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## Journal Article

How to cite:

Schaefer, Anja and Kerrigan, Finola (2008). Trade associations and corporate social responsibility: evidence from the UK water and film industries. *Business Ethics: A European Review*, 17(2), pp. 171–195.

For guidance on citations see [FAQs](#).

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Version: Proof

Link(s) to article on publisher's website:

<http://dx.doi.org/doi:10.1111/j.1467-8608.2008.00530.x>

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# Trade associations and corporate social responsibility: evidence from the UK water and film industries

Anja Schaefer and Finola Kerrigan\*

*In highly structured organisational fields individual efforts to deal rationally with uncertainty and constraints tend to lead, in the aggregate, to greater homogeneity in structure, culture and output. Drawing on institutional theory, this paper develops research propositions regarding the nature and scope of corporate social responsibility (CSR) engagement at trade/industry association level. The cases of the water and sewerage and film industries are used in order to test these propositions. The findings suggest that (a) trade associations in more homogeneous industries are more likely to engage with CSR-related issues; (b) trade associations in industries that face greater external scrutiny and threats to legitimacy are more likely to engage with CSR-related issues; and (c) trade associations are more likely to engage with those substantive CSR issues that are of greater concern to the industry's most salient stakeholders. The findings also suggest that trade associations may have a greater tendency to engage in symbolic legitimisation efforts through CSR if faced with the task of repairing industry legitimacy.*

## Introduction

This paper explores the ways in which trade associations in two UK industries (water and sewerage, and film) engage with corporate social responsibility (CSR). Trade and industry associations are an underresearched social phenomenon in general, and their CSR engagement has received very little academic attention so far. This is part of a general dearth of research addressing non-corporate and non-governmental organisations and their role as agents in CSR processes.

While it may be argued that trade and industry associations have often been slower to engage

with CSR issues than many of their member organisations (interview reference, Water UK) this is beginning to change.

... The CSR movement is for us not a threat but an opportunity ... it offers a course to follow that can help to establish a new relationship between business and society based on trust and shared values, leading to greater freedom for business and a more enlightened public attitude to profit.

(Speech by Sir John Egan, CBI President, CBI National Conference, 25 November 2002, <http://www.cbi.org.uk/ndbs/content.nsf>)

This paper aims to start filling a gap in the literature by addressing the following research questions:

- To what extent do trade associations in two UK industries publicly engage with social responsibility issues?

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	<b>BEER</b>	<b>530</b>	<b>B</b>	Dispatch: 3.1.08	Journal: BEER	CE:
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- With what aspects of CSR do the trade associations engage and how do these aspects of CSR engagement relate to specific concerns of the industries' key stakeholders?
- To what extent can trade associations' CSR engagement be explained as legitimisation strategies aimed at concerns of particular stakeholders?

## Theoretical framework

The theoretical framework provided in this section is organised as follows: first, using an institutional theory framework, we discuss the nature of trade associations; second, we consider the reasons why trade associations would engage with CSR-related issues; third, we examine the concepts of organisational legitimacy and legitimisation and how they relate to CSR; finally, we discuss how the level and depth of a trade association's CSR engagement might be assessed by looking at the dimensions of CSR with which it engages. From these considerations some research propositions are developed, whose applicability in the two case studies will be explored in the second part of the paper. Institutional theory has been widely used as an explanatory framework for organisational research in general and into CSR specifically (e.g. Husted & Allen 2006, Campbell 2007, 2006, Schaefer 2007). Propositions derived from institutional theory have been used to frame research into management topics as diverse as CSR (Campbell 2007, 2006), executive pay (Chizema & Buck 2006), family businesses (Leap-trott 2005), purchasing and supply management (Zsidisin *et al.* 2005) and organisational socialisation (Fogarty & Dirsmith 2001).

### The nature of trade associations

Business or industry associations can take several different forms. Peak organisations [such as the Confederation of British Industry, (CBI)] exist to represent all sectors of business in a country or region. Trade associations represent businesses within a particular sector (May *et al.* 1998). Both peak and trade associations have corporate members. Professional organisations, on the other

hand, have individuals as members, not firms. They may perform similar roles to business associations, though, particularly in industries where the focus is more on individuals than firms, such as the professions or the arts.

The development of business and trade associations can be seen as part of the structuration of organisational fields (DiMaggio & Powell 1983, Giddens 1984). According to Meyer & Rowan (1977: 340) 'organizations are driven to incorporate the practices and procedures defined by prevailing rationalised concepts of organisational work and institutionalised in society. Organizations that do so increase their legitimacy and their survival prospects'. In highly structured organisational fields individual efforts to deal rationally with uncertainty and constraints tend to lead, in the aggregate, to greater homogeneity in structure, culture and output. The structuration of a field comprises of increased interaction between members, sharply defined inter-organisational structures, increased information load and mutual awareness of a common enterprise. Formal association of businesses in a field may be a consequence of this structuration and, once established, may contribute to further homogeneity. The establishment of trade associations can be seen as an instance of institutionalisation through embedding in formal structures (Zucker 1987). Trade associations may be playing a role in facilitating or reinforcing any or all of the mimetic, coercive and normative institutionalisation processes (DiMaggio & Powell 1983, Zucker 1987). Factors that are thought to lead to greater isomorphism, such as dependency on a single or similar sources of support and the extent of transactions with state agencies (DiMaggio & Powell 1983), may also lead to a greater tendency towards formal association.

Industries will vary in their degree of homogeneity and this is likely to be reflected in the form and influence of their trade associations. Highly cohesive industries may be represented by a single trade association, which is considered to represent all or most members' interests fairly well. Less cohesive industries may have several trade and professional associations, which may represent the interests of only some members of the

1 industry. Schmitter & Streeck (1999) argue that  
2 where industries are highly homogeneous, mem-  
3 ber companies may have similar interests but are  
4 also likely to compete directly with each other,  
5 thus increasing potential conflict. In more hetero-  
6 geneous associations, there may be less direct  
7 competitive conflict but members' interests are  
8 also likely to be more divergent. The incentives for  
9 potential members to join business associations  
10 are likely to decrease with the size of the potential  
11 membership and if potential members have highly  
12 unequal resources. External competition, state  
13 intervention, complementarity of members, and  
14 social cohesion between members, on the other  
15 hand, should increase the tendency to associate.

16 Trade associations are therefore more likely to  
17 be influential if (a) there is a higher degree of  
18 commonality of interest between industry mem-  
19 bers; (b) there is less competition between industry  
20 members; (c) industry members depend on similar  
21 sources of support; (d) industry members transact  
22 extensively with state agencies and/or are subject  
23 to extensive state intervention; (e) the industry is  
24 subject to a high degree of external competition;  
25 and (f) there is a high degree of social cohesion  
26 between industry members.

27 More cohesive and thus influential trade  
28 associations will find it easier to be more active  
29 and to guide their members' views and actions in  
30 general. Other things being equal, more cohesion  
31 and influence in general will therefore enable trade  
32 associations to engage more strongly with CSR on  
33 their members' behalf.

34 **Proposition 1:** Greater cohesion and influence in  
35 general will be an enabling factor in trade  
36 associations' CSR engagement on behalf of their  
37 members.

#### Trade associations and social responsibility

38 It might be argued that industry associations have  
39 little reason to engage in CSR issues. Possible rea-  
40 sons for such an argument are that CSR is mostly  
41 a strategic tool by which individual companies try  
42 to improve their financial performance (e.g.  
43 Waddock & Graves 1997, McWilliams & Siegel  
44 2000, Hillman & Keim 2001, Orlitzky & Benjamin  
45 2001) and that collective CSR engagement

through industry associations would distract from  
any competitive advantage from CSR. It could  
also be argued that the main purpose of industry  
associations is to lobby for their members' (self-  
interests and that they should stick to this.

We consider such arguments to be only partly  
true. Much of the argument for CSR rests on  
alignment with social norms and the unavoid-  
ability of normative conformity with the social  
environment (Carroll 1979, 1999, Wartick &  
Cochran 1985, Wood 1991, Palazzo & Scherer  
2006) and firms are seen to align their activities  
with the concerns of powerful stakeholders  
(Mitchell *et al.* 1997, Frooman 1999, Doh &  
Guay 2006). Companies often experience strong  
institutional pressures for the adoption of a  
socially responsible stance and may use CSR to  
respond to these pressures, rather than for either  
social or financial performance reasons (Schaefer,  
forthcoming). Where this is the case, competitive  
advantage through CSR may become less im-  
portant and there may be a more significant role  
for trade associations in facilitating an industry-  
wide response to the demands of common  
stakeholders.

