

Corporate Social Responsibility:
An approach to international public relations in Canadian companies

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Summary

The business world has changed in the last decades. The controversial and famous quote of Milton Friedman in 1970 that “the only responsibility of publicly held companies is to increase profits” (Friedman, 1970, quoted by Devinney, 2009, p. 49) has evolved into corporate organizations becoming increasingly interested in improving relationships with all their stakeholders. Companies have realized that in order to have a competitive advantage they need to have their stakeholders as “partners in business;” including investors, employees, communities, governments and politicians.

Canadian organizations are no exception to the influence of corporate social responsibility (CSR). They have used it as a way to not only improve relationships with their stakeholders, but also to enhance their productivity, innovation and competitiveness inside and outside their own core organizations. CSR has become a key strategic element to support and enhance return on investment by integrating social, economic, environmental and ethical responsibilities.

This research sought to understand the approach of Canadian companies towards the development of CSR activities at an international level. Additionally, this study looked for a better understanding of the role of international public relations within CSR initiatives. This research included a close look at the interdependence among public relations, international public relations, CSR, and reputation management.

The study performed interviews using qualitative research techniques. Ten interviews were held with key management officers from CSR or communications departments of Canadian companies. This cross section of organizations was obtained by taking into account Canadian companies that conduct business at an international level and

were included among the Best 50 Corporate Citizens by Canadian magazines *Corporate Knights* and *Macleans* on June 22, 2009.

The results show that CSR has become a significant component of business operation and strategy. CSR contributes to an organization's bottom line by addressing and achieving specific goals with diverse stakeholders. Activities related to an organization's interests are equally important since they enhance profit and reputation while maintaining stakeholder support with the organizations' objectives.

When seeking to address international CSR initiatives, Canadian companies recognize the importance of satisfying global standards. Those standards/principles provide guidance on best practices related to social responsibility with topics such as social and economic development, human rights, ethical activities, and environmental impact.

Canadian companies show a high commitment to CSR activities as a tool of international public relations. They feel that by embracing CSR activities as part of their values, corporate culture and business objectives, the results will be reflected within their public relations activities as well as their reputation management programs. The research shows that this is achievable when organizations seek, in an authentic and transparent way, to maintain stakeholders close to their operations and business activities.

Additionally, this research demonstrates that both CSR and public relations share common ideas such as shareholder value and a company's value for society. Also, organizations that focus their efforts on CSR initiatives involve stakeholders in a two-way communication process as defined by the Two-Way Symmetrical Model of Public Relations (Grunig, 2006).

Corporate Social Responsibility:

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Background

The business world has changed in the last few decades. The controversial and famous quote of Milton Friedman in 1970 that “the only responsibility of publicly held companies is to increase profits” (Friedman, 1970, quoted by Devinney, 2009, p. 49) has evolved into corporate organizations increasingly interested in improving relationships with all their stakeholders and not just the shareholders. The modern business model has developed advanced systems and strategies to keep producing profits, while at the same time improving efforts aimed at customer and stakeholder approval.

By being successful and having a business strategy that goes beyond financial expectations, companies are achieving improved ways to develop better relationships with stakeholders as well as accomplishing economic goals at the same time.

Public businesses have as their first priority to make profits for their shareholders given that money will always prevail in a capitalist based economy. However, “moral capitalism,” has also become a priority. Making money by itself does not seem to be the only priority any longer. Companies have realized that in order to gain a competitive advantage they need to create partnerships in business, with all stakeholders - including shareholders, employees, suppliers, and neighbors, among many others. For Silverthorne (2009) “the time is ripe for a new corporate model, where creating business value also

means creating value for society” (p.1). By being successful and having a business strategy that goes beyond financial expectations, companies are achieving improved ways to develop better relationships with stakeholders as well as accomplishing economic goals at the same time.

In that sense, “new models of and possibilities for the corporation” (Arthur W. Page, 2007, p. 9) have been developed to create a better business case - and corporate social responsibility (CSR) is one of them. Larkin (2003) dubs CSR “the new moral code for doing business” (p. 241).

According to Kotler & Lee (2005), some trends have shown that organizations are responding more to consumers’ social concerns through:

- Increased giving;
- Increased reporting on corporate responsibility;
- Establishment of a corporate social norm to do good, and;
- A shift from obligation to strategy by supporting business objectives instead of fulfilling an obligation (p. 4-9).

Basu and Palazzo (2008), define CSR as “the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfillment and achievement of these roles and relationships” (p. 124). That definition supports the importance of public relations practice within the CSR framework, and helps to define companies as good citizens.

Public relations practitioners can discover a significant amount of public relations work in CSR initiatives because of the amount of strategic management involved in these

types of initiatives. CSR has become a strong business case when it comes to measuring activities and relationships among stakeholders. Moreover, “the need for candidates with experience in the CSR field is growing at a fast pace as communications improve and a demand for increased transparency and accountability in the corporate sector increases.” (Tickle, 2009).

International public relations has made CSR an important way to deliver more influence over other social and environmental issues; meeting business goals and trying to exceed the expectations of stakeholders have taken on a whole new meaning.

Through CSR activities, international public relations practitioners can help their organizations “become worthy of respect and happiness achieved by advancing interlocking, often conflicting, and guiding interests and principles of each society, whether local or global”(Heath, 2006, p. 103).

International public relations has made CSR an important way to deliver more influence over other social and environmental issues; meeting business goals and trying to exceed the expectations of stakeholders have taken on a whole new meaning.

In that sense, the evolution of CSR within the public relations field has developed as a result of changes in business settings that include (i) the emergence of a new digital information commons, (ii) the reality of a global economy and (iii) the appearance and empowerment of a myriad of new stakeholders (Arthur W. Page, 2007, p. 9)

Canadian organizations are no exception to this influence of CSR. Many Canadian businesses have used it as a way to improve not only relationships with their stakeholders,

but also productivity, innovation and competitiveness inside and outside their own organizations. CSR has become a key strategy to support return on investment by integrating social, economic, environmental and ethical responsibilities.

It can even be said that Canadian companies are looking for a better balance between investments and their other responsibilities. This focus has resulted in the increased preparation of professionals to face this type of challenge. According to the Aspen Institute (2009), Toronto, Ontario's York University Schulich School of Business is the number one business school for CSR in the world (Tickle, 2009).

On June 22, 2009, Canadian magazines *Corporate Knights* and *Macleans*, named the Best 50 Corporate Companies in Canada. *Corporate Knights* in 2009 entered its eighth year rewarding companies dedicated to CSR and sustainability issues. In *Corporate Knights'* words, the awards were provided to companies that appreciate "that a social license to operate must be constantly renewed" (Corporate Knights, 2009a). In 2009, *Macleans*, a current affairs magazine in Canada, in conjunction with Jantzi Research, also began naming their choices for the top 50 most socially responsible companies.

CSR activities are becoming such an essential part of Canadian businesses abroad that on the government side, Canadian Member of Parliament (MP), John McKay believes that more needs to be done to improve accountability in Canadian companies working in developing countries. Since the companies that work abroad have little government oversight, the Liberal MPs will begin pushing CSR legislation through the House of Commons for those companies that do not follow the rules on CSR (Lambert, 2009). Ministers can limit or cut off a loan from Export Development Canada if a company does not comply with the CSR conditions stipulated. The Bill C-300, sponsored by MP John

McKay, shows the commitment of the Canadian government towards CSR initiatives at the international level.

There are also independent institutions trying to ensure a positive contribution to poverty reduction and sustainable development at the community level. For Canadian companies dedicated to the mineral, oil and gas extraction industry, leaving a lasting and positive impact is one important objective to achieve.

Research Problem

CSR contributes to business success by demonstrating the value of partnerships with each and every stakeholder of the company. Organizations have realized that, by addressing stakeholders' needs, not only does financial performance improve but the organization's reputation improves also. Solid and positive perceptions and the development of stronger community relationships result from a CSR commitment.

This research sought to understand the approach of Canadian companies towards CSR activities at an international level. Additionally, this study looked for a better understanding of the role of international public relations within CSR initiatives. Despite the vast amount of literature about CSR, little is written about how CSR interconnects within international public relations to improve relationships with stakeholders. In addition, little is known about the perspective of CSR's overall connection from a Canadian context.

The research included a variety of topics ranging from the relationship between public relations, international public relations, CSR, and reputation management. Examining research on those issues further developed the perspective of CSR within the international public relations framework and highlighted some of the ways in which CSR is

implemented by Canadian businesses and organizations. CSR initiatives create not only innovative and proactive solutions to societal and economic challenges through profitable development, but also better relationships with stakeholders at a national and international level.

