internal and external stakeholders who get in touch with the dealership, with a set
of basic principles which regulate their behaviours. Among them\textsuperscript{19}, in fact, principles such as “environmental sustainability”, “social sustainability” “centrality of the person” and “health and safety in the workplace”, do represent an unmistakable signal of the presence of some sustainability-related concerns regulating the inter- and intra-organizational interactions. The adoption in 2013 of the Environmental Management System in accordance with ISO 14000:2004, for instance, could be considered as a first step towards a fully-fledge environmental strategy towards which CPP has been moving, and it consists of a well-designed set of internal procedures aimed at keeping under control whichever effect the dealership could generate on the environment.

An additional element of distinction for CPP, can be found in its Health and Occupational Safety System as set out by UNI-INAIL guidelines, which has contributed to increase the general degree of internal proceduralisation thanks to new and tailored procedures, whereby the company mitigates the health and safety risks brought about by normal activities. In this way, employees may have the certainty to work in a protected working environment where possible risks are continually monitored and mitigated.

The great attention CPP pays to its workforce is also testified by the offer of numerous training programs for all employees, ranging from classes where sales consultants can remain abreast of whichever news related to Porsche models, to managerial courses for employees covering high-level positions, revealing how much the company cares about its own employees’ development. To a larger extent, this impression is also bolstered by the results stemming from the analysis of the workforce’s composition, which shows how the number of female employment has surged by 9\% during the 2012-2014 period (Exhibit 12), consistently with the Porsche AG policy in support of woman’s role.

\textsuperscript{19} Code of Ethics principles: Top performance, leadership, continuous innovation, fairness and equity, centrality of the person, environmental responsibility, social responsibility, health and safety in the work place, transparency, legacy (Code of Ethics, Centro Porsche Padova).
Exhibit 12: Workforce composition at CPP (Sourced by CPP)

Based on what it has been described so far, it turns out that CPP is already equipped with an outlook which is sensitive to sustainability issues but, with its intention to groove in more deep the road to sustainability, the dealership has taken a precise stance which is going to make this business reality the very first Porsche Centre nationwide to have fully embraced sustainability within its own business strategy. At the moment, the relationships with the stakeholders (in particular the external ones) are not satisfactory enough, and the underpinning intention to generate shared-value between the dealership and its hosting community, has pushed forward in the CPP's agenda the need for structured social and environmental initiatives, by demonstrating how a company characterized by a wealth of internal procedures is not going to be limited in the creation of a sustainable competitive advantage.

To come up with these initiatives, however, does require to work jointly with all the stakeholders and, in some cases, to even start from the scratch, particularly with those who previously were not involved as (wrongly) considered not relevant for business purposes.

Below it will be reviewed how stakeholders of CPP have been identified, and how the whole listening phase to their expectations, opinions and suggestions has unfolded, followed by the illustration of the results gathered through the use of a self-administered questionnaire.

4.4 Methodology

The methodology developed in the present study aims at empirically combining the two perspectives which have been previously discussed in the literature review
To this purpose, it has decided to conduct a survey with the primary objective of setting an effective dialogue with the multitude of both internal and external stakeholders of CPP. The preparation of a semi-structured questionnaire, as a result, it has been considered crucial for the collection of a wide range of opinions.

The survey which has been carried out here, is a self-administered survey and, as suggested by the name, all the major steps of the question answering process - from the comprehension of the questions, to the final provision of the answers - are administered just by the interviewees. In some cases, however, stakeholders have been previously contacted by telephone, in order to provide them with more details about the topics they would have encountered during the undertaking of the survey.

The intention to rely on a self-administered survey depends on a series of factors such as: the willingness to do not force respondents to take part to a time-constraint activity, the intention to reduce the interviewer bias and finally to ensure the maximum privacy to the questionnaire recipients. Given the less intrusiveness which characterizes the self-administered survey, it has been possible to do not pressurize stakeholders by avoiding the presence of the interviewer, which is considered a real advantage when “sensitive or socially desirable question are being asked” (De Leeuw et al. 2008).

Such type of survey however, is not exempt from flaws, in fact one drawback is the generation of lower response rates if compared to face-to-face interviews, and for this reason it has decided to focus the attention on the preparation of the questionnaire layout, as well as on the cover letter attached to it, which contains what is referred to as “meta-information”. This information, indeed, does help to provide full explanation on the research objectives and to anticipate the content of the research study. Furthermore, considering that in this specific type of survey chosen “[...] graphical language can take over the role of nonverbal and paralinguistic communication” (De Leeuw et al 2008) it has decided to revolve on “para-information” too, by adopting minimal visual cues to draw the interviewee’s attention towards the key items.

