

THE SOCIAL RESPONSIBILITY IN SPANISH ENERGY COMPANIES. CAN ALTRUISM BE LUCRATIVE?

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ABSTRACT

Based on a study of the social responsibility in the most representative Spanish Energy Companies, this article introduces a reflection of Corporate Social Responsibility (CSR) as a strategy that emphasizes its role and potential contribution to the marketing discipline. Using an inductive method, this research has taken as sample the three representative Spanish Energy Companies (Endesa, Iberdrola and Gas Natural) and has focused its investigation in the management of their CSR actions, considering them as part of their public relations programs and paying special attention to their intention. The real possibility to get advantages working in CSR encourages companies to continue on this way.

I. INTRODUCTION

Nowadays a great number of companies around the world, especially multinational ones –including energy enterprises– are working hardly on their CSR politics. However the reason of this *boom* is not very clear and there is a lot of controversy in order to understand their real motivation. Through the use of questionnaires and the study of official information of our sample, as annual reports and other documents, we have found that a great part of the effort of the public relations performance is dedicated to CSR programs (nearly 80% in Endesa) and, because of the nature of the companies, these actions are mostly focus on the improvement of the environment conditions. However; there is a kind of incongruence when we analyze extracts of interviews and speeches done by the companies where the concepts *customers*, *quality*, *prices* and *improvement of the corporate image*, are several repeated when they refer to CSR. As a result, the study discovers a hidden marketing intention on the companies' CSR performance. Even when the analysis of the actions itself and separately of the corporative real vision (not only the expressed in their annual reports) shows a philanthropic compromise with the society, their natural lucrative objective seems to still prevails over their altruistic intentions.

Even when is not the purpose of this article add a new definition to the great number of concepts, not always homogeneous, about CSR, it is important to have a look over some of the most representative ideas that have defined the CSR since its early stages. Since the drastic position defended by the Economy Nobel Prize, Milton Friedman, who considered that social responsibility of the companies consist in increasing their benefits, until the opposite vision

expressed by Kofi Annan, the last former Secretary-General of the United Nations, at the World Economic Forum in Davos (Switzerland, 1999): “*The Social Responsibility is a new vision of the implication and significance of the task of the company in the Global World where we live*”; the CSR has been object of numerous discussions. Nowadays, if we review the literature about CSR, is difficult to find so mercantile definition as the given by Friedman. However it is not still clarified if the practice of CSR policies by companies is so far from these lucrative motivations. According to the results of a research developed by Harris, Mohr and Webb (2001), 40% of a small sample of consumers affirms that their shopping decisions are taken based on the CSR policies of the companies that sell the product so, it is clear that to include the philanthropy concept in the business management is useful to get the profitability objectives and it can be also deduced that the responsible practices are developed not only providing that the profits are not in a minimum danger, which is logic, but also, if they mean an economic advantage for the company. For different reasons, even when traditionally the cornerstone of the responsibilities of the companies has been the economic, the new tendency adds two new concepts: the social and environmental cornerstones. It means, among other things, to focus their attention not only to the satisfaction of the client, but also to the rest of their stakeholders (employees, partners, community, suppliers, stockholders, etc). That way the companies have passed to use aggressive strategies to develop CSR policies, they have gone from the imposition and saturation of messages to the dialogue and bilateral communication, incorporating moral behaviour to their main market strategies (Treviño, 2002, p.206). All these different positions in the way companies raise their CSR in addition to new concepts as “social marketing”, have generated many confusions and critics specially related with the marketing focus of their CSR actions.