The argument that industry associations should  
stick strictly to their lobbying function would be  
reminiscent of Friedman's (1970) argument that  
making profit is the only responsibility of busi-  
ness. Arguments of enlightened self-interest as  
well as notions of morality extending to all  
society, including business (Mintzberg 1983), can  
similarly be extended to trade associations.

If CSR is to a large extent about corporations  
acting in line with societal norms we may think of  
this as an aspect of firms' wider social and  
political engagement, aimed at gaining or main-  
taining external legitimacy. CSR then becomes a  
political, as well as a strategic and economic  
concern (Dubink 2004, Moon *et al.* 2005,  
Scherer *et al.* 2006). When acting in a political  
rather than a purely economic sense, business  
firms often find it advantageous to act not  
individually but through industry associations  
(Schmitter & Streeck 1999). Public criticism,  
questions of external legitimacy and the threat  
of state intervention often apply to entire indus-  
tries as well as individual firms (Adams *et al.* 1998,

Clarke & Gibson-Sweet 1999, Campbell 2003). It may therefore be more effective to deal with such issues through collective action (Gupta & Brubaker 1990, Reed 1999, Tiemann 1999). In this sense trade associations may take on the boundary spanning role of buffering an entire industry against external pressures and promoting organisational adaptation to environmental changes, a role that has been assigned to the corporate affairs department in individual organisations (Meznar & Nigh 1993).

**Proposition 2:** Where there are greater external pressures for socially responsible behaviour affecting an entire industry, trade association will engage more with CSR related issues.

### CSR and organisational legitimacy

Although the literatures on CSR and corporate legitimacy have somewhat different foci there is a strong relation between the two concepts. We have argued above that CSR is as much about conformity with social norms as it is about competitive advantage, and three decades ago Sethi (1975) already saw legitimacy as the yardstick of the discussion in the CSR field. In this section we provide a brief review of relevant aspects of legitimacy and legitimation.

Dowling & Pfeffer (1975) define organizational *legitimacy* as congruence between social values associated with the activities of an organization and the norms of acceptable behaviour in the larger social system. Suchman (1995) distinguishes three forms of legitimacy: (1) pragmatic legitimacy, based on audience self-interest; (2) moral legitimacy, based on normative approval and an evaluation whether an organisation's actions are for the common good; and (3) cognitive legitimacy, based on comprehensibility and taken-for-grantedness. It seems plausible that firms may address all three forms of legitimacy through their CSR initiatives.

*Legitimation* is the process by which organisations act to increase their perceived legitimacy. Dowling & Pfeffer (1975) distinguish between three forms of legitimation: (1) adaptation of output, goals and methods; (2) altering definitions of social legitimacy; and (3) becoming identified

with symbols, values or institutions that have a strong base of social legitimacy. Lindblom (1994) adds a fourth form of legitimation, where the organisation neither changes its own behaviour nor tries to alter definitions of legitimacy but embarks on an information and education effort in order to demonstrate to relevant stakeholders that its outputs, goals and methods are indeed appropriate and in conformance with prevailing social norms.

Legitimacy theory has been used in particular to explain companies' social disclosure patterns and strategies (Lindblom 1994, Brown & Deegan 1998), but legitimation acts need not be confined to disclosure. Suchman (1995: 586) argues that, while 'legitimacy management rests heavily on communication', this communication extends beyond linguistic communication to a 'wide range of meaning-laden actions and non-verbal displays'. While Guthrie & Parker (1989) found little evidence to support a strict reading of legitimacy theory, other research has generally been supportive of the idea that companies that find themselves subject to a higher level of public critique and thus threats to their perceived legitimacy will engage to a greater extent in legitimating activities such as public social and environmental disclosure (Adams *et al.* 1998, Clarke & Gibson-Sweet 1999, Campbell 2003, among others).

While some of the legitimacy theory literature focuses mostly on organisations reacting to legitimacy threatening events, legitimation attempts need not necessarily be reactive. Suchman (1995) distinguishes between efforts aimed at gaining legitimacy, which he sees as particularly relevant when organisations embark on a new line of activity; maintaining legitimacy and repairing legitimacy, which generally is a reactive response to an unforeseen crisis of legitimacy. At this point familiar legitimation strategies may no longer work and formerly reliable external allies may have been alienated.

This is also the point where legitimation strategies may not be successful or, in themselves, legitimate in stakeholders' eyes. Ashforth & Gibbs (1990) distinguish between substantive and symbolic legitimation strategies. For them, substantive legitimation attempts involve real, material

changes to organisational goals, structures and practices to meet the performance expectations of societal actors upon whom the organisation depends for legitimacy. Symbolic legitimisation attempts, by contrast, involve espousing socially acceptable goals; denial or concealment of actions perceived as illegitimate; redefining means and ends of the organisation in order to suggest greater congruence with societal norms; offering justifications or apologies; and ceremonial conformity with accepted ways of doing business. These would seem to correspond broadly to the second and third legitimisation strategy proposed by Dowling & Pfeffer (1975) and the fourth strategy proposed by Lindblom (1994), as discussed above. Ashforth & Gibbs (1990) propose that (1) the protestation of legitimacy through symbolic activity will be greatest for organisations with low legitimacy (as perceived by constituents); (2) the lower the perceived legitimacy the more sceptical constituents will be of legitimisation attempts; and (3) the lower the perceived legitimacy, the greater the likelihood of unethical, heavy handed, insensitive, rigid, intolerant, evasive, exaggerated, or inflammatory legitimisation attempts.

**Proposition 3:** Where industries as a whole are faced with the challenges of repairing perceived legitimacy, they and their trade associations are more likely to use CSR-related activities as symbolic legitimisation strategies.

### CSR and stakeholder salience

Legitimacy is not a homogeneous quality that organisations either have or do not have. Rather, legitimacy is both dynamic and in the eyes of the beholder. Organisations may therefore have different levels of perceived legitimacy with different stakeholders. For instance, a firm may have a good record on staff motivation and development and therefore high perceived legitimacy with its employees and labour organisations. At the same time it may have a poor environmental record and low perceived legitimacy with environmental stakeholders.

In explanatory stakeholder theory it has been argued that organisations will pay most attention

to those stakeholders that are more salient to them. Mitchell *et al.* (1997) argue that stakeholder salience depends on their power, urgency of their demands and perceived legitimacy, with those stakeholders most salient who have high perceived power, legitimacy and urgency in the organisation's eyes. Frooman (1999) argues that stakeholder power is in fact the most important of these three aspects of stakeholder salience and that relative stakeholder power depends on the resource dependencies or interdependencies between an organisation and its stakeholders. There is also some empirical evidence to suggest that organisations will focus on the demands of their most salient stakeholders as **a priority** (Fineman & Clarke 1996, Harvey & Schaefer 2001). Legitimising acts undertaken by organisations are therefore likely to reflect the differential salience of stakeholders making demands on it. They will be aimed at different stakeholder groups and focus on different substantive issues. Thus, trade associations are likely to focus any CSR engagement on the perceived priorities of the most salient stakeholders of the industry.

**Proposition 4:** Trade associations will engage selectively with CSR-related issues that are of greatest concern to the most salient stakeholders of the industry.

### Assessing levels of CSR

The above discussion and propositions assume that we can assess the level of CSR engagement of a trade association. Here we propose as a plausible, qualitative assessment that trade associations that show greater engagement with CSR issues will (a) make a greater number of, and more positive statements about, CSR-related issues, and (b) will engage with a greater number of different aspects of CSR. In the remainder of this section we provide a brief overview of different aspects of CSR with which trade associations may potentially engage.

Wood (1991) suggests a tri-partite model of Corporate Social Performance, including *social responsibility*, *social responsiveness* and *social performance*. CSR forms the normative basis, which establishes why business organisations have

1 responsibility for the social outcomes of their  
2 actions. The processes of *corporate social respon-*  
3 *siveness* include general assessment of trends in  
4 the social environment, assessment and manage-  
5 ment of stakeholder demands and expectations,  
6 and the management of specific social issues.  
7 *Corporate social performance*, the third element of  
8 the model, refers to the outcomes of corporate  
9 behaviour. This includes both company actions in  
10 the form of programmes and policies, and the  
11 social impacts of these actions.

12 Building on Wood's (1991) model, Davenport  
13 (2000) suggests that corporate social performance  
14 could be categorised into (1) ethical business  
15 behaviour, (2) stakeholder commitment, and (3)  
16 environmental commitment. Gathering informa-  
17 tion from various managers and industry experts  
18 she then developed 20 criteria for the assessment  
19 of a company's corporate social performance. Not  
20 all these criteria can be transposed easily from a  
21 company to an industry association context. For  
22 the present purposes eight overarching criteria  
23 have been distilled from Davenport's classifica-  
24 tion and somewhat reformulated to be relevant  
25 to industry associations rather than individual  
26 companies. These are 'ethical business behaviour',  
27 'stakeholder commitment' (including commit-  
28 ment to 'community', 'consumers', 'employees',  
29 'investors' and 'suppliers') and 'environmental  
30 commitment'.