The need for pre-testing the questionnaire, which is considered as a core requisite for a professional questionnaire construction (De Leeuw et al 2008), has been considered when two drafts have been drawn up and subsequently tested during brief face-to-face interviews. Interesting feedbacks, as a results, have been collected and, later on, the last version of the questionnaire incorporating those suggestions was developed.
For the development of the questionnaire, it has drawn on the Total Design Method (TDM) by Dillman (1978), which revolves around the Social Exchange theory prescriptions. Based on this perspective, the TDM focuses on the maximization of rewards, the minimization of costs and, ultimately, the building of trust. These three elements have been firmly considered throughout the entire questionnaire design process, in fact, as far as the first element is concerned, it has been clearly stated how important was each single contribution, and which kind of expected benefits interviewees would have gained once the entire data collection was completed. The cost of filling out the questionnaire has been touched on as well, especially when the email introducing the questionnaire was sent, so to make recipients comfortable about the reduced amount of time they would have spent to complete the survey. In regards of the last point, it has been clearly indicated the organization which has authorized the execution of the survey, so to create a trustworthy feeling in whoever filled in the questionnaire, considered as fundamental in particular “when the members of an existing organization are surveyed” (dee Leeuw et al 2008). A system of follow-ups has been implemented as well, as suggested by Dillman, because in most cases the first contact with stakeholders did not get the expected result. To this purpose, two reminders have been made, in order to persuade non-respondents to answer, and to obtain a response rate higher than 50%.

4.4.1 Questionnaire Structure

In regards of the questionnaire structure, then, it has been developed on the basis of the following rationale. First of all, it is worth reminding that, at the moment, CPP’s stakeholder engagement process has just begun and, for this reason, it has been decided to do not tie too much the stakeholders with pre-defined sustainability issues, thus inquiring them about what was their opinion in regards of sustainability and, in particular, about its linkage with CPP. This intention to deliberately brainstorm the recipients of the questionnaire, is what has driven the decision to go for a semi-structured questionnaire, where open-ended questions were put aside to close-ended ones.

In its first section, it has decided to start with an explanatory analysis of the stakeholders –in line with what suggested by Freeman (cfr. supra par. 3.1)- and they
were asked to what extent the concerned CSR project was perceived as interesting, with a further question intended to assess its relative position in comparison with the others projects they were working on. Moreover, it has been considered crucial to evaluate both what were the stakeholders’ objectives, if they had to be involved in such far-reaching sustainability initiative, and the primary sustainability issues CPP should have started to face up, in order to actively contribute to the wellness of the hosting community. After the first part has been prepared, with the expectation that stakeholders would have revealed the foundations of their current feelings about CSR, the attention has moved to the assessment of perceptions by CPP’s stakeholders about the relevancy they attributed to the aspects contained in the last set of GRI Guidelines.

The central part of the questionnaire indeed, was meant to question stakeholders about the relative materiality associated to a range of aspects which, according to them, should have been included in the future CSR report. The G4 Guidelines, indeed, do offer a comprehensive list of Disclosures on Management Approach for each of the sustainability aspects considered (cft. Supra par. 2.3) and, since GRI gives the chance to focus the CSR report just on a reduced set of material aspects, it has been asked to stakeholders to express their thoughts on that matter. In order to help recipients in modulating their own answers, Likert scales ranging from 0 to 5 have been used. This section covers the highest portion of the questionnaire, as it has believed it was crucial to discern high, medium and low material aspects in regards of which the company is called to disclose CSR information.

In the final section of the concerned questionnaire, then, it has attempted to advance some valuable CSR initiatives which could be implemented by CPP in the forthcoming future. Since, nationwide, it appears to be a shortage of sustainability initiatives at dealership level, it has decided to turn the attention to what corporations operating in the luxury industry have done in regards of this topic. However, in order to do not move away from the core values which specifically characterize the Porsche brand, such as innovation, sportiness, quality and exclusivity, it has been analysed those sustainability actions undertaken by Porsche AG as well. Also in this case, the Likert scale has been chosen as the method for gathering data about the usefulness of each initiative. To see a copy of the questionnaire, please see the Appendix 1.
4.4.2 Sample

As regards the sampling criteria to be used for the identification of the eligible CPP’s stakeholders to be involved in the survey, it has drawn on the theoretical frameworks provided by both Freeman and Mitchell et. al (cfr. supra par. 3.1). To pinpoint who are those subjects or institutions who could affect –or could be affected by- the concerned Porsche Centre, indeed, a stakeholder matrix specifically conceived for CPP has been prepared, (Table 13) with the advantage of providing with a wide view about who are the actual participants of the CPP’s stakeholder system.

At the same time, however, it has decided to go deeper in the stakeholder analysis, by trying to understand if any priority was existing among the various CPP’s stakeholders. To this purpose, CPP’s executives were asked to assess the stakeholders’ salience, and it turned out that a considerably high priority was attributed to internal stakeholders (Appendix 2). Employees, as a result, were deemed as the “definitive” stakeholder group, whose engagement over the first following steps of the sustainability project has been considered pivotal.

Exhibit 13: The Map of CPP’s stakeholders
The entire sample selection process has unfolded by keeping in mind these two frameworks, in fact, each department CPP is composed of, has been included on it, while the external stakeholders have been considered to a reduced extent, and their participation to the survey has been limited to just those who were in possession of some knowledge of CSR matters, in accordance with the Endorsed CSR Communication Process by Morsing et al (cfr. supra par. 3.3.1).

The number of stakeholders who gave their availability and, subsequently, filled out the questionnaire is 24. More than 40% of the total respondents are CPP's employees, and this fact goes to reinforce the empirical feasibility of the inside-out approach emphasised in the literature review. The priority order given to CPP's stakeholders by the management of the Porsche Centre, in addition, seem to perfectly fit the concerned approach, since it has been deliberately given attention to CPP's human resources. In total, 40 questionnaires have been sent out either by email or hand-delivered, and 24 usable responses have been returned, providing a response rate of exactly 60%.