First at all it is important to remark that the marketing activity is focused in the customers, in to detect their necessities in order to satisfy them and to get their faithfulness. Since this point of view to persuade the clients about how sociable responsible is a company in order to get their affection to transform this feeling in benefits (purchase) is a way to use the CSR as a marketing strategy, especially nowadays when the companies are working a lot in the emotional motivations of acquisition of products or services. On the other hand, social responsibility considers other criteria as *excellence* in the economic, social and environmental management that affects external and internal publics and is not necessarily related with direct economic benefits. It means a long term work to get involve the whole organization not only in a formal way, but also in the philosophy and corporate culture. In this sense, as Carroll (2002, p.15) refers in his CSR pyramid, the economical, legal, ethic and philanthropic responsibility are not independent from each other and the energy companies seems to have understood this concept. It is not arbitrary that some of them have got good qualification in the IBEX 35 evaluation, leaded by Telefónica. This information taken from a study developed by the Valencia University (2007, p.6) shows that Repsol YPF is the leader among the Energy Companies with 55 points, considered satisfactory, in the same group are Endesa (45), Unión Fenosa (44) and Iberdrola(42) far way from Gas Natural which CSR management was considered unsatisfactory with 29 points. Herpen, Meulenber & Penning (2003) affirm that the CSR actions that benefit the whole society, like environmental protection, help to underdeveloped countries, are the ones which generate more confidence and value from the consumers. This, added to the nature of the Energy Companies, explain the reason why they are specially focus on their environmental policies. In this sense the World Pact – 7th Principle sets that: “*The companies should keep a preventive focus that contributes with to favour the environment*” and in one of the six key concepts about this principle it expresses the following “*Moral obligation of protection: Those*

ones who do any activity that alter the environment should demonstrate that they won't damage it". But it is not an easy work if we consider that, according with the World Energy Outlook presented by the International Energy Agency between the 2005 and 2030 the basic energy necessities will increase around the 55% and the fossil fuel will continue being the main source of energy (84% of the demand), in contrast with the greenhouse effect. That is why further than the discussion about the real intentions of the CSR policies; the Energy Companies have the urgent mission to performance a responsible management as their work involves the entire world.

II. METHOD

The present document is based on a study that, because of its nature, sets out a qualitative-quantitative research. At the beginning of the study we set a general confirmed hypothesis: the CSR actions of the Energy Companies are focused on environmental policies; then we set three secondary hypothesis: (1) Their CSR focused on environmental policies are mainly orientated to the climate change, (2) These actions encourage the bidirectional communication channels and (3) Less than the half of these actions are focused on the local community. After analyze the results we found a causality relation between two variables: CSR actions and marketing based motivations. At the same time it denotes a descriptive-explicative value as it relates the variables to characterize the problem and contribute with some explanations. On the other hand the research was developed in 2007 through case studies based on the yearly reports corresponded to the year 2006 of the energy companies: Gas Natural, Endesa and Iberdrola. This sample is justified as we can say that there is not a person living in Spain that is not considering customer of one or more of these companies.

III. RESULTS

R.1. Gas Natural. From the total of 146 communication actions, 65% are dedicated to CSR, followed by internal communication, 17%; mass media relations and to satisfaction of the client, 4% each of them; financial transparency, institutional relations and knowledge management, 3% each of them and crisis communication, 1%. Of the total of CSR actions, 45% are orientated to the environment, followed by 12.9% dedicated to sponsoring and 10.75% focuses on agreements or helps to stakeholders. The rest of actions don't represent a relevant percentage: training (8.6%), solidarity and poverty reduction (7.53%), a social integration and internal communication (6.45% each of them) and historical patrimonies and sports sponsoring (1.08% each of them). On the other hand the division of the environmental actions doesn't represent so many differences in percentage as the observed in the last two categories. Energy Efficiency leads this group with 26.19%, followed by technological research (21.43%), environmental training and improvement of stakeholders' ties (19.05% each of them), climate change and reduction of emissions (11.90%) and finally very distanced from the rest of actions resources and residue management (2.38%). Even though, according to this information, we could assume that the company gives special relevance to its CSR policies, to go further this initial conclusion and focus in the intention and real social conscience of the companies we would analyse the following declarations expressed by members of the company: *"We accept our corporate social responsibility, contributing to the society sharing our knowledge, management ability and creativity. We dedicate part of our profit to the social action, having a permanent dialogue with the society to know its necessities and to try to satisfy them, so that we*