31 In one of the few existing publications specifi-  
32 cally on industry associations and CSR, Gupta &  
33 Brubaker (1990) list a range of activities that trade  
34 associations might perform with respect to CSR.  
35 These include (1) leading an industry towards  
36 more CSR; (2) ensuring that their constituents  
37 remain informed; (3) preventing damage to an  
38 industry by working with government and outside  
39 organisations in the public interest; (4) enforcing  
40 minimum compliance with their CSR goals  
41 through ongoing programmes; and (5) serving as  
42 fulcrums in developing societal consensus about  
43 the relationship of the industry or its products to  
44 the public good. The first three of these seem to  
45 correspond quite closely to some of the dimen-  
46 sions proposed by Wood (1991) and Davenport  
47 (2000) whereas the latter two are different to CSR  
48 dimensions proposed elsewhere and would seem

to be specific to industry associations. The  
dimensions of CSR are summarised in Table 1.

## Methodology

This paper investigates CSR engagement of trade associations in two contrasting industries. It takes a qualitative, exploratory approach, appropriate for a first investigation of a topic where little previous research exists.

The research can best be described as following an iterative approach, with a succession of question and answer cycles (Huberman & Miles 1998). An initial, relatively loose, inductive phase of data collection and analysis led to the establishment of some first categories for analysis. On the basis of these preliminary categories derived from empirical study, a theoretical framework was built from the literature. This was followed by a second phase of empirical research, which consisted of a tighter, more deductively oriented (re-)analysis of the interview data and documentary data, which was newly identified at this stage in line with the theoretical framework. This second phase served the purpose of assessing the applicability of the propositions developed in the theoretical framework.

## Choice of industries

The two industries studied are the UK water and sewerage industry and the UK film industry. They represent contrasts along key dimensions identified as potentially critical in the theoretical framework: (a) level of competition between industry members; (b) level of dependence on similar sources of support; (c) degree of industry members' transactions with state agencies and/or subjection to state intervention; (d) level of external competition; (e) degree of homogeneity of industry; (f) level of external pressure for socially responsible behaviour and/or of external threat to legitimacy; (g) main CSR-related interests of most salient stakeholders. An assessment of the two industries along these dimensions has been made from the literature (Thatcher 1998, Schaefer & Harvey 2000, Harvey & Schaefer 2001, Maloney 2001, Bakker 2003, for the water

**Table 1: Dimensions and elements of corporate social responsibility**

Wood (1991)	Corporate social responsibility		Principle of legitimacy
			Organisational principle
			Individual principle
	Corporate social responsiveness		Environmental trend assessment
			Stakeholder expectations assessment
			Issues management
	Corporate social performance	Company actions (programmes and policies)	Ethical business behaviour (Davenport 2000)
		Social outcomes of these actions	Stakeholder commitment
			<ul style="list-style-type: none"> <li>• Community commitment</li> <li>• Consumer commitment</li> <li>• Employee commitment</li> <li>• Investor commitment</li> <li>• Supplier commitment (Davenport 2000)</li> </ul>
			Environmental commitment (Davenport 2000)
Gupta and Brubaker (1990)			<p>Leading an industry towards more corporate social responsibility</p> <p>Ensuring that their constituents remain informed</p> <p>Preventing damage to an industry by working with government and outside organisations in the public interest</p> <p>Enforcing minimum compliance with their CSR goals through ongoing programmes</p> <p>Serving as fulcrums in developing societal consensus about the relationship of the industry or its products to the public good</p>

industry; Ulf-Møller 2001, Baillieu & Goodchild 2002, Trumpbour 2002, Scott 2003, Thompson & Boardwell 2005 for the film industry) and from our own research with managers in the two industries. These dimensions are summarised for each industry in Table 2. Although not all entries in Table 2 point in the same direction, overall the UK water industry appears to be more homogeneous, with less internal (and external) competition, greater state intervention and greater cohesion between fewer members than the UK film industry. It also faces greater external pressures for socially responsible behaviour and greater external threats to its legitimacy than the film industry. The main CSR issues that are of interest to salient stakeholders are different in both industries and more numerous and diverse in the case of the water industry.

The water industry in England and Wales consists of 10 regional water and sewerage companies (formerly publicly owned water boards, privatised

in 1989) and a number of smaller water supply companies. As provider of a vital utility with significant health, social and environmental implications, the industry is subject to heavy regulation in almost all aspects of its business. Given its history as a nationalised industry and the high level of regulation the industry remains fairly homogeneous in its core business, despite some strategic diversification since privatisation. Measured by the number of companies it is also a fairly small industry. It is represented by a single trade association, Water UK. The industry has faced significant legitimacy issues over recent years. Privatisation itself was heavily debated in the media and opposed by significant parts of the British public. Following privatisation, prices to consumers increased considerably in order to pay for urgent investment in the overaged asset structure to allow compliance with EU environmental directives. However, these price increases were met with much public hostility. A number

**Table 2: Differences between industries along key dimensions**

<b>Dimension</b>	<b>UK water industry</b>	<b>UK film industry</b>
Level of competition between industry members	Very low in core UK water & sewerage business – only large industrial and commercial customer market open to competition – no competition in domestic market	Moderate
Level of dependence on similar sources of support	Moderate – main financial support through stock market; largely geographically distinct customer base (regional monopolies)	Moderate – industry relies to significant extent on state subsidies for funding; other sources of support more varied
Degree of industry members' transactions with state agencies and/or subjection to state intervention	High – industry is highly regulated by economic regulator (Ofwat), environmental regulator (Environment Agency), quality regulator (Drinking Water Inspectorate), as well as other, less salient regulators	High – subsidised through tax breaks, important steering role of UK Film Council
Level of external competition	Virtually non-existent for domestic market as vital utility with long-term physical asset base and regional monopoly for a large proportion of customers – threat of substitutes or new entrants is minimal	High – Hollywood is strongest competitor in world wide film industry and dominates UK screenings; some competition from other European film productions
Degree of homogeneity of industry	High – small industry with single industry association; core UK water & sewerage business organised on similar lines and facing similar challenges; individual managers in different companies tend to know each other, sometimes very well; however, size differences between formerly publicly owned water & sewerage companies and smaller, always privately owned water only companies	Low – large number of companies of greatly varying size and concentrating on different aspects of the film production and distribution process; several trade and professional associations with only partially overlapping membership
Level of external pressure for socially responsible behaviour or external threat to legitimacy	High – industry is very much in public eye; industry purpose is essentially a public good purpose; much negative publicity (82% of UK national newspaper coverage between November 2005 and 2006 was essentially negative or critical in tone)	Moderate to low – industry needs to justify public subsidy through demonstration of certain public good achievements but mostly seen as having entertainment, rather than public good purpose; less critical publicity (only 17% of UK national newspaper coverage between November 2005 and 2006 was essentially negative or critical in tone)
Main CSR related interests of most salient stakeholders	<i>Government</i> – Department of Food, Rural Affairs and Agriculture (oversees environmental protection) – aspects of water policy: <ul style="list-style-type: none"> <li>• Drinking water quality</li> <li>• Quality of water in rivers, lakes and estuaries, coastal and marine waters</li> </ul>	<i>UK Film Council</i> – mission <ul style="list-style-type: none"> <li>• Stimulate a successful, vibrant film industry</li> <li>• Promote the widest possible enjoyment and understanding of cinema throughout the United Kingdom</li> </ul>

Table 2: Continued

- Sewage treatment
  - Reservoir safety  
[[www.defra.gov.uk/environment/water/](http://www.defra.gov.uk/environment/water/)]  
*Ofwat* – Economic regulator for the water & sewerage industry in UK and Wales – vision
  - World class, quality service
  - Customer value
- Key work areas:
- Promoting effective competition
  - Consumer issues
  - Sustainable development
  - Water resources  
[[www.ofwat.gov.uk](http://www.ofwat.gov.uk)]
- Environment Agency* – environmental objectives for water industry:
- Provide sufficient water for customers, taking into account the needs of the environment
  - Abstractions and discharges
  - Sustainable, cost-effective long-term solutions  
[[www.environment-agency.gov.uk/subjects/waterquality](http://www.environment-agency.gov.uk/subjects/waterquality)]
- Funding initiatives:
- High-quality, innovative and commercially attractive screenplays
  - Production of popular, more mainstream films
  - Back radical and innovative filmmakers, especially new talent
  - distribution of a broader range of films to audiences across the United Kingdom.
  - Diversity strategy aims to help the sector to: achieve a more diverse workforce behind and in front of the camera, across the film sector value chain; enable all groups within our society to participate in and enjoy film culture  
[[www.ukfilmcouncil.org.uk/information/aboutus/overview/](http://www.ukfilmcouncil.org.uk/information/aboutus/overview/)]

Table 3: Associations in the UK film industry

Name	Individuals/organisations	Industry sectors	Activities
PACT	Both	Producers	Networking, lobbying, training, rights negotiation
BAFTA	Both	All	Networking, information, quality control
WFTV	Individuals	All	Networking
FACT	Organisations	Distributors, broadcasters, freight and storage companies	Protection of copyright defence against piracy
FDA	Organisations	Distributors	Lobbying
NPA	Individuals	Producers	Networking, information exchange

of environmental incidents and further price increases have kept the industry in the media ever since.