To be noticed is the geographical location of the respondents, with 63% of them coming from the Province of Padua, followed by Milan and Venice. Just one stakeholder comes from Stuttgart, Vicenza, Treviso and Bolzano.

<table>
<thead>
<tr>
<th>Stakeholder category</th>
<th>No. of respondents</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>10</td>
<td>41.67%</td>
</tr>
<tr>
<td>Business Partners</td>
<td>6</td>
<td>25.00%</td>
</tr>
<tr>
<td>Clients</td>
<td>1</td>
<td>4.17%</td>
</tr>
<tr>
<td>Porsche Clubs</td>
<td>1</td>
<td>4.17%</td>
</tr>
<tr>
<td>University</td>
<td>1</td>
<td>4.17%</td>
</tr>
<tr>
<td>Porsche Italia</td>
<td>4</td>
<td>16.67%</td>
</tr>
<tr>
<td>Porsche AG</td>
<td>1</td>
<td>4.17%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Exhibit 14: The distribution of respondents
4.5 Results

The paragraph intends to empirically analyse the results stemming from the listening phase of the expectations by CPP’s stakeholders. These results have been organized into three major sections, where it will be illustrated:

a) The perceptions of CSR fundamentals by CPP's stakeholders;

b) The perceptions of CSR material aspects by CPP’s stakeholders, according to GRI guidelines;

c) The perception of usefulness attributed to CSR initiatives by CPP's stakeholders.

All the results generated from the elaboration of the questionnaire should be considered as exploratory, since the size of the sample is small. Furthermore, it is worth mentioning that, not only all information relating the entire CPP’s stakeholder community has been provided, but also it has decided to treat separately the data collected from the CPP’s internal stakeholders, so to keep alive the dual outside-in and inside-out perspective, throughout the entire data elaboration phase.
4.5.1 The Perceptions of CSR Fundamentals by the CPP’s Stakeholders

First of all, the CPP’s stakeholders were asked what were the most important CSR fundamentals which, at the moment, should be addressed by CPP. As already said, in this first part of the survey it has decided to leave stakeholders free to express their thoughts, and a list of major issues have been collected. Clustering of open-ended questions have been performed in order to reduce the amount of CSR issues around fewer key categories.

Exhibit 16 clearly illustrates that the category which has obtained the highest percentage is “Environmental Pollution” (chosen by 18.75% of CPP’s stakeholders), followed by “Energy Saving” issues, which have been mentioned by 16.67% of respondents. A slightly lower score, then, has been recorded with regard to “Social Care”.

By getting closer to what CPP’s internal stakeholders have stated, then, it is possible to spot a few differences if compared to the general situation just described. At a first sight, indeed, it can be noticed that the number of key CSR fundamentals reported in Exhibit 17, has reduced from nine to eight, since CPP’s internal stakeholders have not openly referred to the “Business Support” category.

Exhibit 16: Relative frequencies of CSR fundamentals, as perceived by the CPP’s stakeholder Community
“Energy Saving”, then, has become the most important CSR fundamental to be addressed by the Porsche Centre and this aspect does reveal that CPP’s employees would hope for some energy-saving solutions to be implemented at the Porsche Centre, so to benefit from cleaner sources of energy. The second highest relative frequency, instead, is recorded in the “Young Education” category, since it has been chosen by 18.18% of CPP’s internal respondents. The gap from the first two categories and the rest is quite considerable, demonstrating how from an internal standpoint, the type of perceived CSR issues is mainly of two kinds. “Environmental Safeguard”, “Social Care”, “Urban mobility” and “Gender Equality”, indeed, all placed third in terms of relative frequencies, as a result of a reduced interest towards them.

As anticipated when the structure of the questionnaire has been outlined (cfr. supra 4.4.1), after the CPP’s stakeholders have been asked which were the most crucial CSR fundamentals to be addressed in the CPP’s hosting community, the subsequent step was to give them the chance to provide some concrete ideas whereby the Porsche Centre would have been able to face the concerned CSR issues. This activity turned out to be quite demanding to interviewees, as in some cases they left the space blank or came up with solutions.

Exhibit 17: Relative frequencies of CSR fundamentals, as perceived by the CPP’s internal stakeholders
<table>
<thead>
<tr>
<th>CSR issues</th>
<th>Intervention hypothesis by CPP</th>
</tr>
</thead>
</table>
| Environmental Pollution | - To contribute to the local reforestation by planting trees in order to compensate the Co2 emissions of the dealerships;  
                        | - Correct disposal of business waste to reduce the business impact on the environment;  
                        | - To further digitalize the internal processes at the dealership by reducing the use of papers;  
                        | - To promote the adoption of specific products to keep the engines constantly well-maintained, so to reduce the emission of harmful substances; |
| Energy Saving    | - To adopt technological solutions such as the installation of solar panels, with specific indication about the amount of Co2 not released; |
| Social Care      | To spend some days aside not-for-profit associations to support needy children;                                                                                       |
| Young Education  | - To organize Road Safety classes at schools;  
                        | - To support thesis and research studies about the pollution in the lagoon of Venice;                                                                                   |
| Social Integration | - To provide extra-communitarians with job opportunities at CPP;                                                                                                 |
| Well-being at workplace | - To disclose information about the contribution each internal department brings about;  
                        | - To further invest in human resource trainings;                                                                                                                      |
| Gender Equality  | - To appraise men and women in the same way;                                                                                                                      |
| Business Support | - To support local start-ups;  
                        | - To encourage young entrepreneurial activities;                                                                                                                     |
| Urban Mobility   | - To spread information about the benefits stemming from the adoption of plug-in hybrid vehicles;                                                                     |