This research sought to understand the approach of Canadian companies towards CSR activities at an international level. Additionally, this study looked for a better understanding of the role of international public relations within CSR initiatives.

Additionally, consumers are demanding more from organizations. They want organizations to integrate environmental and social strategies that make considerable impacts on communities. Organizations are obligated to develop positive perceptions from all stakeholders to meet a community's interests. The function of public relations/strategic communicators is a key element to the CSR theme because communicators "...can help shape, determine and influence the [CSR] message" (Jacques, 2009, p. 13). Strategic communications are a significant part of CSR initiatives as genuine and authentic communication facilitates achievable objectives to be understood by the public.

Research questions

The following questions led the research to international public relations through CSR, and the Canadian perspective in particular

RQ1: How do Canadian companies use corporate social responsibility strategies to engage stakeholders at an international level?

Given that all the Canadian companies chosen for this study have business at an international level and were named among the Best 50 Corporate Citizens by *Corporate Knights* and *Macleans* on June 22, 2009, this question assumed the companies in question had a range of CSR activities offshore.

The researcher tried to find out if there are commonalities between their public relations departments and their work on CSR. Were both PR and CSR working together in order to keep improving relationships with stakeholders abroad?

RQ2: What are the greatest challenges Canadian companies have to overcome when they try to engage stakeholders worldwide?

“Public relations in one country is not necessarily public relations in another” (VanSlyke & Scanlan, 2008, p. 1). This question tried to obtain a deep understanding of the challenges that international companies find when they work in different countries. This question assumed that it should be a company’s first approach to understand cultures, diversity, and economic context before engaging in public relations or CSR initiatives.

RQ3: Which suggestions/success stories do Canadian companies have to share with other companies regarding corporate social responsibility in terms of best practices?

This question intended to find examples that allow learning more about CSR activities in Canadian companies that bring positive outcomes for all the publics involved. It is through stories that the researcher tried to find which are the main activities undertaken in CSR at an international level.

Literature Review

CSR has become a key link in international public relations. In order to better understand their connections, it is important to review strategic characteristics of the most important terms including public relations, international public relations, reputation management and CSR.

Public Relations

Heath (2001) defined *public relations* as “the management function that rhetorically adapts organizations to people’s interests and people’s interest to organizations by co-creating meaning and co-managing cultures to achieve mutually beneficial relationships” (p. 36). Heath’s definition is important because it includes two contemporary concepts that help illustrate the context of public relations in this research. First, it includes rhetoric, which means “dialogue, collaboration and negotiation with multiple stakeholders” (Flynn, 2006, p. 191) as well as persuasion where the public relations professional has to interact with both management and the public taking the role of advocate in either sides or sometimes only the public side.

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The other perspective from Heath’s definition significant to this study is that public relations embraces the cultural differences that globalization brings and recognizes the relationship between cultural issues. With this information in common, public relations is challenged to address the effects of globalization “with emphasis on integration, power,

multinational corporations and democracy” (Gower, 2006, p. 186) because those are the factors present in every society around the world.

Public relations has increasingly become more multinational and multicultural, demanding additional programs at the international level. “The ability to successfully navigate and negotiate cross-culturally will be the key to successful public relations practice on the global scale in the future” (Plowman, Briggs and Huang, 2001, p. 308). This is of significant importance because globalization and an Internet-based world allow us to keep in contact with anyone around the globe in real time.

Defining International Public Relations

Wakefield (2008) defines international public relations as “a multinational program that has certain coordination between headquarters and various countries where offices and/or publics are located, and that carries potential consequences or results in more than one country” (p. 141).

With the support of “free trade agreements, Internet and the emergence of highly skilled populations in developing regions” (Arthur W. Page, 2007, p. 11) a ‘flat world’ has been created. Social responsibility initiatives support public relations being accepted in international markets because “ [t]he more you have a culture that naturally glocalizes-that is, - the more your culture easily absorbs foreign ideas and best practices and melds those with its own traditions-the greater advantage you will have in a flat world” (Friedman, 2005, p. 325).

When organizations expand into international markets, public relations practitioners are required to develop and coordinate campaigns that can be successful in multi-cultural, and multi-national environments. It is therefore necessary for PR campaigns

to reflect the cultural realities of each country if they are to be successful. This means that cultural issues must be addressed appropriately and respectfully to reflect the complexity of each unique international market. Mutual understanding from stakeholders and adaptation from organizations are vital “to implement a really reflective strategic role” (Ravazzani, 2006, p. 3).

PR professionals in emerging countries serve as agents of social change to further democratic ideals as well as partnerships and community building, reputation, authenticity and transparency, and better communications among stakeholders.

Communicators must be aware of increasing diversities that reflect the market because stakeholders from diverse backgrounds “construct pictures of reality...that more closely match the reality as others” (Dozier, 1995, p. 161). An organization’s culture, in turn, may reflect values, beliefs and expectations from larger cultural systems” (Dozier, 1995, p. 181). Therefore, “culture-specific models of communication practice based on economic, societal and political realities of a country can provide the impetus for making CSR [and PR programs] responsive” (Pratt, 2006, p. 250). PR professionals in emerging countries, who are dedicated to the CSR, serve as agents of social change to further democratic ideals as well as partnerships and community building, reputation, authenticity and transparency, and better communications among stakeholders.

The revitalization in research of international public relations in the last decades has been, among other factors, a consequence of democratically elected governments around the globe. Public relations can only flourish when freedom of expression, market

economy and public interest are present in society. This social order gives the right to the people to “freely participate in the ‘marketplace of ideas’” (Stauber & Rampton, 1995, p. 10).

As stated by Clark (2000) quoting Arthur Page “all business in a democratic country begins with the public’s permission and exists by public approval” (p. 364). This statement illustrates the positive role international public relations plays in democratic societies by fostering equilibrium among interdependent systems. However, in countries where democracy does not exist or exists with elements of corruption, injustice and inequality, programs related to CSR can become the international public relations option that would have been impossible under non-democratic circumstances. That is, “effective public relations [and CSR initiatives help] organizations adjust to expectations from the organizational environment” (Hon, 1997, p. 6) in national and international settings.

In emergent economies, public relations strategies need to be built around a foundation of CSR since it is the most straightforward method to communicate with diverse publics.

Additionally, understanding the cultural perceptions of audiences is a fundamental job in international public relations. The role of CSR in this arena plays an important factor in some cultures, for example, Latin America. “The Latin American school of thought in public relations has emerged in response to large socioeconomic differences, and in countries where government and private sector corruption is still prevalent. In other words, this school of thought suggests that public relations strategies need to be built around a foundation of CSR” (VanSlyke & Scanlan, 2008, p. 196) since it is the most

straightforward method to communicate with diverse publics by shaping honest partnership and community building without compromising relationships with others publics.

According to Brooks and Waymer quoted by Molleda (2009) the conclusion of “any effort of public relations, and consequently issues management and discursive construction of legitimacy in Latin America should stress the social role of its organization, and emphasize an active but intelligent involvement in changing and improving societal conditions” (pp. 35-36). Brooks and Waymer (Molleda, 2009) also argued that a company is better able to “manage its legitimacy issue once the organization became seriously involved with the communities and placing a deserved emphasis on CSR” in any part of the world.

Defining Corporate Social Responsibility

Kotler (2005) defines CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources” (Kotler, 2005, p. 3). On the other hand, Industry Canada (2009) defines CSR, as the “private sector’s way of integrating the economic, social, and environmental imperatives of their activities by promoting CSR principles and practices to... businesses because it makes companies more innovative, productive, and competitive” (Industry Canada).

Based on both definitions, it can be said that CSR is a permanent and consistent contribution that an organization does to make a significant and lasting impact in the communities served. CSR is subsequently a management function, like public relations, with solutions related to the common good.

According to Pratt (2006), CSR pays for itself because (i) it enhances organizational attractiveness, (ii) it improves corporate financial performance, (iii) it permits a firm to

have low financial risk because it engenders stable relations with the government and financial community, shields the firm from fines and lawsuits, and expands its strategic options, and (iv) it can serve as a means by which a firm could signal its values, beliefs, and performance to potential customers, employees, investors, and suppliers (p. 258).

CSR has proven what Grunig has said: managing communications between an organization and its publics by using the two way symmetrical model of listening and responding to the concerns and interest of key stakeholders is critical to an organizations' success.