In comparison with the water industry, the UK film industry is more fragmented in its structure and core business, consisting of a much larger number of often quite small companies, which focus on different aspects of film-making and distribution. Its products are not generally con-

sidered a vital utility and its social and environmental impacts, while not negligible, are less prominent than those of the water industry. It is therefore subject to relatively little regulation. The more fragmented nature of the industry is reflected in the fact that it is represented not by a single but several trade and industry associations, with sometimes overlapping but not identical membership and purpose (see Table 3). While

1 film is a topic which is regularly discussed in the  
2 media, specific coverage of wider social responsi-  
3 bility issues relating to the industry is much rarer,  
4 with the majority of press coverage focused upon  
5 entertainment value. The industry does not appear  
6 to be in the public eye with regard to CSR issues to  
7 the same extent, and it seems to face fewer public  
8 legitimacy issues. The main questions of legitimacy  
9 arise over the government subsidy the industry  
10 receives as well as issues relating to the portrayal of  
11 violence and anti-social behaviour, with occasional  
12 specific issues regarding the environmental impacts  
13 of certain technologies or film-making practices.

### 14 Data collection

15 As outlined above, this article is based on two  
16 phases of data collection and analysis. The first  
17 phase consisted of an inductive analysis of open-  
18 ended interview data collected in two previous  
19 studies. The second phase was more deductive in  
20 orientation (Huberman & Miles 1998, Yin 2003)  
21 and consisted of the collection and analysis of  
22 documentary data and a re-analysis of the inter-  
23 view data. These two phases were separated by a  
24 phase of theoretical framework building (see  
25 theoretical framework above).

26 The interview data comes from two separate  
27 studies, on CSR and environmental management  
28 in the UK water and sewerage industry and on  
29 CSR and marketing in the UK film industry,  
30 respectively. As generally considered appropriate  
31 for qualitative research, potential respondents  
32 were identified through purposive sampling  
33 (Silverman 2000) to represent as wide a range of  
34 hierarchical and functional positions and environ-  
35 mental and CSR responsibilities as possible  
36 (Marshall & Rossman 1989). Key informants in  
37 each organisation suggested further respondents  
38 to match the purposive sampling criteria.

39 The study on the UK water and sewerage  
40 industry consisted of three in-depth case studies,  
41 carried out in two phases: 1996/1997 and 2000/  
42 2001. Although the study focused on environ-  
43 mental strategy and management in these compa-  
44 nies, respondents frequently discussed other social  
45 responsibility issues as well. In the first phase, 27  
46 interviews with managers in water companies

were carried out. In the second phase, 18 interviews  
with managers in the same companies were carried  
out. Where possible, the same respondents were  
interviewed in both phases but frequently this was  
not possible due to personnel changes in the  
companies. Seven of the first phase interviews  
and eight of the second phase interviews  
contained significant references to industry-wide  
initiatives and trade association matters. In addi-  
tion to the interviews in individual companies, the  
researcher attended a meeting on the development  
of industry wide sustainability indicators. In 2006 a  
further interview was conducted with two members  
of staff at Water UK. Interviews were semi-  
structured, following a researcher-led series of  
themes but allowing respondents to pursue themes  
they considered important as well. Trade associa-  
tion-related issues were usually brought up by  
respondents. Wherever possible, interviews were  
tape-recorded and fully transcribed. In the small  
number of instances where this was impossible,  
extensive notes were taken during and immediately  
after interviews.

The empirical work on the film industry is  
drawn from a wider study focusing on the nature  
and organisational structure of the industry,  
policy and ethical issues particularly with regard  
to marketing processes. This study consisted of 25  
qualitative interview carried out with film industry  
professionals, policy makers and industry experts  
between 1999 and 2003, coupled with policy  
analysis over a 7-year period. The research focus  
was upon the marketing process in the film  
industry and how company structure impacted  
upon this process. For the purpose of this paper,  
data has been extracted from five of these  
interviews which referred specifically to issues of  
CSR and public policy. This empirical analysis  
was supplemented by the analysis of policy  
documentation in the audiovisual industries.

The document data consists of general informa-  
tion, speeches, policy and position statements,  
newsletters and press releases, collected mostly  
from the web-sites of the trade associations in the  
two industries ([www.water.org.uk](http://www.water.org.uk) for the water  
industry, [www.pact.co.uk](http://www.pact.co.uk), [www.fact.co.uk](http://www.fact.co.uk), [www.bafta.org](http://www.bafta.org), [www.launchingfilms.com](http://www.launchingfilms.com) for the film  
industry). Documents available from the trade

1 associations websites were identified through a  
2 qualitative reading of website content. Other  
3 documents were identified by and obtained from  
4 interviewees.

### 6 Data analysis

7  
8 Like the data collection, the analysis for this  
9 paper also followed an iterative approach. In-  
10 ductive, constructionist analysis (Easterby-Smith  
11 *et al.* 2002) led to identification of some initial  
12 research questions, themes and categories. These  
13 were then used as the basis for the development of  
14 the theoretical framework and research proposi-  
15 tions from the literature. A second, more deduc-  
16 tive phase of analysis followed where the research  
17 propositions were examined through a re-analysis  
18 of the interview data and an analysis of document  
19 data. The purpose of the analysis was to make  
20 some assessment of the levels and nature of CSR  
21 engagement (see discussion on assessing CSR  
22 engagement above) and to gain a deeper under-  
23 standing of why trade associations were engaging  
24 with CSR issues in the way they were.

25 The type of deductive analysis used in the  
26 second phase is a form of relatively loose, non-  
27 quantitative content analysis (Miles & Huberman  
28 1994, Easterby-Smith *et al.* 2002). The researchers  
29 jointly identified interview passages and extracts  
30 from the documentary data (both called 'state-  
31 ments' later in the paper) that were deemed  
32 relevant for the purposes of the present research  
33 questions. Both researchers then independently  
34 coded these interview and document extracts,  
35 using coding categories derived from the theoret-  
36 ical framework and research propositions. Coded  
37 passages were displayed in cross-case tables (Miles  
38 & Huberman 1994) for further analysis, including  
39 within-case analysis, comparing data gathered at  
40 different times (interview data in 1996/1997 and  
41 2000/2001 for the water industry, in 1999/2000  
42 and 2002 for the film industry, and document data  
43 from 2005/2006 for both industries), through  
44 different means (interview and document), fol-  
45 lowed by between-case comparison between the  
46 two industries (Yin 1984, Eisenhardt 1989). These  
47 working tables were distilled into Table 4 below  
for data display.

### Limitations

The paper uses data from a number of different sources. Most of the interview data was collected for other purposes than the present article. Much of the information on trade associations and the workings of the industries as a whole emerged spontaneously from the interviews, rather than being elicited through direct questions and probes. The same questions were not necessarily asked of all respondents. This makes it valuable as unforced views of the respondents but it also means that it is not always strictly comparable between the two cases. Data collected from trade associations' web-sites is also 'naturally emerging' data rather than prompted by specific research questions. This also has the benefit that the data is not biased by interview questions and reflects the different concerns and perspectives adopted by different trade associations. This kind of data is not generally considered to be problematic for inductive research, which tends to be based on relatively loose designs (Huberman & Miles 1998, Yin 2003). Cowton (1998) argues that using secondary data, including data collected for the purpose of other academic studies, can often be beneficial in business ethics research, not least because it removes some of the 'socially desirable answers' bias that primary data collection on ethical questions often encounters. Using this type of pre-existing data does, however, mean that the type and quantity of information given is not always entirely comparable. Deductive analysis and comparison between cases based on such data therefore needs to be interpreted with a certain degree of caution.

