TOWARDS THE INTEGRATION BETWEEN CORPORATE COMMUNITY RELATIONS AND CSR COMMUNICATION STRATEGIES. THE ENEL CASE STUDY*

• PAOLO PICIOCCHI
ASSOCIATE PROFESSOR OF MANAGEMENT
DEPARTMENT OF MANAGEMENT - UNIVERSITY OF SALERNO, ITALY
P.PICIOCCHI@UNISA.IT

• AGOSTINO VOLLERO
APHD, RESEARCH FELLOW IN E-MARKETING
DEPARTMENT OF COMMUNICATION SCIENCES - UNIVERSITY OF SALERNO, ITALY
AVOLLERO@UNISA.IT

• MARIA PALAZZO
PHD CANDIDATE IN MARKETING AND COMMUNICATION
DEPARTMENT OF MANAGEMENT - UNIVERSITY OF SALERNO, ITALY
MPALAZZO@UNISA.IT

Summary: 1. Introduction; 2. Literature review; 3. Enel: CCR and CSR communication strategies; 4. Summary and conclusions.

ABSTRACT
This paper aims to analyze the contribution corporate community relations (CCR) offer to corporate social responsibility (CSR) through an approach based on stakeholder involvement strategies. Thus, the main objectives are: to investigate the increase and significance of CCR in communicating social responsibility and to explore the state of the art in CCR on the part of Enel. Starting from the literature review on CSR and from a previous survey conducted by ISTUD-DNV, the implementation of CCR is studied in an Italian context. The focus on CCR actions in the sustainability publications of Enel, leader in the energy sector, completes the scenario in functional terms. It is generally held that the practice of CSR is not usually considered part of regular operational activities. Nevertheless, the Enel case study shows not only the development of progressive interest towards the use of tools/actions that involve communities but also the necessity to integrate such initiatives in communication strategies addressed to sustainability. The paper pinpoints the fact that companies could reach the objectives of integrating CSR activities in their corporate strategies by involving communities.

* Although the views and ideas expressed in this paper are those of Paolo Piciocchi, Agostino Vollero, and Maria Palazzo, the sections 1. and 4. are attributed to Paolo Piciocchi, the section 3. is attributed to Agostino Vollero, and the section 2. is attributed to Maria Palazzo.
The paper contends that striving towards social involvement and better mutual understanding of stakeholder expectations of communication strategy and vice versa, are crucial elements. This paper is the first step in a stream of research different aspects of which, are as yet unexplored.

**KEY WORDS** Enel | Corporate Community Relations | CSR | communication strategy | stakeholder involvement.

### 1. Introduction

The recent upsurge of interest in CSR communication is decidedly due to the increasing pressures on the part of specific stakeholders (community, government, NGOs, media, etc.) (Fill, 1999). The pressures are so strong that companies cannot ignore them (Porter and Kramer, 2006). Despite the onus on being socially responsible, other reasons also come into play. Indeed, the different perspectives of study on CSR start from the progressive inclusion of a social purpose on the part of the companies, in their corporate mission.

Firstly, the paper deepens these theoretical considerations, then the study presents a recent research on Italian large companies which highlights the fact that there is increasing interest in CSR and community relations. At the same time however, the research shows that CCR activities are often put into practice by companies even if they are not directly part either of their business or communication strategies. Finally, the analysis of the Enel case study gives some indications on the future development of CCR actions and illustrates a virtuous circle showing how such activities can be integrated in the overall business strategy.

### 2. Literature review

Theoretical considerations on CSR started appearing at the end of the Fifties, when Levitt (1958) warned about spending time and resources to solve social problems that were the sole responsibility of Governments. In the same period, scholars concurred in maintaining that corporate purpose was to increase profits and not to encourage social development. From the Seventies onwards, increasing pressures on the part of social activists and, gradual changes in legislation (Carroll, 1999a) laid the foundations for one of the first comprehensive definitions of CSR (Carroll, 1979) in which companies chose to assume not only economic and legal, but also discretionary (ethics and philanthropic) responsibilities. The perspective becomes even more consolidated when Freeman (1984) pointed out that corporate management has to satisfy not only constituents and share-
holders but all stakeholders whose expectations might significantly influence corporate success. Nevertheless, in the stakeholder theory - except for a few contributions - social responsibility is described as a conflict between society and companies, which had to solve social problems because of pressures from their own influential stakeholders. Consequently, CSR actions were perceived as a compensation for problems caused by companies to society and the environment. Subsequently, other authors (Hart, 1995; McWilliams et al., 2002), starting from advances in Resource-Based Theory, affirmed that for several companies a socially responsible perspective could contribute to achieving and maintaining, competitive advantage.