Devinney (2009) adds that "the role of CSR influences demand positively, makes the firm's cost structure of operations more efficient relative to that demand, allows for longer lived usage of assets through the enhancement of innovation and reducing the risk profile of the firm" (p. 52-53). CSR is one of those strategic areas that can be of support when organizations look for solutions to "business and societal issues organizations face" (Steyn, 2006, p. 166) on a daily basis.

Canadian Business for Social Responsibility (CBSR) calls CSR "an extraordinary synergy between consumers, policymakers, and institutional investors... a new coalescing of purpose to build more justice and sustainability in society" (CBRS, 2009). For CBSR, key CSR issues include brand and company reputation, employee and customer engagement, greening of operations, reporting and communication, responsible investment, strategic community investment, and responsible procurement.

Organizations working on CSR activities can support a better standard of living in the surrounding areas they work by generating jobs, paying taxes and offering products

and services. Additionally, they can support customers, employees, governments and investors. Furthermore, and perhaps most significantly, organizations developing CSR strategies, address the economic, social, and environmental impact of the business performance.

CSR has proven what Grunig has said: managing communications between an organization and its publics by using the two way symmetrical model of listening and responding to the concerns and interest of key stakeholders is critical to an organizations' success (Grunig, 2006).

Defining Reputation Management

According to Fombrun and Van Riel (2003) reputation management "is about developing high sensitivity to the concerns and expectations of all stakeholders and establishing a mature dialogue with them so that actions taken that principally affect one stakeholder group recognize the concerns and expectations of all the others" (p. 222).

Reputation has become a powerful aspect of the actual environment. "Virtually anything an organization does or says can enhance or destroy reputational value" (Larkin, 2003, p. 47). Reputation is shown as a valuable asset that requires the dissemination of quality information and the development of meaningful professional relationships. CSR has become a powerful force that supports reputational value because the connection it makes with the stakeholders.

"One of the advantages of achieving and being perceived to have achieved corporate responsibility is a stronger and therefore more rewardable reputation. This stronger reputation can lead to profits and defend the organization in times of crisis and during public policy issue battles" (Heath and Ni, 2009, p. 1). It is for this reason that businesses

and organizations are taking an honest approach with CSR and public relations activities in order to make a stronger impact in the communities they work while keeping away from possible and unforeseen crises.

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Reputation is shown as a valuable asset that “needs quality information and successful relationships” (Larkin, 2003, p. 1) in order to integrate financial and societal considerations into competitive practices at a time when there is an emergence of a victim culture, decline in trust, and the presence of all-powerful media outlets. Managing reputation through planned CSR and PR strategies by establishing stakeholders information needs in the current and evolving global and knowledge-based economy will give corporations and organizations a competitive advantage and will recognize factors and trends faster to address potential crises in an efficient and integrated way.

Creating a sense of common values with key stakeholders should also increase the reputational value of a business and represent a value-added factor for a corporate performance and image. Given the growing public awareness of reputational issues, the application of managerial processes and levers of control need to be effective and convincing. Under this perspective, reputation management “involves anticipating, acknowledging and responding to changing values and behaviors on the part of a range of stakeholders” (Larkin, 2003, p.p. 38), including them in the day to day company’s business

processes and accepting them as a critical part of the evolution of the company within its market and society.

Dowling (2004) asserts that “[a] good corporate reputation reflects the organization strategy, culture, and values” (Dowling, 2004, p. 34). Moreover, Sabate and Puente (2003), affirm that good reputation places organizations in “a privileged market position that will enable it to capture better resources, in more favorable conditions and will help to generate value” (p. 176).

Kotler and Lee (2005) address a direct correlation between reputation, financial benefits and socially responsible business practices:

Financial benefits have been associated with decreased operating costs, monetary incentives for regulatory agencies, and increased employee productivity and retention. Marketing benefits are numerous as well, with the potential for increasing community goodwill, creating brand preference, building brand positioning, improving product quality, and increasing corporate respect. And, as with other social initiatives, these activities also provide opportunities to build relationships, with external partners such as regulatory agencies, suppliers, and non profit organizations. (p. 211).

Corporate social responsibility and public relations

“Effective public relations help make organizations and save money by building positive, long-term relationships with publics” (Hon, 1997, p. 5), therefore, contributing to the organizations’ bottom line helping it to achieve its goals (Grunig, 2006).

Research has concluded that by doing corporate social responsibility activities, companies have experienced a range of bottom-line benefits including:

- increased sales and market share;
- strengthened brand positioning;
- enhanced corporate image and clout;
- increased ability to attract;

- motivate and retain employees;
 - decreased operation costs, and;
 - increased appeal to investors and financial analysts
- (Kotler and Lee, 2005, p. 10-11).

Clark (2000) identified that CSR and public relations are interconnected but not identical. Their connection suggests that public relations and CSR have similar objectives; both disciplines are seeking to enhance relationships of an organization among stakeholder groups because to do so, according to Clark (2000), “make[s] good business sense” (p. 376). Kim and Reber (2009) say that the majority of studies that have focused on CSR in public relations have explored only social responsibility activities- not the relationship between both.

Public relations practitioners have been called “relationship builders”, “reputation managers” and “responsible advocates” (Flynn, 2006, p. 197). Public relations practitioners have also been called the “conscience” of the organization while social responsibility promoters aim to add value to the organization by continuing to incorporate CSR principles into their operations (Scotia Bank, 2008, p. 2), resulting in better outcomes for the company at the financial and interpersonal level. With PR professionals’ guidance, companies can implement programs of social responsibility and accentuate the roles of “conscience” in the process of decision making.

According to Kim & Reber (2008-2009), to make a real contribution on CSR issues, public relations practitioners must work on enhancing their educational development on management issues in order to have more authority and a better decision making process.

CSR professionals seem to come from a more managerial side of business as opposed to the communications side (Kim & Reber, 2009, p. 17), meaning that strategic

communications practitioners have not yet stepped up to fill those positions as it seems more important to have managerial experience rather than communications experience.

With PR professionals' guidance, companies can implement programs of social responsibility and accentuate the roles of conscience in the process of decision making.

Kim and Reber (2009) emphasize the role of communicators for CSR, which is based on mutual interests and strategic management. They state that “one of the most difficult tasks of [communicators] managers is convincing executives that policies must be changed when they are at odds with stakeholder opinion” (p. 8). This is challenging for public relations practitioners because most of them still don't belong to the dominant coalition; thus, they can not increase influence and have the authority to defend stakeholders opinion.

Two-way symmetrical model

CSR and public relations share two factors: shareholder value and a company's value for society. Organizations working on CSR initiatives involve stakeholders in a two-way communication process as defined by the two way symmetrical model of public relations. According to Roper (2005), the two-way symmetrical model can be defined as the “willingness of an organization to listen and respond to the concerns and interest of its key stakeholders: Excellent organizations stay close to their customers, employees and other *strategic constituencies*” (p. 69, italics in original). Two-way communication allows adapting in all circumstances to “capture the variable zone of interests that it is in constant motion as result of the ongoing interactions between all parties” (Flynn, 2006, p. 195).

CSR and public relations share two factors: shareholder value and a company's value for society.

Therefore, it becomes apparent that organizations operating in international markets must hold themselves to standards of corporate responsibility to maintain their reputational value. CSR will then result in improved relationships among stakeholders, better performance, and positive financial results. "CSR can provide significant benefits to the organization's image and standing in the community" (VanSlyke & Scanlan, 2008, p. 160), and thus it should be a priority for businesses and organizations who wish to be seen as authentic partners within national and international societies.

Methodology

Qualitative research - Interviews

The purpose of this study was to gain a deeper understanding of CSR and international public relations from a Canadian perspective. Since there is little research available on Canadian companies dealing with CSR issues at an international level, the study aimed to “explore and describe the phenomena and to develop theory” (Creswell, 2009, p. 99) on this matter from the views of the participants. This research intended to find common points that would result in a best practice model with the purpose of addressing stakeholders at an international level. The document may also serve as the best practice model for organizations interested in the issue.

Thus, the investigation when finished will be offered to the non-for-profit organization *Canadian Business for Social Responsibility* so its members can have access to it. Additionally, the guidelines and research will be offered to York University Schulich School of Business and to other Canadian universities with public relations and business courses interested in the topic in order to support teaching activities with real cases.

Since the researcher is new to Canada, this investigation was a motivating project to discover more about the experience of Canadian companies with worldwide ties in two key areas of interest: International public relations and CSR. In this case, interviews were identified as the most practical and effective method of research to contribute a broad base of important information to the advancement of knowledge in both areas.