Similarly, being mostly unforced data, the data on industry associations that emerged during the different phases of the two studies does not necessarily match within or between cases. This makes systematic longitudinal analysis more difficult. In addition, much of the documentary data is more recent than most of the interview data. Using a variety of largely unforced data allows us to build up a richer picture but it also limits some forms of analysis. For instance, rigorous time-line analysis, as used in some of the corporate social reporting literature (Hogner

1982, Guthrie & Parker 1989), has not been possible with the present data. A quantitative analysis of the frequency of particular types of references also seemed less valuable for this reason.

We feel that the present data is rich and varied enough to give interesting first insights into industry associations' engagement with the CSR agenda and make a qualitative assessment of the likely applicability of the propositions developed above. Further, specifically designed research into the topic should follow to firm up the findings of this paper and develop the area of research further.

## Discussion of findings

In this section we present and discuss our findings. We start with a discussion of the trade associations' general level of CSR engagement and the substantive CSR issues they address in the light of salient differences between the two industries and the propositions developed in the theoretical framework above. Document references (from trade associations' web-sites and printed trade association publications) and interview references to trade associations' CSR engagement are summarised in Table 4.

### Level and variety of CSR engagement

The overall level of CSR engagement is inferred here from the extent to which documents and interviews made reference to CSR-related issues in relation to the trade associations. This should yield a useable measure for the purposes of this exploratory paper.

As is evident from Table 4, the water industry trade association, Water UK, refers to CSR-related issues more frequently than the film industry associations, particularly bearing in mind that four web-sites of film industry associations and only one web-site of the water industry association were examined, reflecting the more fragmented nature of the film industry). Water UK also published a separate CSR report (Water UK 2003), whereas we found no evidence for such reporting by any of the film industry associations.

A look at the qualitative nature of the statements confirms the notion of a greater engagement with CSR-related issues in the water industry association. Water UK makes several statements regarding the water industry's acceptance of social responsibilities and the general importance of CSR for the industry.

It is crucially important for water companies to act responsibly, managing their impacts in a way that minimises environmental harm, protects the water resource and engages people and society in a positive way. [...] We believe that CSR is one of the water industry's key strengths, and extends far beyond managing our core business. (Water UK 2003: 2)

Film industry associations' websites or other publications yielded no specific statements regarding the importance of CSR for the industry.

Another measure of the level of CSR engagement in an industry association is the variety of types of CSR-related issues and activities (as summarised in Table 2 above) to which reference is made, also summarised in Table 4. This measure confirms a picture of greater explicit CSR engagement in the water industry association. There are more references to water industry engagement with all aspects of CSR, with the exception of CSR activities related to employees and suppliers, where there is more reference to film industry engagement.

The level and breadth of stakeholder engagement referred to may be a further measure of overall levels of CSR engagement. In both industries, associations appear to be engaging with a range of stakeholders but stakeholder engagement is couched in more general terms in Water UK documents than in film industry association documents. This may denote wider stakeholder engagement in the water industry.

But we can't do this on our own. As an industry we can take a lot of the steps needed to meet demand for regeneration and development, but we can't be successful without the support – I could even say the 'informed' support – of our stakeholders. (Taylor 2005)

Table 4: Document and interview references to CSR related issues

Dimensions of CSR engagement	Water industry		Film industry	
	Document references	Interview references	Document references	Interview references
Acceptance of Social Responsibility	<p>'Crucially important for water companies to act responsibly [...] CSR is one of water industry's key strength' [1]</p> <p>'CSR benefits every aspect of company's working practices' [1]</p> <p>water companies have opportunity to define CSR standards for other sectors [1]</p> <p>water industry has central part to play in quality of life [2]</p> <p>UK water industry recognises impact upon society and seeks to add value to communities [3]</p>	<p>[Numerous references to importance of environmental and social performance to individual companies but no specific references to trade association]</p> <p>Examples:</p> <p>'three main differentiators of the business are quality in its broadest sense, customer service and environmental leadership' [8]</p> <p>Environment is critical and at the heart of company strategy [9]</p> <p>Corporate responsibility more important for water industry and hence its trade association than for many other industries, as providing vital public service [13]</p>	<p>Trade associations, companies and other organisations actively involved in promoting more inclusive approach to film making [4]</p>	
Stakeholder Engagement	<p>Industry cannot be successful in regeneration and development without informed support of stakeholders [2]</p> <p>Water UK provides positive framework for engagement with government, regulators, stakeholders and public [1]</p> <p>Water UK works with other organisations to promote sustainable water supply strategies [1]</p>	<p>Lobbying government through trade association, for instance commenting on draft legislation – can lead to better legislation [1]</p> <p>RSPB had good person in post to work on next water price review, who had spoken to Water UK [2]</p> <p>With sustainability indicators assumption had been that external stakeholder were key audience but most opposition came from companies within industry [3]</p> <p>Water UK working on strategies for future regulation [13]</p>	<p>Meetings with media regulator and MPs on children's animation [5]</p> <p>Discussion with government and UK Film Council on tax mechanism [6]</p>	<p>MEDIA programme for getting people across industry together – not as comprehensive as desirable [6]</p>

Table 4: Continued

1				
2				
3				
4	Assessment of		Getting information about	References to advice on
5	Business		environmental and social	business issues [6]
6	Environment/Advice		issues from trade	Not enough scanning of
7	to Members		associations and other	environment for good
8			sources [1]	foreign language films
9			Against advice from	[6]
10			industry association taken	
11			decision to share as much	
12			information as possible on	
13			land contamination with	
14			local authorities [3]	
15			It is Water UK's job to look	
16			ahead and to inform and	
17	Issues Management		guide members [14]	
18	Environment	Key CSR issues	Decision to develop	Dye track committee
19		include environmental	profile as 'most	dedicated to replacing
20		management and bio-	environmentally	silver applicated
21		diversity [...] Water	conscious' industry and	soundtracks with pure
22		industry is an	develop industry	cyan dye tracks [...]
23		environmental industry	sustainability indicators	offers major benefits to
24		[...] wholly dependent	driven by bad reputation	industry and
25		on environment for its	of industry among the	environment [7]
26		essential resource [3]	public [4]	
27		Has sustainable	Industry association	
28		strategy and activity	group is looking at wider	
29		at its heart; needs	environmental issues;	
30		to be at forefront	consultation from industry	
31		of understanding	association on	
32		wider environmental	environmental issues [5]	
33		issues and build	Involvement with trade	
34		societal understanding	association's	
35		of these [3]	environmental groups, CBI	
36		Will carry out activities	environmental group [1]	
37		in sustainable way and	Water UK working on	
38		reduce environmental	strategies relating to	
39		impact of core activities;	sludge and water	
40		will educate, inform and	resources [13]	
41		act as exemplar to		
42		others on environmental		
43		issues [3]		
44	Community	Key CSR issues include	[Several references to	Production in UK
45		social and economic	community involvement	regions and nations
46		regeneration, poverty	of individual companies,	creates significant
47		and social exclusion,	e.g. in educational or	economic benefit [5]
48		health and safety [1]	environmental community	Belief in ability of
49		Water industry has	projects, but not relating	individuals and
50		important role within	to trade association or,	communities to express
51		the community and	explicitly, to industry as a	themselves creatively
52		a duty beyond that of	whole]	[8]
53				Importance of
54				government subsidies
55				to make films
56				representing smaller
57				communities across
58				Europe [6,7]

Table 4: Continued

	supplier a and local employer [13]		Emerging programme for schools and colleges [8]	
	As owners and operators of crucial part of community infrastructure [ . . . ] recognise special responsibility as individual operators and industry [1]		Support for charity, Film Education' which develops use of film in school curriculum [9]	
	Will demonstrate CSR as high among priorities and support of healthy and prosperous communities; consult and invite participation across community; set example to other businesses in building community partnerships [3]			
Consumers	Responsibility to work harder than most competitive business to engage with consumers [1]	Water UK has core strategies relating to pricing (which has important repercussions for consumers) [13]	Campaigning to sustain and strengthen new programming for young audiences in this key public service genre [5]	Importance of media programme in improving circulation of European film (considered to have positive implications for cultural diversity) [10]
	Great responsibility to customers, to supply high quality water and sewerage and provide value for money [3]	[Numerous other references to importance of customer service for individual companies but not relating to trade association or, explicitly, to industry as a whole]		
	Will provide product fit for purpose in quality, reliability and value for money [ . . . ] seek and understand needs and aspirations of customers [ . . . ] take full account of Government health, social and environmental policies [3]			
	Quality of industry relation with customers will make or break future success [10]			
Employees	Treatment of workforce and health and safety are key CSR issues [1]		Commitment to disabled people and people of all background being encouraged to work in film production industry. Aware of under-representation in terms	