could increase the credibility and the prestige of the company". Even when lines below we have expressed that social action are just a small part of the CSR global concept, the company focuses its social responsibly policy in the development of them; On the other hand their dialogue with the society is based on the knowledge and satisfaction of its necessities which has a clear marketing orientation. Finally the expression "to increase the credibility and prestige" shows its interest to get benefits –in image– more than to worry about its environment, which supposes to be the objective of the CSR. "*Our objective is that when someone thinks about Gas Natural, thinks in a company that could satisfy a great part to his/her energy necessities, with the best quality and service and with competitive prices.*" According to the marketing definition as the knowledge of a group of tools directed to satisfy the customer, these tools are the Product, the Price, the Placement and the Promotion. The last paragraph mentions two of these four tools: product (energy supply) and price (competitive price) that are orientated to satisfy the client offering the best quality and service. Here we find the second marketing reference.

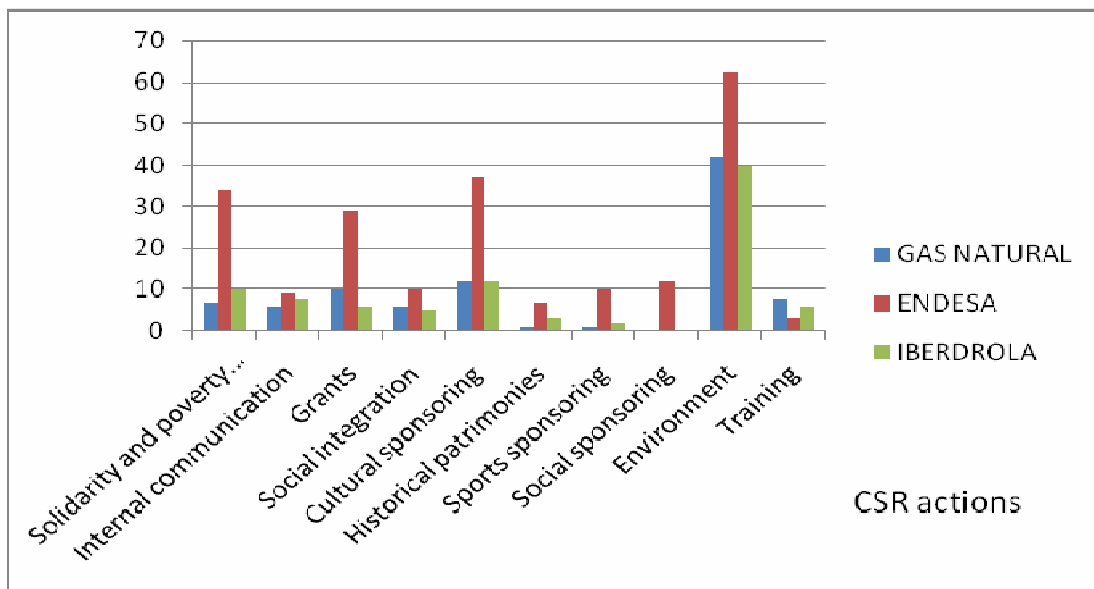
R.2. Endesa. From the total of 268 communication actions, 79.48% (213 actions) are dedicated to CSR. It is important to highlight the great distance between the position of CSR actions the second place, internal communication (8%) followed by clients satisfaction (4.85%), knowledge management (2.24%), finance transparency and institutional relations (1.49% each of them), crisis communication and mass media relations (0.75% each of them). Focusing on the CSR actions, 29.11% are orientated to the environment, followed by 17.37% dedicated to cultural sponsoring, 15.96% focuses on solidarity and poverty reduction and 13.62% to help to stakeholders. The rest of actions don't represent a relevant percentage: social sponsoring (5.63%), social integration and sports sponsoring (4.69% each of them), internal communication (4.23%), historical patrimonies (3.29%) and training (1.41%). Environmental actions of Endesa are focused on four main items: technological research (24.19%), improvement of the environment and stakeholders ties (17.74% each of them) and climate change and reduction of emissions (16.13%). The rest of actions don't have a relevant percentage: environmental training and environmental events sponsoring (4.84% each of them) and resources and residue management (3.23%). In contrast to these results, with regard to one the values of the company, the community and the environment, a member of Endesa express the following: "*We have a social and cultural compromise with the Community and adapt our business strategies to the preservation of the environment*". The word adaptation shows us that the company is acting in a reactive and not preventive way, even when one of the principles of the CSR is to "*give importance to the prevention, especially in environmental actions*" (World Pact). On the other hand, if we observe the Investment Plan for the 2005-2009 period, we could discover that the company doesn't detail in which group are included the investments related to social and environmental actions. It is just subdivided in three investment groups: new capacity, renewable energy sources and maintenance.