The study used interviews as a qualitative research technique. Qualitative research “is a means for exploring and understanding the meaning individuals or groups ascribe to

a social or human problem” (Creswell, 2009, p. 232). The study’s goal was to expand and generalize theories and not particularizing analysis (Yin, 2003, p. 10-11).

The researcher used the outline offered by Broom (2006), to conduct the study following the process: (1) Select a concept of interest, (2) determine purpose, (3) identify how the concept has been defined and used, (4) determine defining attributes, (5) create a model case, (6) develop the measures, and (7) build theory around the focal concept (p. 143-144).

Additionally, the researcher based the qualitative research method following the characteristics noted by Creswell (2009):

- Data was collected in a natural setting where participants experienced the issue
- Researcher directly collected the data
- Multiple sources of data were used to triangulate information including interviews, documentation about the companies, and archival records
- The researcher kept a focus on learning the participant’s point of view about the problem
- The research process was prepared according to interviewers’ availability and opinions
- Theoretical lens were identified by recognizing social context of the problem under study
- The researcher made an interpretation of what she saw, heard and understood
- The researcher used a holistic approach by examining and identifying many factors in the situation (p. 175-176).

Additionally, the researcher obtained permission from the McMaster Research Ethics Board in order to promote responsible research and respect for human dignity and well-being and to ensure that “all investigations involving human participants are in compliance...to maintaining the highest standards in research involving humans” (McMaster, 2002).

Data Collection Procedures

A total of 84 companies comprised the sample -16 of which were repeated in both lists. From those, 56 companies located in ascending order from the number one company named among the Best 50 Corporate Citizens by *Corporate Knights* and *Macleans* in June 2009 were researched to verify that they had international business or at least dealt within North America. The final sample included a total of 24 Canadian companies which were contacted for interviews.

The primary methodology to examine the research questions included telephone interviews. Ten interviews were held with key management personnel from CSR or communications departments. This significant cross section of organizations was obtained by taking into account Canadian companies that conduct business at an international level and which were named among the *Corporate Knights* and *Macleans* ranking.

The companies selected had received awards for their initiatives in business practices related to CSR. *Corporate Knights* indicators include “pension fund quality, board and C-suite diversity, CEO-pay fairness, and tax dollar generation, as well as sector specific indicators such as renewable energy investments (for financial companies) and respect for human rights (for mining companies)” (Corporate Knights, 2009b). *Macleans’* winners were selected “on the basis of their performance across a broad range of environmental, social, and governance indicators tracked by Jantzi Research”, their partner on the awards. (Macleans, 2009).

Six companies from this list belong to the energy, mining, oil industries, which represent 60% percent of the sample. Five of those companies are located in Calgary with

operations worldwide. All of them are public companies that trade their stocks in the Toronto Stock Exchange.

Based on research from each company's website, the investigator called a person who either appeared on the CSR page or in the communications/news/press releases page. If a voicemail machine answered, the researcher left a message, and subsequently, an email was sent if contact information was available. Otherwise, the researcher tried to contact the person by phone to obtain an email where the letter of information and interview questions could be sent in order to inform participants about the research.

Since this is new research in the CSR area, the researcher decided to keep all the recorded individual interviews private. To preserve the confidentiality of the participants included in the study, all information was reported in an aggregate (combined) form, without specific reference to any company by name. Records and demographic information of participants were used for research purposes only.

Interviews were conducted between August 17, 2009 and October 8, 2009. The interviews were properly scheduled and recorded with the permission of the participant. Most participants answered all of the questions. Two participants made surprise calls to the researcher, one providing an unprompted overview of the initiatives his company has undertaken under the CSR umbrella, and the other responded to all the questions.

After more than 125 calls and 80 emails, (4-5 calls in average per company) the researcher interviewed 11 executives from 10 companies that voluntarily agreed to respond to the questionnaire (Appendix 1). The positive response was 45.8%. Before each interview the researcher used documentation from the companies' websites to prepare the

interview and to corroborate and augment evidence from other sources (Yin, 2003, p. 87), and created archival records to support data.

The following 10 companies agreed to participate in this research

| Company | Location | Industry |
|------------------|-----------------------|---------------------------------------|
| Company A | Calgary | Oil/gas |
| Company B | Calgary | Oil/gas |
| Company C | Calgary | Transportation/Environmental services |
| Company D | Calgary | Oil/gas |
| Company E | Calgary | Other/Energy |
| Company F | Toronto | Financial Services |
| Company G | Toronto | Mining |
| Company H | Montreal | Forest -Paper |
| Company I | Toronto | Other/Energy |
| Company J | Saint-Laurent, Québec | Diversified Electronics |

Industries were included according to information obtained from the website [sedar.com](http://www.sedar.com) which is the official site that provides “access to most public securities documents and information filed by public companies and investment funds with the Canadian Securities Administrators (CSA)” (www.sedar.com, 2009).

Overview of participants

Seven females and five males agreed to be interviewed. One female who answered the questionnaire via email and did not belong to the group of the either *Corporate Knights* or *MacLeans* was not included in the results because her level of participation did not match the others. In addition, she answered the questionnaire primarily from an American company perspective. Therefore this interview was rejected because the purpose of this research was to have a complete picture of only Canadian companies.

Two participants did not properly follow the instructions on the questionnaire. Nevertheless, they provided noteworthy information about their companies' general approach to CSR activities at the national and international level. For this reason, their

information was included. Two participants from the same company –one from the communications area and one from the environmental, health and safety unit –agreed to answer the questions.

Four of the final participants had communications as an educational background while three held an MBA, two were engineers, one had credentials in biochemistry and environment and one had credentials in human resources. Half of the participants had taken CSR training, especially those who were working directly in the CSR or Sustainability departments. Their time of working in CSR and communications issues varied greatly from 6 months to 20 years. The mean was 8.2 years with a standard deviation of 6.5 years (the mean is describing the central of the data while standard deviation is explaining the spread).

EDUCATION BACKGROUND

| | |
|----------------------------|-----------|
| Communications | 4 |
| MBA | 3 |
| Engineering | 2 |
| Biochemistry – Environment | 1 |
| Human Resources | 1 |
| Total | 11 |

From the total 11 interviews, eight participants came from the CSR divisions while three were in the public relations/communications area (One participant was the CEO of the company who answered the questionnaire as a spokesperson).

PROFILE OF PARTICIPANTS

| |
|--|
| 8 CSR |
| 3 Communications/Public Relations |

1 CEO (As spokesperson)

3 Vice Presidents (2 Communications – 1 Sustainability)

2 Directors (Environment and H&S)

4 Managers (Environment, H&S and CSR)

1 Analyst (CSR and Government Affairs)

Interview Questions

Seven questions were posed to understand the outcomes of CSR activities within an international public relations framework. The questions sought to provide key findings on the relationship between public relations and CSR among Canadian companies to further understand both areas of management.

1. **What are the corporate social responsibility strategies your company utilizes to better engage stakeholders internationally?**

This question aimed to find commonalities in the way Canadian companies engage stakeholders at an international level. It also sought to discover best practice opportunities for other companies to follow when pursuing new business offshore.

2. **What are the greatest challenges your company encounters when trying to engage stakeholders worldwide?**

Doing international business involves challenges at all levels, and trying to engage stakeholders is not an exception. This question sought to understand how organizations overcame challenges encountered when trying to engage stakeholders. The answers to these questions will help companies understand those challenges and better prepare for them when engaging stakeholders for the first time.

3. **Which suggestions/successful stories does your company have to share with other companies regarding their efforts in corporate social responsibility?**

Telling stories has been for centuries an important part of getting results. By listening to successful stories, the researcher aimed to find diverse ways to illustrate successful CSR initiatives that could be either replicated or adapted to different companies, cultures, values and countries.

4. **In what ways do you think corporate social responsibility initiatives play a role within international public relations, if at all?**

This question sought to identify how the participants felt about the research problem: *Is CSR considered part of international public relations?* The investigator looked for a better understanding of the role of international public relations within CSR initiatives. Because little is written about how CSR interconnects within international public relations to improve relationships with stakeholders, and because there is little research that examines this from a Canadian context, this question was key in determining how important CSR initiatives are on a global level.

5. **How long have you worked on corporate social responsibility issues?**

This question was asked for demographic purposes and intended to identify if professionals working in CSR initiatives are new to CSR or come from within businesses.

6. **Could you tell me what is your education background? This could include formal education as well as specialized post-graduate courses, workshops diplomas or certificate programs. Are any of these related specifically to CSR?**

This question was for demographic purposes only. It aspired to show education background in the CSR area.