Exhibit: 18 Hypothetical solutions to CSR issues by the CPP’s internal stakeholders and the whole CPP's stakeholder community

which were quite unfocused. However, the majority of information have been collected and summarized in Exhibit 18, where the initiatives formulated by the CPP’s internal stakeholders are described in blue.
4.5.2 The Perceptions of CSR Material Aspects by the CPP’s Stakeholders, according to the GRI Guidelines

Since CPP’s next step in its Sustainability pathway, is to prepare a sustainability report based on the last version of the GRI Guidelines, it has collected data along the main applicable categories and sub-categories of CSR aspects, in regards of which, CPP is called to determine the overall materiality threshold to enforce during the drawing up of such CSR Report. Starting from the opinions expressed by the entire CPP’s stakeholder community, it seems that the GRI social category has been considered, on average, relatively more material than the economic and environmental ones (Exhibit 19). The “Product Responsibility” sub-category, in particular, appears to be the one which garnered the greatest interest among respondents, with a mean value of 4.63. “Labour practices and Decent Work”, then, has been considered the second most material category CPP should disclose information about, followed by the “Human Rights” one. With a mean value of 3.63, the GRI Economic category turns out to be the one whose materiality is perceived as the least important.

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<tr>
<th>GRI Categories</th>
<th>GRI Sub-Categories</th>
<th>Mean (1-5)</th>
<th>Standard Deviation</th>
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<tbody>
<tr>
<td>Economic</td>
<td>-</td>
<td>3.63</td>
<td>0.99</td>
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<tr>
<td>Environmental</td>
<td>-</td>
<td>4.04</td>
<td>1.08</td>
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<tr>
<td>Social</td>
<td>Labour Practices and Decent Work</td>
<td>4.48</td>
<td>0.72</td>
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<tr>
<td></td>
<td>Human Rights</td>
<td>4.26</td>
<td>0.92</td>
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<tr>
<td></td>
<td>Society</td>
<td>4.18</td>
<td>0.83</td>
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<tr>
<td></td>
<td>Product Responsibility</td>
<td>4.63</td>
<td>0.63</td>
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</tbody>
</table>

Exhibit 19: Descriptive statistics about the materiality of GRI Areas and Sub-Areas, as perceived by the CPP’s stakeholder community
As regards the set of data collected from the perceptions of the CPP’s internal stakeholders, then, there seems to be some consistency with what has just been discussed. In Exhibit 20, it can be noticed that the “Product Responsibility” sub-category continues to be the most material one, scoring a mean value of 4.73. The second most material sub-category of aspects is “Labour Practices and Decent Work”, whereas the third most material sub-category is “Human Rights”.

It is worth noticing, however, that from the analysis of the Standard Deviation values between Exhibit 19 and 20, it turns out that data related to the perceptions by the entire CPP’s stakeholder community, appear to be more spread out than those regarding just CPP’s internal stakeholders, witnessing how the materiality level given to CSR aspects, tend to be more homogeneous if just the CPP’s employees are taken separated from the entire CPP’s stakeholder group. The relevancy which has been attributed to the “Product Responsibility” GRI category over the others, both by the entire CPP’s stakeholder community and the CPP’s internal stakeholders, is expression of a strong awareness they have about the need to disclose information on the social and environmental effects generated by Porsche cars. In particular, it seems that

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<th>GRI Categories</th>
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<td>Environmental</td>
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<td>4.19</td>
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<tr>
<td>Social</td>
<td>Labour Practices and Decent Work</td>
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<td></td>
<td>Human Rights</td>
<td>4.47</td>
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<td></td>
<td>Society</td>
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<td>0.73</td>
</tr>
<tr>
<td></td>
<td>Product Responsibility</td>
<td>4.73</td>
<td>0.57</td>
</tr>
</tbody>
</table>

Exhibit 20: Descriptive statistics about the materiality of GRI Categories and Sub-Categories, as perceived by the CPP’s internal stakeholders
transparently reporting about the impacts of the Porsche products on customers’ health and safety, is something on which stakeholders have expressed a shared opinion.

4.5.3 The Perception of Usefulness attributed to CSR initiatives by the CPP’s Stakeholders

Exhibit 21 and 22, do illustrate the main descriptive statistics related to the CSR initiatives, in order to derive which belonging category has drawn the highest interest among both the whole CPP’s stakeholder community, and the CPP’s internal stakeholders. Since the social category is inherently multifaceted, it has decided to break it down into more sub-categories, in line with what has been suggested by the GRI guidelines (cfr. supra par. 2.3).

As regards the exhibit 21 summarizing the data collected from all CPP’s stakeholders, it is possible to notice that the most appreciated initiatives all belong to the social category. This element provides some hints about the type of issues which, at the moment, appear to worry the most the hosting community. The first sub-category of initiatives which has totalled the highest mean, interestingly, is the one under the label of “Work”. To this purpose, it is legitimate to assume that CPP’s stakeholders do agree about the usefulness related to the adoption of internal solutions, which can help the Porsche Centre stimulating its competitiveness.