From an empirical point of view, several studies on CSR concern corporate social performance (McWilliams et al., 2006). Although many researchers have studied the relation between CSR activities and firm performance, a unanimous point of view has not been reached. On the basis of different methodologies and type of company, the outcome of this relation was reported as positive (Cochran and Wood, 1984; Waddock and Graves, 1997; Richardson et al., 1999) negative (Vance, 1975) or neutral (Aupperle et al., 1985; McWilliams and Siegel, 2000). In addition, according to the CSR dimensions considered, other authors (Hillmann and Keim, 2001) found that the relationship is negative for the altruistic dimension (“social issues”) and positive for strategic CSR actions (“stakeholder management”). Indeed, it is quite risky to maintain a direct relation between CSR initiatives and company performance because too many different factors have effects on the economic results organizations achieve and often the empirical methodologies used lack the consistency to measure all the variables involved (Griffin and Mahon, 1997; McWilliams and Siegel, 2000). Different CSR initiatives can significantly affect a company’s cost structures and the direction of market performance (Vollero and Siglioccolo, 2006). Moreover, CSR actions and stakeholder perceptions vary from local context to local context (Gilligan and Harris, 1989; Altman, 1997, 1998) in relation to different values and norms.

Of all stakeholder relations, CCR seem to affect the results of a CSR strategy. Thus, this paper proposes an analysis of community and pressure groups and of the effects on communication and strategy creating these relations. Undoubtedly, different kinds of communities will impact on an organization’s environment (Siano and Palazzo, 2008; Kitchen et al., 2009). Nevertheless the concept of “community” – the main subject in any study of corporate CSR – has never been clearly narrowed down to a precise definition. In fact, it is the subject of a variety of interpretations and
explanations (see for example, Freeman, 1984; Altman, 1998; Fombrun et al., 2000). In other words, there is a need for CCR to be defined properly before embarking upon more in depth study - as it is a concept that has sparked wide-ranging debates among prominent management leaders. The absence of a clear working definition means that studies on CCR are based on weak understanding. Consequently, in defining “community”, researchers have referred to key factors, such as geography, interaction and identity (Lee and Newby, 1983).

In the first of these, the community developed according to geographical proximity, there are people who live in the same geographical region. This, however, does not mean that they are personally close to each other (Putnam, 1993). On the link between community and geographical proximity, sociological researchers like Bell and Newby (1971) and Gilligan and Harris (1989) later created the concept of local community. The study of community has now moved away from a simple focus upon geographic location (Weber, 1963). In fact, Weber was the first to establish the concept of “community without propinquity”, a community where people are in contact with each other, even though they do not live in the same area. According to Weber, the community to which people may belong was “no longer the community of place, but an interest community which within a freely communicating society need not be spatially concentrated for we are increasingly able to interact with each other wherever we may be located” (Weber, 1963). Referring to the second factor, the “community” based on elements of interaction (be they face-to-face or electronic) consists of people that develop social relationships, whether they are living in the same place or not (Godwin, 1997). Finally, there are communities whose nodal point is identity (proactive/agenda-driven or “oppositional”), where the people share values, beliefs and experiences. In this case geographical proximity is not necessary either (Lave and Wenger, 1993).

The distinction between geography, interaction and identity is useful to better understand today’s classification of communities. Furthermore, Freeman et al. (2006) refer to communities of place, communities of interest, virtual advocacy groups and communities of practice. Pinpointing the different categories of community allows companies to highlight potential behaviour to adopt in managing relationships with their stakeholders. Indeed, the features of each community group, the way they influence companies or are influenced by them, the assessment of their expectations and the choice of appropriate interaction-management strategies, are all elements to be analysed in the specific context of each organization (Berman et al., 1999). Hence, being in contact with stake-
holders does not mean purely considering them as a generic group, but rather, attempting to understand the distinctive features of each one of them. In other words, this means using a personalized approach to help understand their communities (Freeman and McVea, 2002). Companies are thus forced into a “new social contract” (Carroll 1999b; Podnar and Jani, 2006), several authors presented a personalized mix of reciprocal expectations on the role and complex responsibilities attributed to each of the different parties involved in a corporate and social environment. Waddock (2001) argues that businesses are progressively moving toward engagement strategies focused upon processes of mutual responsibility, information-sharing, open and respectful dialogue and an ongoing commitment to problem solving. This form of dialogue inevitably implies a changing relationship between a company and the stakeholders involved in the dialogic process.

Social dialogue obviously, needs to be part of communication strategy, in order to show the efforts made in CSR projects in favour of all stakeholders. Debates on CSR have different effects on communication strategy. Indeed, “while companies have awakened to potentially large financial risks for companies whose conduct is deemed unacceptable, they are much less clear on what to do about them. In fact, the most common corporate response has been neither strategic nor operational but cosmetic: public relations and media campaigns, the centrepieces of which are often glossy CSR reports that showcase companies’ social and environmental good deeds” (Porter and Kramer, 2006: 80). Such reports rarely offer a coherent framework for CSR activities and, moreover, do not have any effects on strategy.