Table 4: Continued

			of diversity; active role in facilitating equal opportunities [5]
Investors	Extensive reference to investors in variety of documents		Extensive reference to investors in variety of documents
Suppliers			Awareness of non-distribution of high proportion of British films, but this is not really a distribution problem [9]
Policies and Action Reporting	Development and regular reporting by companies on industry wide sustainability indicators [1;3] First industry wide CSR report in 2003 [1]	Water industry as a whole produced sustainability indicators [...] companies are producing environmental reports for Water UK [2] Industry sustainability indicators are useful as a benchmark [8, 11] Development of industry wide sustainability indicators through Water UK was complex process – idea was that they should develop into social indicators as well [3]	
Strategies/ Policies	Water UK helps develop sustainable strategies to reduce environmental impact [3] [also several links and references to policies on individual environmental and social issues]	Company cannot move forward individually on all issues – using Water UK to launch ideas and campaigns, e.g. on pesticides [8] Water UK enters public policy debates on behalf of the industry [13] Water UK has core strategies on pricing, regulation, pollution, water resources, health and safety [13]	Media programme managed to produce a marketing strategy for European film industry [10]
Research	Joint research with regulators, government, customer representatives and other stakeholders to find out customer	Research into certain environmental and social issues is done at industry level - water industry set up a joint research institution [3, 8, 12]	

Table 4: Continued

	priorities – input into regular price review by Ofwat [3]	
	Research on many environment related technical issues [3]	
Leading CSR Engagement		Water UK is not policing
Enforcement of minimum CSR standards		Organisation but would tell a member who was falling short on corporate responsibilities [13]
Fulcrum for social discussion	Prompt open debate about meaning of CSR for industry and its stakeholders [1] Think tank in 05/04 bringing together water companies, regulators, government and consumer groups to discuss water charges, customer debt and social impacts [3] Industry association with strong policy focus; bird's eye view of water industry and regulation; good working relationships with all sides make Water UK useful place to promote fresh thinking in non-confrontational way [10]	Water UK identifies gaps in public policy (from water industry perspective) and proposes alternatives for public debate [13]

Document References: [1] Water UK (2003), [2] Taylor (2005), [3] www.wateruk.org, [4] UK Film Council (2006), [5] www.pact.co.uk (accessed 14 November 2006), [6] www.bsac.co.uk (accessed 14 November 2006), [7] www.dyetracks.org (accessed 9 November 2006), [8] www.fact.co.uk (accessed 14 November 2006), [9] www.launchingfilms.com, [10] Taylor (2005).

Interview references: [1] Environmental Advisor, Company C, 1996/97, [2] Environment Manager, Company A, 2000/01, [3] Environment Manager, Company C, 2000/01, [4] Environmental Director, Company A, 1996/97, [5] Estates Manager, Company A, 1996/97, [6] Film industry expert A, 2001, [7] Media programme employee A, 2002, [8] Environment Director, Company B, 1996/97 and 2000/01, [9] Asset Manager, Company A, 2000/01, [10] Media programme employee B, 2002, [11] Environmental Co-ordinator, Company B, 1996/1997 and 2000/01, [12] R&D Manager, Company A, 2000/2001, [13] Water UK Contact 1, 2006, [14] Water UK Contact 2, 2006.

The group has met with media regulator Ofcom [the UK's media and communications industry regulator] and MPs [Members of Parliament] on [the children's animation] issue, as well as delivered presentations to the industry and liaised with other sector stakeholders on the possible

impact of changes in regulation. (PACT website – www.pact.co.uk)

All these measures taken individually and together seem to paint a picture of greater overall

1 CSR engagement in Water UK than in the film  
2 industry associations.

3 Above we argued that, overall, the water  
4 industry is more homogeneous than the film  
5 industry. There would seem to be a greater  
6 commonality of interest between industry members  
7 in the water industry (they all have very similar  
8 core businesses and are subject to similar chal-  
9 lenges and opportunities), as well as less internal  
10 competition, greater subjection to state interven-  
11 tion and a fairly high degree of social cohesion.  
12 The film industry, however, is subject to greater  
13 external competition. The greater homogeneity of  
14 the water industry would seem to give its single  
15 trade association a greater chance to influence  
16 members than multiple trade associations in the  
17 more fragmented film industry appear to have.

18 As Water UK also shows more overall engage-  
19 ment with CSR-related issues this lends some  
20 support to Proposition 1, which held that more  
21 cohesive and influential trade associations would  
22 engage more with CSR-related issues.

23 We have also argued above that the UK water  
24 industry, on the whole, faces more actual and  
25 potential external pressures for socially responsible  
26 behaviour and threats to legitimacy than the UK  
27 film industry. Arguably, as a vital utility, water  
28 services play a more fundamental role in people's  
29 day-to-day lives than the cultural and entertain-  
30 ment values provided by the film industry. Lack of  
31 access to clean water has an immediately recogni-  
32 sable negative impact on day-to-day life. Lack of  
33 access to, and representation through, film has a  
34 more subtle impact on individuals. This seems to  
35 have resulted in less concern over the impact of the  
36 industry upon society.

37 There have been a number of developments and  
38 incidents since the early 1990s that have kept  
39 water provision in the public eye, often in a  
40 negative way. These include the controversial  
41 privatisation of the water industry itself and the  
42 ensuing concerns over rising prices to consumers  
43 paired with high profits for the companies and  
44 high levels of remuneration for their top man-  
45 agers. Widely reported water shortages, particu-  
46 larly in Southern and Eastern parts of UK during  
47 the dry years of 1995 and 2006, with restrictions  
48 on water use in some areas, paired with equally

widely reported high leakage rates from the pipes  
of some water companies, have led to further  
dissatisfaction with water services. In addition,  
there were several high profile pollution incidents  
related to both water supply and waste water  
treatment, which caused further public concern  
about the water industry (see Parker 1997,  
Maloney 2001 and Bakker 2003 for a more  
detailed discussion of the UK water industry  
since privatisation).

In the UK film industry there are legitimacy  
issues around the fact that much of the funding  
for films produced in the UK comes from  
government or quasi-governmental sources and  
private investment is supported through tax relief  
schemes. The rationale for this public support is  
seen to lie in their role in contributing to and  
communicating national, regional or ethnic cul-  
ture, promoting socially desirable behaviour, and  
providing a medium for the communication and  
exploration of social and cultural issues (Puttnam  
1997). This means that the industry needs to be  
seen actually to be doing all these things, for  
instance through the production of low-budget  
films that aim to communicate social issues to the  
public, in order to maintain its legitimacy with  
important stakeholders.

On the whole, it can be argued that both  
industries face legitimacy issues with important  
stakeholders but that those related to the water  
industry, by virtue of its fundamental, public  
health function, are of a greater salience than  
those faced by the film industry. The water  
industry association's greater apparent engagement  
with CSR-related issues would therefore seem to  
lend support to Proposition 2, which held that  
trade associations will show a greater level of CSR  
engagement if their industry as a whole is faced  
with more threats to its perceived legitimacy.

### Symbolic legitimation efforts

In Proposition 3 above we argued that trade  
associations would be more likely to use symbolic  
legitimation strategies when faced with the task of  
repairing legitimacy with one or several salient  
stakeholders. In this section we are not trying to  
assess whether the trade associations on the whole

1 mostly employ substantive or symbolic legitimation  
2 strategies, as available data does not permit this.  
3 Rather, we are looking for instances of specific  
4 legitimacy threats and industries' collective re-  
5 sponses which might lend support to such a notion.

6 The following section focuses on two of the  
7 most visible CSR-related initiatives in the two  
8 industries: the development of industry-wide  
9 sustainability indicators through Water UK and  
10 the development of diversity guidelines and a  
11 diversity toolkit through the UK Film Council.

12 In the late 1990s the water industry developed a  
13 set of sustainability indicators that would be used  
14 across the entire industry and on which individual  
15 companies and the industry as a whole would report  
16 annually. The fourth such report was produced in  
17 2003 ([http://admin.evolvingmedia.co.uk/users/files/  
18 1FinalReport0102.PDF](http://admin.evolvingmedia.co.uk/users/files/1FinalReport0102.PDF)). The initiative to develop  
19 these indicators followed some sustained criticism of  
20 the industry in the media and in public debate, and  
21 was seen by some in the industry as a genuine way  
22 to demonstrate environmental performance. By  
23 others, however, it was seen more as a public  
24 relations exercise, designed to ward off criticism and  
25 show the industry as one of the most innovative in  
26 environmental and social terms, as this was the first  
27 set of national sustainability indicators ever devel-  
28 oped by a UK industry. The quotation below  
29 reflects this scepticism.