7. **Is there anything else about CSR that you think I should know that would help me to better understand this process?**

This question was included to see if there were other factors worth taking into account that were not included in the questions. This question helped some of the participants highlight their points of view or to include more information valuable to the outcomes of this research.

Analysis and Interpretation of Data

For Yin (2003), the analysis is one of the least developed and most difficult aspects of doing case studies (p. 109). However, in this study, the general analytic strategy before collecting the data relied on theoretical strategies through archival records, observations and audiovisual materials. That strategy allowed the researcher to shape “the data collection plan and therefore would have given priorities to the relevant analytic strategies” (Yin, 2003, p. 112).

The researcher used a pattern-logic matching with the transcribed information collected from the interviews. Yin (2003) compares an empirically based pattern with a predicted one. If the patterns coincide, the results can help to strengthen its internal validity (p. 116).

Utilizing methods outlined by Creswell (2009), the following steps were used in the data analysis and interpretation:

- Organize and prepare the data for analysis
- Read through all the data to obtain a global sense of the information

- Code the material into segments to get a sense of the whole, and then cluster similar information into categories
- Use the coding process to generate a description of the setting
- Represent the qualitative narrative
- Make an interpretation of the data (p. 185-189)

Finally, triangulation and a descriptive narrative from the results were included with the transcribed information prepared by the researcher. Some quotes were incorporated to ensure that most of the information came from interviews.

Results

CSR: A business case

Using pattern-logic matching with the information collected from the interviews, the most significant finding validated by this study is that CSR is in itself a real business case that does not need to be explained or corroborated anymore. CSR is, as noted by one of the interviewers from the oil/gas sector, “...really business focused and provides results. Our company no longer needs a business case. The business case is now established. Our group [even] does take some of their own initiatives to link the initiatives with the business units.” Another participant emphasizes that “stakeholder engagement [within CSR] is one piece of the overall puzzle of the business case.”

CSR has become the way to integrate business objectives with values by “creating within an organization a certain culture that allows to promote behaviours and activities” aligned with CSR strategies.

The participants in this study viewed their companies’ role in CSR at an international level very seriously. Each believed that working collaboratively with stakeholders allowed them to keep working abroad with new and existing projects. In other words, their present actions meant that they could have more business opportunities abroad in the future.

Reputation plays an essential role in sustainable business. Several participants see their reputation as a medium by which they are able to conduct their businesses in other countries. Host governments in some jurisdictions like Norway and many others “are looking at what your reputation has been in other places where you worked and if they see you having done a good job, making a positive contribution to the economic and social life

of the community they are going to be a lot more fairly inclined when it comes to working together with you and giving the green light to your project.”

Another participant underlines the importance of reputation saying that “if you have a good reputation it makes it easier to get an agreement on the things you want to do.” Negotiations are easier to deal with if your company has a good reputation. “Your reputation really precedes and comes in advance.”

CSR has become the way to integrate business objectives with values by “creating within an organization a certain culture that allows to promote behaviours and activities” aligned with CSR strategies.

The management of perceptions is equally important to keep a good reputation. If stakeholders perceive that the company is socially responsible at an international level by having an understanding of the people in the community, the culture and the norms that exist in that community, perceptions and acceptance of the company will improve. The same thing applies domestically as well. One participant in the energy industry stated, “I see a real increase in awareness and the ability to make decisions based on if you are seeing as good corporate citizen.”

Having a credible, transparent, trustful and respectful approach facilitates integration in different jurisdictions. One participant said that, “[o]ur behavior internationally shows that we are a responsible Canadian company; our performance helps others Canadian corporations at an international level... It is down to us to establish some level of trust to get them to see and understand that we can engage with some honesty” with stakeholders in general.

One participant that emphasized sustainability said that they have been working with stakeholders for more than eight years. Lately they have realized that the relationship with stakeholders is truly a “partnership” which is real dialogue in terms of future outcomes, “dialogue in terms of objectives, sharing of information” with mutual benefits between government, non governmental organizations and industry. The results are “mutual exchange of information, understanding goals and willingness to grow” together to solve all the continuous issues we all are interested in. “The result of our involvement with stakeholders gives us a piece of mind where the market seems to be going and in combination with that, help us stay and remain leaders of the industry.”

**Reputation plays an essential role to keep doing business.
Several participants see reputation as a medium by which they are able to
conduct their businesses in other countries.**

Corporate social responsibility and international public relations

Most of the participants believed in the relationship between CSR and international public relations. When the researcher asked about the role of CSR initiatives within international public relations, there were two points of view. The first one came from a public relations professional who believed that CSR “is really a cornerstone of the entire reputation management program” as well as a key piece in the development of international public relations.

As one participant in the energy sector said: “I most definitely think that CSR initiatives play an important role within international public relations. I think it speaks to

corporate citizenship. We think we can really point to hard facts as evidence of our commitment to being a socially responsible company.”

The other point of view came from participants who work closely with CSR. They see that CSR plays an important role within international public relations, some confirming that public relations has a relationship with CSR but “if a company is using international CSR simply as a tool for public relations then it won’t work.” CSR is a business initiative to act in a consistent and responsible way toward a constant dialogue with stakeholders at an international level. They refer to this relationship as “walk the talk,” “common sense,” or “license to operate.”

“I most definitely think that CSR initiatives play an important role within international public relations. I think it speaks to corporate citizenship. We think we can really point to hard facts as evidence of our commitment to being a socially responsible company”

One of the participants working on sustainability emphasized that “for us it is not a PR exercise, never was, never intended to be. We decided to start engaging stakeholders more than 10-15 years ago. It started because of the notion from many that our industry was not sustainable and soon was getting at issue with that especially where we were getting our supplies. We wanted to provide transparency, comfort to our customers that we were doing the right thing so we started to engage with third parties.”

All of the participants see CSR as a business imperative to engage stakeholders because it makes a contribution in economic and social life around their areas of operations. Additionally, it provides return on investment that even has impact on your share price.

Stakeholders and issues more commonly represented through CSR

The companies' interest and willingness to communicate and consult regularly with all the publics was a considerable and significant contribution to any success for their work either locally and internationally. All of the participants believed that each of their audiences and constant consultation was significantly important to their operations at any level.

Other participants utilize a stakeholder map in order to plot out the potential stakeholders in a given area. Once they identify stakeholders within that area, consultation becomes the most important approach. Another tool participants utilize is a social risk assessment which is used to ascertain the risks with a specific population from a social perspective.

All of the participants believed that each of their audiences and constant consultation was significantly important to their operations at any level.

The strategies utilized to engage stakeholders at an international level included promoting values in accordance with the companies' culture, consistent strategy in programming, approaches by leveraging their presence across communities, and supporting them in their necessities and most pressing concerns. For one of the participants the way to engage stakeholders is through their code of ethics, which promotes values such as sustainability, recycling, and appropriate business strategy. The code of ethics reflects the importance of the company's values although they are not as critical in other countries but they fit them in to the countries they work with."

Most of the corporate social responsibilities initiatives reflected in the interviews were directed to:

- **Employees** through health and safety, training, and local hiring. For the oil/gas and energy companies health and safety is an indispensable tool within CSR activities since it is a way to protect employees against hazardous accidents. At the same time, training provides the tools to avoid health and safety issues while keeping employees engaged.

Local hiring is also an important activity. Employing local “when we can” is a good way to connect and accept communities and their cultures.

- **Communities** through providing local benefits, investing in the community, giving money for charity, paying local taxes and employees dedicating their own hours to community work. One of the participants said about their international business that “...we have close to a thousand communities that we consider our stakeholders. Many of our employees live in these small communities. We have been there for a long time; 120 years in many cases so we know our neighbours quite well so we have a large number of communities that we engage with. We undertake a number of projects in terms of community giving, community fundraising and so on, so rather than just giving out money to communities we actually try to be strategic about it and align with who we are”

Another participant emphasizes that they do a lot of community consultation through open houses “to get input from the local stakeholders” in order to keep in constant dialogue with stakeholders, while another says that “we have our 1-800 (telephone) numbers that are available for anyone to call anytime 24/7 in which we do constant analysis to find out what are the types of issues that seem to be most important for our

stakeholders and then we try to put some programming around those because we have now heard these are the types of problems.”

A participant from the energy sector says that “we work with our local politicians and our local labor union and local industry so we have a constant open dialogue and that we understand each other and we see those issues and concerns as opportunities.”