The second best set of initiatives which appear to have raised a certain interest among the CPP’s stakeholders, then, belongs to the “Education” sub-category. As a result, initiatives therein contained, such as road education to newly-qualified drivers and children, women scholarships and technical trainings offered to students, are considered as useful for the improvement of the local level of education.

Lastly, the third most preferred sub-category of initiatives, is the one related to “Culture” which, in the present work, is covered by the proposal of supporting literacy contests. On the basis of this result, therefore, it is safe to maintain that engaging in events such as the one proposed here, are expected to encounter the approval of the CPP’s stakeholders. Conversely, the least appealing category which has totalled the lowest mean value is the economic one, witnessing how the idea of recognizing a
premium price to those suppliers who have adopted sustainable practices is not perceived as that relevant by the entire CPP’s stakeholder community.

Exhibit 22, then, shows the data obtained once the analysis is narrowed down to the perception of the CPP's internal stakeholders. At a first glance, it seems that all categories and sub-categories of initiatives have obtained a higher score when the opinion of the CPP’s employees is considered in insulation from the entire stakeholder community. Some discrepancies, then, do emerge when the first three best ranked classes of initiatives are scrutinized. On the one hand, it is easy to notice that the proposed initiative to incentivize the climate of innovation at CPP, has been the one which gained the highest mean value, in line with what indicated in Exhibit 21 but, on the other hand, it appears that the initiatives included in the “Culture” sub-category, have been deemed as more useful than those ones regarding the education, in contrast with the perception of the entire CPP’s stakeholder community. In regards of the least appreciated initiatives, the “Sport” sub-category appears to be the one which has encountered the smallest enthusiasm, since probably the support of local sport clubs is not perceived by the CPP’s internal stakeholders as a value-added CSR activity.

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<tr>
<th>Category</th>
<th>Sub-Category</th>
<th>Mean (1-5)</th>
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<tbody>
<tr>
<td>Economic</td>
<td>-</td>
<td>3.55</td>
<td>1.08</td>
</tr>
<tr>
<td>Environmental</td>
<td>-</td>
<td>3.62</td>
<td>1.27</td>
</tr>
<tr>
<td>Social</td>
<td>Health</td>
<td>3.54</td>
<td>1.37</td>
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<tr>
<td></td>
<td>Sport</td>
<td>3.77</td>
<td>0.99</td>
</tr>
<tr>
<td></td>
<td>Culture</td>
<td>3.91</td>
<td>1.28</td>
</tr>
<tr>
<td></td>
<td>Education</td>
<td>4.13</td>
<td>1.09</td>
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<td></td>
<td>Work</td>
<td>4.46</td>
<td>0.71</td>
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<tr>
<td></td>
<td>Social Inclusion</td>
<td>3.85</td>
<td>1.25</td>
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</table>

Exhibit 21: Descriptive statistics divided by categories and sub-categories of CSR initiatives, as perceived by the CPP’s stakeholder community
By observing the column of the standard deviation in Exhibit 21 and 22, finally, it turns out that the dispersion around the mean value is slightly higher in the case of the CPP’s stakeholder community considered in its entirety. When the focus is restricted to the CPP’s internal stakeholders, instead, the standard deviation decreases, witnessing that their opinions are not very spread out from the recorded average value,

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<thead>
<tr>
<th>Category</th>
<th>Sub-Category</th>
<th>Mean (1-5)</th>
<th>Standard Deviation</th>
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<tbody>
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<td>4.10</td>
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<td>Environmental</td>
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<td>Social</td>
<td>Health</td>
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<td>Sport</td>
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<td>0.75</td>
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<tr>
<td>Social</td>
<td>Culture</td>
<td>4.60</td>
<td>0.49</td>
</tr>
<tr>
<td>Social</td>
<td>Education</td>
<td>4.43</td>
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<tr>
<td>Social</td>
<td>Work</td>
<td>4.70</td>
<td>0.64</td>
</tr>
<tr>
<td>Social</td>
<td>Social Inclusion</td>
<td>3.89</td>
<td>1.25</td>
</tr>
</tbody>
</table>

Exhibit 22: Descriptive statistics divided by categories and sub-categories of CSR initiatives, as perceived by the CPP’s internal stakeholders
5. Conclusions

The purpose of this thesis is to understand the expectations of the CPP's stakeholders by adopting a stakeholder-based approach. Since CPP has been undergoing a deep transformation whereby it aims at achieving a solid reputation as a sustainable company, it has been carried out a survey that is expression of a CSR communication perspective emphasizing both the internal and external strategic role of stakeholders.

From the empirical findings based on the CPP’s stakeholder survey both when the stakeholder community is considered as a whole, and when the attention is posed just on the CPP’s internal stakeholders, it is possible to notice that mild signs of contrast between them exist. The decision to start from a general level of analysis and then to shrink it to just internal stakeholders, has allowed to clarify that, on one side, CPP’s employees express the same materiality opinion as the entire stakeholder community but, on the other side, they have slight different opinions when they were asked to freely state which are the CSR issues they wish they could be faced in the CPP’s hosting community.