R.3. Iberdrola. From the total of 162 communication actions, 56.79% are dedicated to CSR (92 actions) followed by internal communication, human resources and corporative culture (27.78%). Far way from these percentages are finance transparency and other stakeholders (4.94%), knowledge management (3.70%) and crisis communication, mass media relation and clients' satisfaction (1.85% each of them). In the distribution of CSR actions 43.48% are orientated to the environment, followed by 13.04% dedicated to cultural sponsoring and 10.87% focuses on solidarity and poverty reduction. The rest of actions don't represent a relevant percentage: internal communication (8.70%), training and help to stakeholders (6.52% each of them), social integration (5.43%), historical patrimonies (3.26%) and sports sponsoring (2.17%

each of them). The division of the environmental actions presents the following distribution: improvement of the natural environment (30%), technological research (25%), environmental training (15%), internal management (12.5%) and energy efficiency (10%). The rest of actions have a lower percentage: resources and residue management (5%) and climate change and reduction of emissions (2.5%). In the following lines we have a declaration of a member of the company talking about two of the values related with this work: *“Iberdrola has the compromise to carry out the best corporative practices, following the principles of corporative ethics and transparency in all the sphere of action of the company. The responsible behaviour is a guide of action that consolidates one of the most solid characteristics of the personality of the organization”*. Iberdrola is the only one among the three companies that has two of its values related with CSR and the environment: the ethic and CSR and the respect for the environment. On the other hand, according with the paragraph above, we can see that it transmits a compromise with a clearer and more complete argument, and without evidence a customer-marketing orientation.

IV. CONCLUSIONS AND DISCUSSION

Even when according to the concepts mentioned in the theoretical support, social responsibility means the involvement of all the stakeholders considering employees as an important audience of the company, if we analyze the importance that our sample of Energy Companies give to these publics we would find some incongruence in the performance of their CSR policies. Apart from the environmental interest that is inherent to the nature of the Energy Companies, we find that their actions are mainly concentrated in those ones directed to promote their image being actions related with internal communication and training relegated to a lower importance place.



In this sense Gas Natural, as well as Enpresa and Iberdrola, focus their CSR actions in the cultural sponsoring after the environment, with a 12.90%, 17.37% and 13.04% respectively; this in comparison to the 8.60%, 1.41% and 6.52% dedicated to training respectively too. Similarly is

the importance that these Energy Companies give to their internal communication actions: Gas Natural (6.45%), Endesa (4.23%) and Iberdrola (8.7%). Among the three companies, Endesa is the one that give less importance to their internal publics (1.41% training and 4.23% internal communication); while Iberdrola and Gas Natural do not have much difference among them. On the other it is important to remark that over the total of CSR actions focused on the environment only a low percentage of actions are dedicated to reduce emissions which the Energy Companies are directly responsible and mean one of the biggest environmental problems because as they contribute to the greenhouse effect (11.9% Gas Natural, 16.13% Endesa and 2.5% Iberdrola). Finally, trying to answer the question set at the beginning: Can altruism be lucrative for Energy Companies? Not only can, it definitely is, not meaning that if the action is rentable is not responsible, of course the real possibility to get advantages working in CSR encourage companies to continue on this way. However if we find that CSR policies have a double function to give a benefit to the society and to help Energy Companies to get their mercantile goals, as well as it is licit to use CSR as a marketing strategy. It is mandatory that Energy Companies recognize CSR as a marketing strategy more than as philanthropy vocation. Be transparent in this position is also be sociable responsible.

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