- **Environment** by taking good care of activities aimed to reduce foot print emissions and looking for better ways to become environment-friendly organizations. Steps aimed “to reduce our initials foot print before we ever have to” said one interviewer.

Some of the participants agreed that CSR evolved from the environmental side of business, and merged with other important factors such as health and safety and community involvement.

- **Investors:** Since all the companies involved in this study are public, investors play an important role in the company. First and foremost, it is about taking care of the investor’s money. “Investors like to see a good return on their investment” underlines one of the participants. “We know that pricing is the most important issue but we want our stakeholders, especially shareholders, to go beyond that.”

Additionally, a new variable has come to play: investors have increased their interest in corporate social initiatives and have begun asking for more involvement of the companies in these issues, one participant stated.

Investors have increased their interest in corporate social initiatives and have begun asking for more involvement of the companies in these issues.

- **Governments and politicians:** International governments and regulators are also important stakeholders. One participant from the oil/gas industry put emphasis on the

importance of governments when it comes to defining stakeholders at an international level. “What we consider a stakeholder the government in that country may not consider a stakeholder. So we could see a group we clearly defined as someone we need to engage with and that local government may say nonsense you don’t need to talk to them.”

Another way to engage with governments and politics is participating in public policy. One of the participants from the energy sector says that “we work with our local politicians, our local labor union and local industry so we have a constant open dialogue in which each other’s issues and concerns become opportunities.”

The financial institution who agreed to participate in this study added one of their most important stakeholders: **Customers**. In order to assess customer satisfaction and loyalty levels, the financial institution looks for feedback to improve service and convenience as essential activities to engage customers.

Another stakeholder included in the interviews was **non-governmental organizations (NGOs)**. Some of the participants have worked for several years with them at a national and international level. Others are just starting: “to better understand perceptions we have an open door policy with non governmental organizations and advocacy groups. We want to hear what they are saying and what concerns them on CSR issues. We want to partner with these groups, so we are looking at a better stakeholder engagement.”

Challenges

Almost all the companies agreed that the most relevant challenge is to work with a variety of stakeholders. It is also challenging to identify stakeholders at an international level. At the same time, it is fundamental – and demanding - to engage them in a meaningful way by building trust, keeping cultural differences and reflecting the importance of their values while trying to “fit in” in the location they are working.

In addition, participants add that it is all about advancing best practices with host governments and partners while seeking consistency with internal policies. “The greatest challenge is actually identifying the stakeholders that are in agreement with host government standards” says a participant from the oil/gas industry. “I guess part of the challenges is to identify who your stakeholders are, who are the people really impacted by our operations and making sure that you are really engaging them in a meaningful and truthful way” according to another participant.

Almost all the companies agreed that the most relevant challenge is to work with a variety of stakeholders and the understanding of cultural differences.

Another important challenge is the understanding of cultural differences: “If you miss one key important question, you might totally misunderstand the culture.”

For another company a significant challenge is that they are a Canadian company, so “it is about trying to establish a relationship at the local level” to make them understand that even though “we are not a domestic company so to speak, we still have the same commitment to operating safely.”

An additional challenge for companies working outside their countries of origin is to work with governments. One of them especially underscores it is important to understand

that each country/each nation has a responsibility to play and each company has a role to play. Both parties have to sign on to their responsibilities. Otherwise, if both of them “do not do their roles it is not going to work.”

Evolution of corporate social responsibility activities

Some of the participants agree that CSR evolved from the environmental side of business. One of the participants from the energy sector highlighted “our biggest issue from the CSR perspective was environmental front first, we had to deal with our emissions. That was our biggest challenge. That is where it all started.” Afterwards, other factors were included within the definition such as health and safety and community involvement until, at last, all of them become equally important.

For some of the companies, CSR belongs to a sustainability approach. According to one participant it is “the balance between economic, environmental and social dimensions” where a company addresses specific elements such as social responsibility issues, impact on climate change or “providing goods and services that customers would appreciate in terms of its value that it provides in terms of their piece of mind as a sustainable product that they are using.”

CSR reporting: A key element

Hand in hand with the Annual Report: Most of the companies highlighted the importance of business reporting in CSR initiatives. CSR reporting is becoming as important as the annual report. Both go hand-in-hand because CSR provides results about an organization’s involvement in the community.

Most of the companies highlighted the importance of business reporting in CSR initiatives. CSR reporting

is becoming as important as the annual report.

Before, charitable donations or community engagements may have been under the umbrella of marketing or communications strategy, but what is happening is a “shift, a transition to understanding; it is less a marketing campaign more of a report. The CSR report then has to stand at the same level of the annual report to measure the companies’ performance in the CSR arena. Analysts and investors keep looking to assess the health of an organization based not only on marketing slogans but also on measured performance. CSR continues to develop a high level of analysis and measure performance year over year about social issues.”

International standards for CSR reporting: When talking about international CSR initiatives, it is important to recognize international standards for companies working at an international level. Those standards/principles provide some guidance on best practices around social responsibility in factors such as human rights, social impact, as well as reporting and progress. As discussed by participants, such initiatives include the Carbon Disclosure Project, Dow Jones World Sustainability Index, United Nations Global Compact, the Voluntary Principles on Security and Human Rights, the Extractive Industries Transparency Initiative- EITI, the Global Reporting Initiative, and The International Petroleum Industry Environmental Conservation Association (IPIECA), among others.

The aforementioned organizations/associations provide standards and channels of communication to serve as a medium for discussion and cooperation involving industry and international organizations. They try to figure out the best way to approach human rights, labour standards, environment, and anti-corruption around international places as well as ensuring a positive contribution to poverty reduction and sustainable development

at the community level. Leaving a lasting and positive impact, including building good relationships with communities, is also essential.

Longevity of CSR offices

All of the participants acknowledged the importance of CSR activities. Some of them have been working on CSR/sustainability issues for more than 10 years and some of them have just started. The term CSR was brand new seven years ago, according to one of the participants: “The first time that I spoke about reporting on CSR activities seven years ago in my association annual gathering, some did not know what I was talking about.”

For another participant the involvement in sustainability issues, as he calls it, started in the early 90s in order to formalize a “more focused approach to engaging with their stakeholders” and has become an imperative part in their business.

On the other hand, some companies interviewed took more time to implement CSR divisions/offices than others. For example, two companies from the energy sector have just opened or are about to open their CSR offices. One of them is a manager of CSR at the corporate level and started a year ago. In this company, CSR is just a position and does not have a specific division.

The other company in the energy industry stated that they “have [just] created a vice presidency of community relations and corporate responsibility and that’s a new position. He will be reporting to the executive vice president of external relations and corporate responsibility who is part of the management group.” The participant continued: “Under the new strategy we’re trying to do a couple of things. One it is to make sure we have standards in place to help provide a consistency of performance in key areas of CSR across the organization regardless on where we were and in order to do that we are doing.

We are also going to be developing some corporate guidance, sort of best practices, guidance standards in various areas for all the operations to follow and, as part of this, each site will be required to develop its own responsibility plan that will be updated every year.”

Success Stories

Participants included a wide range of positive stories when working at an international level. These success stories represent motivating ways to engage stakeholders and communities. Successful outcomes included negotiation with NGO's, management of environmental issues, education, CSR at the governance level, supporting efforts on endangered birds, and fishing communities, among others.

Some of the most representative observations of CSR initiatives were identified as follows:

- *“I think we made a great stride in 2008 in the area of governance because the Board of Directors constituted the Health - Safety - Environment in Corporate Responsibility Board Committee. This committee reviews the health safety environmental operational integrity policies, the management of such integral controls, regular reports and review significant issues. This specific board committee also recommends approval of the corporate responsibility report to the greater whole of board of directors. There is now more focus on the subject just in it and by itself with the creation of the new Committee. Our Board of Directors has given extreme importance to corporate social initiatives by creating this Committee.”*
- *“Our proposal met with a great deal of opposition from the community. There was a group, an NGO that have remained in strong opposition to this project from the*

beginning and continue to. In fact, they had appealed a couple of the permits and we, in the end, managed to negotiate an agreement with this NGO that we would provide a third party monitoring in addition to some expensive remediation that we already committed to undertake. As a result of that, the NGO agreed to withdraw their appeal and we were able to go ahead and get the final approvals and proceed with the opening of our business. I think it was a case where we realized by sitting down and talking to the NGO we were able to listen to their concerns and come up with a solution that worked for them and worked for us."