With regard to this misalignment, the CPP’s internal stakeholders said that “Energy Saving” was the most crucial CSR fundamental to be addressed whereas, at a more general level, the entire community seemed to agree more on the importance covered by the “Environmental Pollution” issue. Then, if we look at the proposal of initiatives, both the CPP’s internal stakeholders and the CPP’s stakeholder community as a whole, considered the initiative of the “Suggestion Box” as the most appealing one. This fact might somehow reveal that to give voice to employees is regarded as very helpful to increase CPP’s attention to its workforce, and further efforts on this direction are likely to be accepted. If CPP decides to go for such initiative, the level of internal satisfaction might increase, and it would be even easier to commit employees to become “ambassadors” of the CPP’s sustainability strategy, making sure the
reputational risk as discussed by Morsing in his two-step communication process (cf. supra par. 3.3.1) will be minimised. It is worth noticing that the results obtained from the survey, appear to be consistent with the strong CPP’s intention to engage first of all with its internal stakeholders, as they turn out to be highly keen to take on this new CSR challenge. Their opinions, then, can be considered supportive of the four CSR targets as set out by CPP, except for the one referred to the customer experience improvement, since no opinion has been expressed on this issue.

The results, moreover, show that some alignment could be find if the CSR guidelines advanced by the parent company are considered. All in all, both the CPP’s internal stakeholders and the entire CPP’s stakeholder community, show a particular interest on the GRI sub-category of “Product Responsibility”, which is just one of those five areas PAG has intended to discuss about in its sustainability report. This means that the materiality assessment which result from the second section of the survey, can be likened to the one which has led PAG to insert “Product Responsibility” in its CSR disclosure. The same uniformity between CPP and PAG can be seen by looking at the second best ranked GRI sub-category by CPP’s stakeholders -both at aggregate level and from the perspective of the internal stakeholders- i.e. “Labour Practices and Decent Work.” This area of interest witnesses that the CPP’s stakeholders would like to see the concerned Porsche Centre to disclosure about how it has fulfilled its commitment to guarantee the best working conditions to its workforce, in line with PAG’s fourth main area of intervention (cfr. supra par. 4.2).

As regards the contribution of this theory to the reference literature, it has tried to merge two CSR communication strategies –which in the past have been considered as separate- and to lower it within the context of a Porsche dealership, something which seems to have not been done as yet. What makes this study even more different from those in the previous literature, is that it has marked the first step in the CSR direction with regard to a Porsche dealership since currently, at national level, there is no Porsche Centre which has formally started a sustainability program like the one discussed here, followed by the release of a sustainability report.

The present work is not without few limitations. First of all, the results obtained are biased by the fact that the sample of the CPP’s stakeholders is not representative of the totality of the stakeholder classes, and it can be somehow considered as expression of the limited interest the CPP’s new program has generated on those who did not reply to the request of participating to the survey. In the forthcoming future, it is advised to
get hold on the rest of the stakeholder community, by trying to involve them, in order to further enlarge the CPP’s view on its stakeholder audience. The research methodology could be improved as well, since, except few cases where preliminary face-to-face interviews were conducted, the main tool it has been heavily relied on to reach stakeholders, was the self-administered survey.

The future developments of the current work refer to the steps that will be undertaken once the current results will be presented to the CPP’s board of directors. First of all, it will be assessed the feasibility of the most appreciated initiatives, in order to activate those ones which have been deemed as actually able to generate value both for the organization and the hosting community. Then, in order to provide continuity to the CSR communication model endorsed here, it will be suggested to persuade internal stakeholders to commit themselves even stronger to the CSR cause, even if the current results already indicate a positive attitude towards the CSR strategy sketched out by CPP. In 2017, then, the first CPP’s sustainability report will be drawn up according to the GRI Guidelines, in order to report about the non-financial performance obtained up to that point. To this purpose, it will be useful to look at the part of the questionnaire which treats the materiality judgements expressed by the CPP’s stakeholders, and to cross it with the evaluation which will be expressed by the CPP’s executives on that matter.
References


Appendixes

Appendix 1. The Stakeholder Questionnaire

Dear friend,

thanks to the questionnaire attached below we would like to know your opinion about some sustainability issues, with the purpose to share with you the development initiatives undertaken by our dealership, within a sustainable framework consistent with the strategy identified by Porsche Italia and Porsche Group.

This is an essential evolution that represents a milestone in the history of our Centre and will deeply affect its future. We believe that an authentic innovative boost cannot be generated without sharing with all of our stakeholders a clear and transparent vision on the main sustainable aspects embedded in our activities and on the subsequent identification of measurable and verifiable performance indicators.

The 2018 sustainability objectives we have targeted, therefore, do represent the engine pushing the Centre to gauge its performances and prompt the required enhancements in order to improve them, according to four well defined fields of action:

- to **improve the customer experience**, which represents the link between the charm of owning a Porsche and the rationale behind the purchase;
- to **establish new relationships with the surrounding community** as a result of an active stakeholder engagement process, in order to collect the expectations that provide the basis to design the next initiatives of the Centre focused on raising the social acceptance of the brand;
• to **become a centre of excellence in employee satisfaction**, by promoting tailored initiatives to ensure work-life balance, reinforce teamwork, and create an environment for innovation and development;

• to **contribute to the promotion of environmental sustainability**, by appraising the benefits related to the purchase of hybrid vehicles, as well as paying attention to externalities generated from the management of our operations.