30  
31 [ . . . ] all that stuff on [ . . . ] where we say we want to be  
32 the most environmentally conscious industry in  
33 Britain. Why? Because we have such an appalling  
34 reputation among the general public. So, we have  
35 such an appalling reputation, [ . . . ] you say to  
36 yourself: This is bad, I need to improve it, this is  
37 very bad, I urgently need to improve it. So enhancing  
38 our reputation, nationally, is high up the list [ . . . ].  
39 And then you ask what can you do to do that? Is  
40 there anything environmental we can do? Yes, we  
41 can be the most environmentally conscious. [Envir-  
42 onment Director, Water Company A, 1996/1997]

43 Several years after their development, member  
44 companies report regularly on these indicators,  
45 providing thus a measure of public accountability  
46 on an industry-wide basis. While managers within  
47 individual companies were generally supportive of  
48 the indicators as a form of industry-wide account-

ability, many also felt that they had little impact  
on actual practices within the companies, as they  
were based on activities and measures that the  
companies already carried out anyway.

The water industry as a whole produced those  
sustainability indicators, the environmental sus-  
tainability indicators [ . . . ]. I get the feeling that it's  
now more and more of a drudgery, we've got to  
produce them. [Environment Manager]

It was never quite clear what they were actually  
going to do. [Environmental Information Manager]

They were responding to a government encourage-  
ment that sectors should try and take these things  
forward. [Environment Manager][Both Water  
Company A, 2000/2001]

This suggests that the sustainability indicators  
were developed in the face of significant public  
criticism of the industry and following govern-  
ment pressure to develop sector-wide responses.  
The indicators are not symbolic in the sense that  
they require companies to collect significant  
amounts of information on actual performance  
and report this through an industry-wide report.  
However, the responses above seem to make it  
clear that the indicators do not drive substantive  
changes in environmental performance. In that  
sense they would seem to be a symbolic legitima-  
tion strategy (albeit one that requires a certain  
amount of work from member companies).

One of the issues facing the film industry relates  
to diversity, both in terms of workforce participa-  
tion and with regard to portrayal and access. In  
response to repeated highlighting of this issue, the  
UK Film Council has developed a 'Diversity  
Toolkit' in an attempt to tackle these issues  
(<http://www.diversitytoolkit.org.uk/>). The diver-  
sity toolkit covers the areas of cinema-going,  
working in film and content and portrayal and  
provides resources, case studies and guidelines for  
complying with equality and diversity legislation  
and increasing commitment to addressing issues  
of equality and diversity. In addition to the  
toolkit, the Film Council has also initiated  
(through the Leadership on diversity forum) the  
establishment of The Equalities Charter for Film,  
a public pledge, to helping the industry realise the

1 opportunities from diversity in film and provide a  
2 framework for action (<http://www.ukfilmcouncil.org.uk/information/aboutus/diversity/eqcharter/>).  
3 This charter has been signed by the major  
4 employers and trade and industry association in  
5 film and television. Film industry associations,  
6 such as PACT, refer to this toolkit and make it  
7 available through their websites.  
8

9 While these initiatives are laudable, there is little  
10 evidence that such declarations and toolkits can  
11 actually tackle inequalities in terms of access and  
12 representation. Small professional associations  
13 specifically established to tackle existing issues  
14 such as women in film and television have this  
15 issue as central to their mission, but neither the  
16 predominant trade association, PACT nor individual  
17 film companies seem to be really driving the  
18 diversity agenda. The film industry consists of  
19 networks of individuals coming together to work  
20 on individual projects (Blair & Rainnie 2000,  
21 Blair *et al.* 2001), and a high degree of nepotism  
22 and lack of transparent recruitment and selection  
23 practices characterise the industry.

24 These are two instances of specific responses to  
25 external criticisms of the industries. In the water  
26 industry this response happened through the trade  
27 associations, whereas in the film industry the  
28 response was led by the publicly funded UK Film  
29 Council and then taken up by some of the trade  
30 associations. This is perhaps further evidence that  
31 the water industry trade association feels more  
32 compelled to engage directly with certain CSR-  
33 related issues than the film trade associations. In  
34 both cases, there would seem to be some doubt  
35 over the extent to which these initiatives drive  
36 substantive change. Yet, if they do not drive  
37 substantive change, then they need to be considered  
38 largely symbolic in nature, which would be in line  
39 with the expectations expressed in Proposition 3.

### 40 Stakeholder priorities and engagement with 41 different aspects of CSR

42 Organisations do not generally pay equal atten-  
43 tion to all their stakeholders but tend to focus on  
44 the most salient ones. Salient stakeholders  
45 are thought to be those that are most powerful  
46 (Frooman 1999) or those that show the greatest

47 combination of power, urgency and perceived  
48 legitimacy (Mitchell *et al.* 1997). These dimen-  
49 sions of stakeholder salience have been shown to  
50 have some empirical validity (Fineman & Clarke  
51 1996, Harvey & Schaefer 2001). The most salient  
52 stakeholders for each industry according to these  
53 dimensions have been identified from the litera-  
54 ture and from our own interviews with managers  
55 in the industry. Below we report on the key  
56 stakeholders in each industry identified in this  
57 way but do not enter a detailed discussion of the  
58 concept and measurement of stakeholder salience  
59 as this is beyond the scope of this paper. For the  
60 UK water industry, stakeholders with an institu-  
61 tional power base, such as government [particu-  
62 larly the Department for Environment, Food and  
63 Rural Affairs, (DEFRA)] and industry, quality  
64 and environmental regulators, have been found to  
65 be the most immediately influential (Harvey &  
66 Schaefer 2001). Other stakeholders, such as  
67 customers and the public, employees and share-  
68 holders were also thought to be important but did  
69 not have the same salience as the first group. For  
70 the UK film industry, the most influential  
71 stakeholders include government through tax  
72 relief and direct funding (via the UK Film  
73 Council), broadcasters such as the BBC, and  
74 other major distributors, mostly in the form of  
75 global distribution networks, controlled by the  
76 major Hollywood studios (Thompson & Bordwell  
77 2003, Scott 2005). The main public good concerns  
78 of these stakeholders vis-à-vis the two industries  
79 are shown in Table 2.

80 Table 4 shows that the trade associations in the  
81 two industries appear to engage differentially with  
82 different substantive aspects of CSR, as adapted  
83 from Davenport (2001). Environmental issues  
84 play a very large role in both the document and  
85 interview references from the water industry but  
86 only a very minor one for the film industry. Trade  
87 associations in both industries seem to concern  
88 themselves to a fairly significant degree with  
89 community issues. Consumer issues again seem  
90 to be of greater concern to Water UK than the  
91 film industry associations. On the other hand, film  
92 industry associations collectively seem to show a  
93 greater concern with employee and supplier  
94 issues. Associations in both industries seem to

1 concern themselves to a significant extent with  
2 shareholder and funding issues. These differential  
3 concerns with particular CSR issues show some  
4 congruence with the chief public good concerns of  
5 the industries' main stakeholders.

6 The core business of the water industry is  
7 twofold: to provide clean drinking water for the  
8 population and to safeguard the natural environ-  
9 ment by providing safe sewerage and waste-water  
10 treatment services. For these reasons it is not  
11 surprising that its key stakeholders should be  
12 particularly concerned with the quality of drink-  
13 ing water provision and the protection of the  
14 aquatic environment, and that these concerns  
15 should figure prominently among Water UK's  
16 CSR issues (under 'environment' and 'commu-  
17 nity' and 'consumers', respectively, in Table 4).

18 In the United Kingdom, the DEFRA is  
19 ultimately responsible for both drinking water  
20 and environmental protection. It has a dedicated  
21 policy on water and the water industry, which lists  
22 three environmental aspects (quality of water in  
23 rivers, lakes and estuaries, coastal and marine  
24 waters; sewage treatment; reservoir safety) and  
25 one health and safety aspect (drinking water  
26 quality). The water industry is also one of several  
27 industries for which the Environment Agency has  
28 dedicated policies and guidelines and, although  
29 Ofwat does not see its main role in environmental  
30 protection, it has a statutory duty to safeguard the  
31 environment in its regulation of the water  
32 industry.

33 Water UK therefore does appear to be focuss-  
34 ing on two of the key concerns of its stakeholders  
35 (drinking water quality and environmental pro-  
36 tection) in its statements on CSR-related issues.  
37 One key concern of Ofwat, however, i.e. deliver-  
38 ing good value for customers (via maintaining or  
39 reducing prices), does not seem to find the same  
40 kind of echo in Water UK's and other industry  
41 statements. The water industry, naturally, has no  
42 real interest in charging lower prices for its  
43 services and, instead of focussing on price cuts,  
44 the industry seems to prefer to focus on those  
45 areas of public concern where it can show how it  
46 is using the money it receives from customers for  
47 the delivery of wider social goods, e.g. public  
48 health and environmental performance.