- *"I think probably one of our biggest undertakings has been on the environmental side. It is very proactively putting aside money to go out and look aside to our historically contaminated sites. We were not required to by any government regulator but we made a commitment to go out and systematically identify all our contaminated sites to study them and to risk-rank them and to go out and begin the clean up process for all these sites."*
- *"We have been operating in Yemen for about 15 or 20 years now. Yemen is a country with some economic and political challenges. We have been through a lot of political upheaval in recent years. We have found ways to carve out a positive contribution to the community for example, we bring over about 10 students from Yemen each year to earn degrees here in Canada with the intention that they would go back to Yemen and take their new skills and knowledge back to their home country. They study in Calgary for about 4 years and our company pays all of their expenses. Their accommodations, their books, I think we even fly them home once a year. We really cover the whole range of educational requirements financially."*

- *“The infrastructure in Yemen is pretty basic so we’ve been working successfully in Yemen with the government and the local communities and the stakeholders for a long time now. We worked on a water and sanitation project to Yemen that has helped bring clean water and sanitation to a community near our operations.”*
- *“There is an endangered animal called the Bald Ibis in Syria. These birds migrate through the Syrian Desert and I think there is something like six of them left on the planet. We worked with the local Bird Watch Organization, an NGO to make sure we did not disturb the habitat of the Bald Ibis. Most people in Syria never saw that kind of thing before. They weren’t used to an international organization actually caring about what would happen to the impact of these birds.”*
- *“We have contributed to many community-based initiatives. We have been working for more than 50 years in provinces within Canada and the world in energy projects and never have any problem with employees or surrounding communities. We have contributed especially through scholarships in Canada and also in the areas of health, culture, sport, small business development and community infrastructure.”*
- *“We had a good story in Trinidad and Tobago where our work was offshore and the local fishing community was concerned about our impact to their community. While we were engaging with those folks to learn and understand their way of life and business, we learned that their biggest risks was drowning or getting lost at sea. So, we provided safety training. In addition to that, we provided the fishing community with GPS units and trained them on how to use them so they weren’t lost at sea.”*
- *“We have been recognized as one of the first Canadian utility companies to ever be listed in the Dow Jones World Sustainability Index for our work on environmental*

advancement. We want to stay in the Dow Jones Index and our senior management is committed to it. So whatever we need to do to achieve that, we are going to take the necessary steps. However, we also need to look at it from what's going to benefit our own company and operations as well."

- *"Over those 20 years we have provided more than \$47 million-support in different grass-roots environmental projects across Canada. So for every dollar that our customers contribute, our foundation matches that dollar up to a \$1 million every year so it is a real street initiative for the people within the community that have an environmental passion and it also engages our employees. We feel this initiative is a significant contribution to the Canadian economy and to the Canadian environmental picture of the last 20 years. Our employees pair up with local communities along Canada to cleaning shorelines and removing garbage and pollution from environmentally sensitive areas."*
- *"We have created within the organization a certain culture with what we try to promote. We believe that our biggest asset is to make sustainability initiatives an integral part of our daily operations and form the backbone of the Company's culture."*

Conclusions

The results of this research have shown that although Milton Friedman's quote "the only responsibility of publicly held companies is to increase profits" (Friedman, 1970, quoted by Devinney, 2009, p. 49) is still applicable in the free world; social, environmental and ethical activities gain relevance for all companies in both the private and public sector.

CSR has become a significant activity for business goals and objectives. As stated by the one of the interviewees, “it is part of the puzzle of the business case.” CSR contributes to the organization bottom line by achieving specific goals with diverse stakeholders.

**Social, environmental and ethical activities gain relevance
for all companies in both the private and public sector.**

Activities related to people’s interests are becoming equally important because those activities allow businesses to have better reputations; therefore keeping profits high while keeping stakeholders content. Companies have learned that working with stakeholders in a mutually beneficial relationship not only improves return on investments but also maintains overall reputation.

Additionally, reputation has become a necessity for current and future businesses, perhaps even more important for Canadian business working on projects at an international level. If one company establishes and maintains a positive reputation at the corporate level, it surely supports other Canadian companies trying to penetrate markets in other countries.

Canadian companies interviewed showed a high commitment of CSR activities as a tool of international public relations. They feel that embracing CSR activities within the strategic values, corporate culture and business objectives of the organizations, will reflect within their public relations activities as well as their reputation management programs.

The research showed that this is achievable when organizations want, in an authentic and transparent way, to maintain stakeholders close to their operations and

business activities. Additionally, this research demonstrated that both CSR and public relations share common ideas such as shareholder value and a company's value for society.

Organizations working on CSR initiatives involve stakeholders in a two-way communication process as defined by the two way symmetrical model of public relations. Listening and responding to the concerns and interests of all bring not only good relationships but also better financial performance.

The fact that the York University Schulich School of Business located in Toronto was named the number one business school in CSR in the world among 149 business schools from 24 countries illustrates the importance given to CSR from Canadian companies. This recognition also shows the need for professionals to be better prepared to tackle CSR strategies. According the research, most of the CSR professionals come from other areas inside the business which shows the significance of having knowledgeable employees of the business to conduct CSR initiatives.

When considering international CSR initiatives, it is important to recognize global standards. Those standards/principles provide some guidance on best practices around social responsibility in factors such as human rights, and social impact. Associations and organizations providing those standards and channels of communication serve as a medium for discussion and cooperation involving industry and international organizations trying to figure out the best way to approach human rights, labour standards, and environment, around international places ensuring a contribution to poverty reduction and development in communities.

Canadian companies interviewed showed a high commitment of CSR activities as a tool of international public relations. They feel that embracing CSR activities within the strategic values, corporate culture and business objectives of the organizations will reflect within their public relations activities as well as their reputation management programs.

CSR practitioners have learned that reporting and outcomes are an essential part to support business objectives. That is why CSR has become more than a “business case” within organizational objectives. Public relations practitioners can gain important knowledge from this practice.

On one hand, public relations has remained in some instances in CSR’s shadow. Organizations and associations such as the Global Reporting Institute or the United Nations Global Compact help support this theory. The fact that international associations are putting pressure on reporting and results speaks to the respectability and seriousness of the CSR business.

On the other hand, CSR professionals have more experience on the management side rather than on the communications side. Public relations practitioners in some cases provide support on communications to the CSR part of the business. Perceptions can be better managed if there is more knowledge about communications issues. By working together, PR and CSR business strategies will be better developed.

Finally, understanding cultural issues improves perceptions. In addition to understanding the culture, it is important to find the basic needs of the stakeholders as human beings. Depending on the living conditions, organizations working at an international level can help communities improve their lifestyle as well as having higher

levels of trust because they are truly engaged in their improvement as a community. As noted in the success stories with stakeholders, keeping simple but strategic decisions in the involvement with stakeholders makes it easier to develop better relationships.

**CSR has become an ethical practice
that gives high reputation and acceptance across stakeholders.**

CSR has become an ethical practice that provides an increased reputation and acceptance among all stakeholders. Companies have realized that in order to have a competitive advantage they need to have their stakeholders as allies in business. CSR has, so far, achieved that objective.

Limitations

In spite of the valuable information found in this case study about the importance of CSR within international public relations, there were some limitations worth noting.

First, in-depth interviews are an effective method of obtaining qualitative information because they provide great detail and gives insight into what individuals think. However, this type of research involves a high commitment of time due to the difficulty in accessing the participants. Moreover, this method “does not allow for generalizability to larger populations” (Stacks, 2002, p. 86) instead of quantitative research that allows to make a more broad perspective.

Second, all the interviews took place over the phone which did not allow the researcher to know more about the people being researched as well as to have a better perspective of the culture of the company. In addition, the participants came from several divisions of the company according to their time, availability and knowledge of the subject.

It would have been better to have the interviews with participants within the same division to obtain similar perspectives.

Third, not all of the sample of the organizations in both *Corporate Knights* and *Macleans* were researched. It would have been valuable to work with a larger sample including all the companies profiled. This, however, was not feasible due to the time constraints of the research project.

Fourth, only one financial company agreed to take part in this research which does not allow for drawing generalizations when it comes to the financial sector, a very important industry in the global economy and within the Canadian market. At the same time, generalizations and comparisons with other sectors would have given this research more validation.

Fifth, the researcher, in order to develop a more comprehensive report, and to preserve the confidentiality of the participants did not disclose specific reference to any company by name. This anonymity makes it difficult for the reader to link the comments to the organization.

Finally, further research is needed in order to develop more definitive and specific answers. Further research should include a survey with members from the *Canadian Business for Social Responsibility* (CBSR) who would delineate more clearly the real information on CSR behind Canadian companies. In addition, an online survey of the companies may have been an interesting addition to the telephone calls.