Given all that, we believe your contribution is fundamental to help us in better interpreting what is the sentiment of all those stakeholders we want to strengthen the relationship with.

Next year, once the Sustainability Report will be drawn up according to the Guidelines of the Global Reporting Initiative, we will disclose the results related to each objective and the new challenges defined in reaching out towards excellence.

_Cristina Mezzanotte_
_Manging Director_
_Centro Porsche Padova_
Disclaimer: With the present survey we intend to collect data and information which will be used by the Porsche Centre of Padova during the formulation of social and environmental initiatives. All these are going to be treated anonymously and in aggregate form, in compliance with the Legislative Decree n.196/2003 (Italian Personal Data Protection Code)

A. Information about the stakeholder

1) Type of stakeholder:

- □ Customer
- □ Porsche AG
- □ Association
- □ Porsche Italia
- □ Volkswagen
- □ Local Community
- □ Business Partner
- □ University
- □ School
- □ Employee
- □ Public institution
- □ Porsche Centre
- □ Consultant
- □ Porsche Club
- □ Media

2) The location of the stakeholder:

- □ Padua
- □ Venice
- □ Belluno
- □ Rovigo
- □ Stuttgart
- □ Wolfsburg
- □ Other location:

B. Stakeholder behavior explanation

3) What is your opinion with regard to a sustainability project like the one Centro Porsche Padova is going to implement in the next months? ("belief")
Extremely interesting: I think this is a considerable project which should be extended to all other Porsche Centres, since it could dramatically help the entire community to increase.

Quite interesting: I believe it is quite a good project which could be somehow helpful to solve the main social and environmental problems which have been affecting the local community.

Lowly interesting: There is no point to engage in such a project, since Centro Porsche Padova is a company which operates in the high-end market where acting sustainably is perceived as a mere marketing strategy.

4) If you started a collaboration with Centro Porsche Padova in the matter of the Sustainability Strategy, what would you like to accomplish from it? (“objectives”)

5) Among the different projects you are involved in, what would be the priority of the concerned Sustainability project? (“second order stakeholder analysis”)

C. Analysis and ranking of the sustainability areas

6) What are the foremost environmental and social issues which, according to you, play a fundamental role in the community where you operate? (“stakeholder issues and concerns”):

1)...........................................................................................................................

2)...........................................................................................................................

3)...........................................................................................................................

4)...........................................................................................................................
7) Please state how Centro Porsche Padova could positively contribute to the issues which resulted from question n. 6:

1) ......................................................................................................................................................
2) ......................................................................................................................................................
3) ......................................................................................................................................................
4) ......................................................................................................................................................

8) Given the factors enlisted below, which ones do you think represent a priority of intervention for Centro Porsche Padova?

(Please note that the following Sustainability dimensions are the ones contained in the G4 version of the Guidelines put forth by the Global Reporting Initiative)

a. Economic dimension

To turn to local firms to positively contribute to the local economic development

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b. Environmental Dimension

Usage of recycled materials

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Equipment of energetic systems with reduced environmental impacts

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Adoption of hydric systems for the collection and reutilization of water

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Safeguard of animal and vegetable biodiversity

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Reduction of harmful substance emissions such as greenhouse gases

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Disposal and recycling of business waste

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Reduction of environmental impacts of its products 1 2 3 4 5

Reduction of environmental impacts during the transportation of spare parts and other materials 1 2 3 4 5

Assessment of suppliers on the basis of environmental criteria 1 2 3 4 5

Adoption of internal procedures to report about both its own and business partners' environmental violations 1 2 3 4 5

c. Social dimension

c.i Labour practices and decent work

To minimize the employee turnover rate 1 2 3 4 5

Prompt communication to employees about any operational change which may substantially affect them 1 2 3 4 5

Injury prevention policies at workplace 1 2 3 4 5

Organization of refresher courses for employees 1 2 3 4 5
To guarantee equal opportunity to people from different ethnicity 1 2 3 4 5

To guarantee equal remuneration between men and women 1 2 3 4 5

Assessment of suppliers on the basis
of their internal business practices

Adoption of internal procedures to report about labour practice violations (ex. Lack of safety at the workplace)

c.ii Human Rights

To promote the protection of human rights through the adoption of adequate clauses in business contracts

To condemn any form of discrimination at work

To guarantee that business partners respect the freedom of association to labour unions

To abolish and point out any form of children labour

Internal assessment of its own risk as well as the one carried by business partners that employment forms lead to forced labour

To protect the human rights of the hosting community

To set some evaluation processes about the impact of its own operations on human rights

Assessment of suppliers on the basis of criteria which measure their commitment in the protection of human rights
Adoption of internal mechanisms to report and manage the violation of human rights

1 2 3 4 5

c.iii Society

The extent to which the company is involved in local community

1 2 3 4 5

To evaluate its own activities on the basis of the risk they can generate/be generated by corruptive behaviours

1 2 3 4 5

Programs to monitor social needs and to evaluate company's social impacts

1 2 3 4 5

Opposition to unfair competitive practices and monopolies

1 2 3 4 5

Adoption of internal mechanisms to report and manage the violation of social rights

1 2 3 4 5

Assessment of suppliers on the basis of the social impacts of their operations

1 2 3 4 5

c. iv Product responsibility

To evaluate the impacts which company's products and services have on both wealth and safety of its customers

1 2 3 4 5

Sharing the information about the features of the products sold, as well as the environmental
and social impacts generated by their usage

Guarantee the highest privacy to all customers the company gets in contact with

D. Examples of economic, social and environmental initiatives with high shared value

9) For each of the following initiatives, please provide your opinion from 1 (not useful) to 5 (very useful) in regards of their usefulness which you believe they may have in the creation of shared value within the local community:

**Economic Initiatives**

To give a *premium price* to all those suppliers which demonstrate to have adopted sustainable practices during the last year.