In the film industry we can also detect some  
overt congruence between the priorities of the UK  
Film Council and some of the CSR-related issues  
addressed by the trade associations. One area of  
overlap is in the area of diversity (of the work-  
force and of the viewing public) as discussed  
above. The UK government's concern with  
diversity in film, as expressed through the UK  
Film Council, finds some echo in film industry  
association statements. One of the other key  
stakeholders of the film industry are the major  
distribution networks, dominated by the Holly-  
wood majors (Kerrigan & Özbilgin 2004). This  
results in a focus on financial profit motivation.  
There appears to be an inevitable tension between  
UK government attempts to widen access and  
representation and the Hollywood focus on profit.

On the whole, there seems to be some evidence  
that the chief CSR-related concerns of trade  
associations and the key stakeholders of their  
industries overlap to some extent, and that trade  
associations are more likely to address CSR-  
related issues that are of concern to their  
stakeholders than other issues. This would seem  
to lend some support to Proposition 4. This is not,  
however, a total congruence. Trade associations  
may choose not to address certain stakeholder  
concerns that they find problematic or may only  
address them in an indirect way in order to  
demonstrate that this particular stakeholder  
concern or expectation is unwarranted. Where the  
concerns of different key stakeholders are in  
conflict, industries and their trade association  
may choose to address one of these concerns in a  
symbolic fashion only, while responding more  
substantively to another.

## Conclusions

This paper has presented two rather different  
cases of trade association engagement with CSR  
issues. Water UK, the trade association of the UK  
water industry, appears to be engaging with CSR  
issues to a greater extent than trade associations  
in the film industry. A number of factors would  
seem to contribute to this difference.

1 One such factor is the primary business purpose  
2 and the level of public criticism of the industry.  
3 The main purpose of the water industry can be  
4 seen as a social and environmental one as it exists  
5 to provide individuals and businesses with clean  
6 water and safeguard people and the environment  
7 against pollution from sewage. This has probably  
8 contributed to the vigorous and often hostile  
9 public debate about the industry, particularly in  
10 the years immediately following privatisation. The  
11 film industry does not understand its main  
12 business purpose in terms of public service or  
13 social issues to the same extent, but is mainly an  
14 entertainment industry, which would also seem to  
15 be reflected in public views of, and external  
16 pressures on the industry. Cultural products  
17 perhaps do not generally receive as much public  
18 attention in terms of social issues as do utilities.  
19 The main CSR-related concerns of trade associa-  
20 tions thus seem to reflect the business concerns of  
21 their membership and the key social concerns of  
22 their key stakeholders.

23 The extent to which the industries are seen to  
24 provide a vital public good and the level of public  
25 interest in their performance is related to different  
26 levels of regulation. The water industry faces  
27 heavy regulation on economic, social and environ-  
28 mental issues, which affects all companies more  
29 or less equally. This is likely to contribute to a  
30 tendency to find joint solutions to issues affecting  
31 all and to make joint lobbying efforts. The film  
32 industry, on the other hand, is regulated to a  
33 much lesser extent, putting less pressure on  
34 individual firms and trade associations to engage  
35 with social issues and come to joint positions in  
36 these matters. Our findings are in line with an  
37 expectation – expressed in Proposition 2 – that  
38 trade associations of industries that face greater  
39 public criticism and external threats to legitimacy  
40 would pay more attention to social responsibility  
41 issues.

42 The different structure of the two industries and  
43 their trade associations, arising, in part, out of  
44 their main business purpose and their history, also  
45 seems influential. While more commercial con-  
46 siderations have quickly become established in the  
47 privatised water industry, its nature as a public  
48 utility and history as a public service remain

influential in its thinking. Social responsibility  
issues may be more at the forefront of managers'  
and trade association staff's thinking. Public  
service history and limited competition may also  
make it more natural for companies to discuss  
issues at an industry level and adopt joint  
positions. By contrast, the much more fragmented  
nature of the film industry, heavy competition for  
government funding and access to distribution for  
films, and often very small size of the individual  
organisations may mean that joint action at  
industry level is considered more difficult and  
costly for individual organisations, as well as less  
pressing. In the cases studied here more homo-  
geneous and cohesive trade associations did seem  
to find it easier and be more inclined to become  
active in a variety of areas, including CSR, as was  
suggested in Proposition 1.

In this paper we have tried to show that  
industry association can potentially play an  
important role in responding to, and shaping,  
social responsibility issues on behalf of their  
member organizations. It should be noted that,  
of course, not all such activities constitute a  
positive move for greater social engagement. They  
may even serve the contrary purpose, for instance  
where an industry lobbies for less stringent  
environmental or social standards. Some social  
responsibility initiatives, at industry as well as at  
company level, may also be not much more than  
cosmetic, symbolic measures, designed to repair  
industry legitimacy, as suggested in Proposition 3  
above. In this sense, trade associations may  
engage in legitimating strategies that might  
be considered problematic or even unethical  
(Ashforth & Gibbs 1990). However, industry  
associations also have the potential to contribute  
constructively to society-wide debates on the  
future direction of important industrial activities  
and to shape their members' activities in a positive  
way, as suggested by Gupta & Brubaker (1990).  
The extent to which industry associations engage  
in social responsibility related activities on behalf  
of their members would seem to depend on a  
number of factors, including the nature of the  
industry, its history and structure and the level of  
external pressure it faces. As governments world-  
wide place more importance on encouraging

1 companies in all types of industries to engage in  
2 CSR activities, we may find that more industry  
3 associations take on a stronger role in this field.

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# Author Query Form

Journal **BEER**  
Article **530**

Dear Author,

During the copy-editing of your paper, the following queries arose. Please respond to these by marking up your proofs with the necessary changes/additions. Please write your answers clearly on the query sheet if there is insufficient space on the page proofs. If returning the proof by fax do not write too close to the paper's edge. Please remember that illegible mark-ups may delay publication.

Query No.	Description	Author Response
Q1	AQ: Please confirm the change of year from 2996 to 2006 as per the reference list for the reference Chizema & Buck (2006).	
Q2	AQ: Please confirm the change of year from 1979 to 1984 for the reference list for the reference Giddens 1984.	
Q3	AQ: Please confirm the change of year from 2001 to 1998 as per the reference list for the reference Thatcher (1998).	
Q4	AQ: Scott (2003) has not been included in the list, please include and supply publication details.	
Q5	AQ: Thompson & Boardwell (2005) has not been included in the list, please include and supply publication details.	
Q6	AQ: Easterby-Smith et al. (2002) has not been included in the list, please include and supply publication details.	
Q7	AQ: Yin (1984) has not been included in the list, please include and supply publication details.	
Q8	AQ: Davenport (2001) has not been included in the list, please include and supply publication details.	
Q9	AQ: Please cite DEFRA. (2002) in the text or delete from the list.	
Q10	AQ: Please provide page range for reference <a href="#">Huberman and Miles (1998)</a> .	
Q11	AQ: Please provide further details for reference <a href="http://admin.evolvingmedia.co.uk/users/files/0Water_UK_Stakeholder_Consultation">http://admin.evolvingmedia.co.uk/users/files/0Water_UK_Stakeholder_Consultation</a> .	
Q12	AQ: Please provide further details for reference <a href="http://admin.evolvingmedia.co.uk/users/files/0Water_UK_Business_Plan_Stakeholder_Consultation.pdf">http://admin.evolvingmedia.co.uk/users/files/0Water_UK_Business_Plan_Stakeholder_Consultation.pdf</a> .	
Q13	Please provide further details for reference <a href="http://www.diversitytoolkit.org.uk">http://www.diversitytoolkit.org.uk</a> .	
Q14	Please provide further details for reference <a href="http://www.fact-uk.org.uk">http://www.fact-uk.org.uk</a> .	
Q15	Please provide further details for reference <a href="http://www.fact-uk.org.uk">http://www.fact-uk.org.uk</a> .	
Q16	Please provide further details for reference <a href="http://www.pact.co.uk">http://www.pact.co.uk</a> .	
Q17	Please provide further details for reference <a href="http://www.ukfilmcouncil.org/funding/distributionandexhibition/dsm">http://www.ukfilmcouncil.org/funding/distributionandexhibition/dsm</a> .	
Q18	Please provide further details for reference <a href="http://www.water.org.uk">http://www.water.org.uk</a> .	