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Appendix I

McMaster University Research Ethics Board (MREB)

Questionnaire

**Corporate Social Responsibility:
An approach to international public relations
in Canadian companies**

**Natalia Villegas (Master of Communications Management student)
DeGroote School of Business – McMaster University**

Information about these interview questions: This gives you an idea what I would like to learn about corporate social responsibility issues in your company. Interviews will be one-to-one and will be open-ended (not just “yes or no” answers). Because of this, the exact wording may change a little. Sometimes I use other short questions to make sure I understand what you told me or if I need more information when we are talking, such as; “So, you are saying that ...?”, to get more information (“Please tell me more?”), or to learn what you think or feel about something (“Why do you think that is...?”).

1. What are the corporate social responsibility strategies your company utilizes to better engage stakeholders internationally?
2. What are the greatest challenges [Insert name of company participant works for] encounters when trying to engage stakeholders worldwide?
3. Which suggestions/successful stories does your company have to share with other companies regarding their efforts in corporate social responsibility?
4. Do corporate social responsibility initiatives play any role within international public relations? Could you tell me more about how as well as why you think that is?
5. How long have you worked on corporate social responsibility issues?
6. Could you tell me what is your education background? This could include formal education as well as specialized post-graduate courses, workshops diplomas or certificate programs. Are any of these related specifically to CSR?
7. Is there anything else about CSR that you think I should know that would help me to better understand this process?

Appendix II

Email recruiting after phone call

Email subject: Interview on corporate social responsibility at an international level

Date: _____

Dear XXXX:

Thanks for taking my call. According to our conversation, I am enclosing the information related to my capstone project to graduate from the Master in Communications Management Program at DeGroote School of Business at McMaster University. The letter of information about this project and the questions are attached.

I will be following up with you in the coming days to know if you or anyone from your company at the corporate social responsibility can take part of this research.

Should you have questions or require more information about the study itself, please feel free to contact me at your convenience.

Thank you very much for your consideration,

Sincerely,

Natalia Villegas
Master student in Communications Management
DeGroote School of Business
McMaster University
(905) 901 2315
Natalia.villegasl@gmail.com

Appendix III



Letter of Information and Consent Form

**Corporate Social Responsibility:
An approach to international public relations
in Canadian companies**

Researcher: Natalia Villegas Master's Student
Master of Communications Management Program
DeGroote School of Business

About this project:

The purpose of my research for my degree of Master of Communications Management from McMaster University is to find out about the role of international public relations within corporate social responsibility initiatives in Canada. To do so, I am interviewing corporate social responsibility managers of Canadian companies that were named among the Best 50 Corporate Citizens by *Corporate Knights* and *Macleans*.

You are invited to take part in telephone or face-to-face interview to discuss your company's experience with corporate social responsibility initiatives at an international level based. The attached guide shows the types of questions. Interviews will be approximately 30-40 minutes in length depending on your availability.

With your permission, I will use a small digital voice recorder to tape the face to face and telephone interview and supplement them with handwritten notes. I will also ask you for some demographic information such as your education and background.

Confidentiality

All records of my individual interviews as well as my observations will be kept private. My supervisors and I will only have access to them. The information I gather will be confidential and will only be reported in aggregate (combined) form, without specific reference to you or your company by name. Records and demographic information of participants will be used only for research purposes. All the data from this study will be kept on a computer and will be password protected.

It is not likely that there will be any harms or discomforts associated with this interview.

Moreover, you do not need to answer questions that you do not want to answer or that make you feel uncomfortable. You can also withdraw (stop taking part) at any time. In cases of withdrawal, any data you have provided will be destroyed unless you indicate otherwise. If you do not want to answer some of the questions you do not have to, but you can still be in the study

Contact Information

If you have questions or to volunteer, please contact me by telephone (905) 901 2315 or email Natalia.villegasl@gmail.com. You may also contact my research supervisors at 905.525.9140 Ext. 26977, email tflynn@mcmaster.ca (Dr. Terry Lynn) or (315) 463-2325, email mmeath@stratcomllc.com (Dr. Michael Meath).

I expect to have this study completed by approximately November, 2009. If you would like a brief summary of the results, please let me know how you would like it sent to you.

This study has been reviewed and approved by the McMaster Research Ethics Board.

If you have concerns or questions about your rights as a participant or about the way the study is conducted, please contact the McMaster Research Ethics Board Secretariat. Phone: (905) 525-9140 Ext.23142 Email: ethicsoffice@mcmaster.ca Mail: c/o Office of Research Services, McMaster University, 1280 Main St West Hamilton, ON L8S 4L8

CONSENT

I have read the information presented in the information letter about a study being conducted by Natalia Villegas, of McMaster University. I have had the opportunity to ask questions about my involvement in this study and to receive additional details I requested. I understand that if I agree to participate in this study, I may withdraw from the study at any time. I have been given a copy of this form. I agree to participate in the study.

Signature: _____

Name of Participant (Printed) _____:

Date:

1. I agree that the interview can be audio recorded.

() Yes

() No

2. I would like to receive a summary of the study's results

() Yes, I would like to receive a summary of the study's results. Please send them to

() No, I do not want to receive a summary of the study's results.

3. I want my identity kept confidential.

() Yes

() No, I prefer to be identified. Please refer to me as.....

4. I agree to be contacted about a follow-up interview, and understanding that I can always decline the request.

() Yes. How to contact me _____

() No

Appendix V Companies Interviewed

| Company | Position | Location | Industry | Background |
|-----------|--|-----------------------|---------------------------------------|---------------------------|
| Company A | Director, Environmental & Social Issues Management | Calgary | Oil/gas | MBA |
| Company B | Manager, Sustainability Reporting & Assurance | Calgary | Oil/gas | Communications/Journalism |
| Company C | Director, Environmental Management Systems | Calgary | Transportation/Environmental services | Biochemistry-Environment |
| Company D | Reporting Analyst Corporate Responsibility and Government Affairs | Calgary | Oil/gas | Communications |
| Company E | VP, Communications affairs and Investor Relations | Calgary | Other/Energy | Communications |
| Company F | Manager of Corporate EH&S | Calgary | Other/Energy | Engineer |
| | Manager, Corporate Environmental Affairs | Toronto | Financial Services | Human Resources |
| Company G | VP, Corporate Communications | Toronto | Mining | Communications |
| Company H | VP, Sustainability | Montreal | Forest -Paper | MBA |
| Company I | Manager, Corporate Social Responsibility | Toronto | Other/Energy | MBA |
| Company J | Chief Executive Officer | Saint-Laurent, Québec | Diversified Electronics | Engineer |

What are the most important outcomes of the Success Stories?

- Board of Directors and Senior Management committed to CSR initiatives
- Reputation is a key driver for current and future business around the world
- Initiatives with community are aligned with business objectives
- By working together, win-win solutions for both companies and communities arise
- Commitment to the environment by cleaning up contaminated sites or supporting grass roots environment organizations
- Commitment to support surrounding communities through education, infrastructure, culture, small business development, local hiring, among others
- Contribution to improve habitat of endangered species, and the well being of the environment
- CSR issues are an integral part of daily operations and the backbone of a company's culture
- International standards are becoming a key factor for CSR reporting:
 - Dow Jones World Sustainability Index
 - United Nations Global Compact
 - The Voluntary Principles on Security and Human Rights

Research

The government's interest in your project:

- Physical conditions and basic needs of the community surrounding your project.
- Best approach to develop and maintain relationships with individuals.
- Work hard to understand the community, the culture and the norms that exist in that community.
- Find associations or leaders in the community who can ease the entry of your company.
- Use tools such as stakeholder maps and social risk assessments.

Communications

- Give the community tools to communicate with you.
- Keep the community informed about your business.
- Create an advisory board with people from your surroundings to guide your decisions.
- Be the first to report to the community both positive and negative outcomes.

Community relationship

- Consult the community as often as possible. Listen to their needs.
- Hire locally as much as possible. The community will feel a sense of pride being involved in reputable projects. Employees, especially locals, will have a strong impact on your reputation. Take good care of them.
- Credibility, transparency, trust and respect facilitate integration and understanding from both parties.
- Keep a continuous relationship with the host government to understand its approach and interests.
- Promote values in accordance with the companies' culture (i.e. health and safety and environment).
- Align community giving with your principles and business objectives.
- Try to be consistent in programming while remaining flexible.
- Simplistic solutions based on research are often the most beneficial to both parties