Not useful 1 2 3 4 5 Very useful

**Environmental initiatives**

To create environmental campaigns with local associations to raise awareness about the benefits which stem from the usage of sustainable forms of mobility

Not useful 1 2 3 4 5 Very useful

Organization of trips in collaboration with cultural associations with the purpose to appraise the local environmental heritage, on board of hybrid Porsche cars (*ex. Porsche Hybrid Hike*)

Not useful 1 2 3 4 5 Very useful

*Social initiatives (wealth/sport/culture/education/work/social inclusiveness)*
Wealth

Stipulation of agreements with local hospitals to provide at favourable conditions a hybrid Porsche car, to be used for health emergency.

Not useful 1 2 3 4 5 Very useful

Organization of events in the main squares of Padua, Venice, Rovigo and Belluno for all those children of local hospitals who suffer from cancer, in order to allow them to spend a day of enjoyment on board of Porsche cars.

Not useful 1 2 3 4 5 Very useful

Sport

Support the best local tennis clubs and tournaments, consistently with the sporty spirit embodied by Centre Porsche Padova

Not useful 1 2 3 4 5 Very useful

Culture

Participation in the guise of sponsor to writing contests on the matter of speed and safety on roads, addressed to some of the local schools

Not useful 1 2 3 4 5 Very useful

Education

To organize a series of events aimed at rising the awareness of youngsters about the topic of safe driving, at completion of which it will be released a certificate useful to get a reduction in the insurance premium.
Establishment of some scholarships specifically addressed to female students, in order to promote the employment of women.

To give high school students in technical subjects the opportunity to spend a few days alongside the qualified technicians of Centro Porsche Padova (Ex. “*Spend three days as a qualified technician at Centro Porsche Padova*”).

To revamp the *Porsche Junior School*, an initiative addressed to children between 4 to 9 years old, in order to teach them the basic concepts related to road signals and safety on streets.

**Work**

To stimulate an internal climate of innovation by using tools such as the “suggestion box” where all collaborators of Centro Porsche Padova can put forward some proposals to improve the competitiveness of the community as a whole.

**Social inclusiveness**

Provision of internship opportunities at Centro Porsche Padova to people with physical and mental impairments.
Organization of some ski classes for people with physical impairments at the famous Ski area of Cortina D’Ampezzo

Not useful 1 2 3 4 5 Very useful

10) Other recommendations and suggestions, if any
......................................................................................................................................................................................
......................................................................................................................................................................................

Thank you very much for your precious contribution

Date_____________ Signature_____________
Appendix 2. The Stakeholder Salience Model

<table>
<thead>
<tr>
<th>Power</th>
<th>Legitimacy</th>
<th>Urgency</th>
<th>Salience</th>
<th>Stakeholder class</th>
<th>CPP’s stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td></td>
<td>Low</td>
<td>Discretionary</td>
<td>Volkswagen/ Porsche Centres/ Media/</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>Moderate</td>
<td>Dominant</td>
<td>Business/ Porsche Clubs Partners /Porsche Italia / Porsche AG / Clients</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>Moderate</td>
<td>Dependent</td>
<td>Schools and Universities / Local Community / Associations / Public institutions</td>
<td></td>
</tr>
<tr>
<td>X</td>
<td>X</td>
<td>X</td>
<td>High</td>
<td>Definitive</td>
<td>Employees</td>
</tr>
</tbody>
</table>

Exhibit i.: The Mitchell and Wood’s model applied to CPP’s stakeholder classes

After few meetings with the CPP's executives, important elements regarding the different priority attributed to the CPP’s stakeholders, have come out. The CPP's stakeholders, as a result, have been fit within the Mitchell and Wood’s model, as showcased in the Exhibit i.

The stakeholders who have been considered as “Definitive” are the CPP’s employees. They have been deemed as the most salience group by the CPP's executives, since CPP cares much attention to whichever stake they have (high legitimacy) and they are believed to have the power to strongly influence the CPP’s business performance. Furthermore, it is believed that their work-related interests need to be addressed promptly in order to keep workforce satisfaction always high.
Schools and Universities are dubbed as “Dependent” stakeholders since CPP has already some legitimate relationships with these two types of stakeholders, whose stakes could be considered urgent either, given the awareness about the need of providing students with job opportunities. No relevant power to influence CPP’s business is attributed to them. Local community, Associations and Public Institutions, then, belong to the same category since their relationships with CPP are limited and still existing, witnessing that their stakes are perceived as appropriate but their power is perceived as low.

Volkswagen, the other Italian Porsche Centres and Media, are those stakeholders which have been considered as “Discretionary”, with a low salience attributed to them. The only attribute they possess is the legitimacy of their stakes, which are considered as rightful by CPP, based on commercial and bindings with them.