On the other hand, according to Dawkins (2004) there are several key lessons for companies to learn on communication. One refers to the importance of developing “a clear communications strategy, taking into account which aspects of the responsibility programme best fit with corporate reputation and with stakeholders’ concerns” (Dawkins, 2004: 119). In addition, coordination is another significant feature of communication strategy, by virtue of the fact that it ensures the consistency of messages and the correspondence between of the company’s communication and its behaviour. A gap between stakeholder perception of a company’s socially irresponsible behaviour and its CSR communication may lead to negative effects for the company and its products (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Swaen and Vanhamme, 2003). To avoid this trap, in CSR communication, involvement, collaboration and dialogue with stakeholders are all necessary (Morsing and Schultz, 2006).
3. Enel: CCR and CSR communication strategies

According to a research carried out in 2007 by ISTUD-DNV, 90% of the 80 companies interviewed declared that they had made several investments in CCR over the previous three year period. Nevertheless, these large expenditures, have not become part of a stronger social strategy. Indeed, only 29% of the sample maintain they have adopted a formal social strategy involving CCR. This shows that companies understand the importance of building up relations with communities and the many tools and actions for the purpose, but for the majority, CCR initiatives are not codified strategies. In effect, the actions seem to be implemented more on a “voluntary” basis, undertaken at the discretion of top managers. For this reason, CCR actions are not part of a specific plan and are controlled by communication/PR department (Porter & Kramer, 2006). Nowadays, in fact, as suggested by the literature review and presented data, there is a decisive lack of integration between CCR actions and communication strategy.

The Enel study (one of the companies from the sample selected) illustrated below, clarifies how large companies are progressively re-positioning this kind of activity as part of their strategic agenda.

Enel has been publicly reporting its CSR fairly and transparently since 2002. It published the first Sustainability Report in May 2003, and subsequently it has kept this appointment with stakeholders: shareholders, providers of capital/investors, employees, customers, suppliers, future generations, communities, and institutions.

During these years, Enel has developed its systems for reporting economic, environmental, and social responsibility, and has won an “Oscar” for its Sustainability Report, been included in the world’s most important sustainability indexes, and become a benchmark for other companies.

In 2009, Enel has been in the group of the 14 best-in-class utilities selected by the Storebrand Scandinavian ethical funds, which rewarded the adoption of advanced environmental and social policies. As early as the end of 2006, it was awarded sixth place in the worldwide ranking of the most socially responsible companies published in the United States by Fortune. For two consecutive years, 2008 and 2009, it has earned the European Business Awards’ prestigious Ruban d’Honneur for the “Corporate Responsibility” and “Environmental Awareness” categories.

In addition, for financial analysts specialized in socially responsible companies, instead, it has prepared a more technical publication which contains all reporting according to the GRI-G3 standards of the Global Reporting Initiative and Enel’s sustainability indicators.
Hence, the analysis of the Enel case is based on these official publications (Sustainability Report, 2008; Enel and its stakeholders 2007-2008) available on its corporate website. Thus, the aim to understand the significance of CCR in CSR, implemented by Enel, is analysed indirectly. This does not necessarily lead to critical thinking concerning CCR. Qualitative methods, like case study, are used almost universally at the initial stage of a new concept and new theory (Dean, 2004). For this reason the paper can be considered the first step in an investigation that should be followed by other research.

First of all, Enel clearly states that communities have a crucial role in the process of dialogue, proposal and implementation of concrete CSR actions. As a result of the process of communication with local communities, specific tools and actions have been created.

Actually, the consent of the local communities is increasingly decisive for the success of Enel’s strategic projects. Therefore, discussion with local institutions is entrusted to a specific unit called “External Local Relations” and “Confindustria”. Its activity provides for involving communities in the development of qualified and enduring relations, making use of particular tools such as a decision-making process that employ “Protocols of Understanding and Program Agreements”.

Furthermore, these efforts are communicated thanks to a mix of communication tools which includes position papers, flyers, brochures, corporate presentations, the creation of ad hoc materials on issues of broad interest, and newsletters addressed to specific targets, which enable the company to provide complete and transparent information on the issues that are important for the construction of a dialogue.

To achieve this, the operating units of the various countries involved aim at engaging stakeholders in all relevant projects, and, where possible, to create consulting bodies made up of representatives from local authorities. To foster collaboration with community stakeholders, great attention is addressed to communication by organising and promoting events and meetings disseminating company activities. Of the entire range of Enel’s CSR activities, a total of €33.6 million was spent on local communities in 2007 (see table 1).

In particular, the “Great Infrastructure Projects” unit was instituted at the beginning of 2007 to manage relations with the relevant bodies and, more generally, knowledge about the impact on the environment and health during the implementation of Enel’s large-scale infrastructure projects (“mega community”). In pursuing its activity, the unit makes use of a specific corporate organizational model for the internal coordination of the
different departments and units involved in carrying out the project and a decision support system (DSS) designed to support all the activity of managing the mega-community.

In effect, the DSS enables all the people involved to access the information, which is organized by interest group, so as to ensure the appropriate degree of confidentiality of sensitive data, but also ensure that clear and transparent information is made available to the stakeholders concerned. As far as associations that represent interest groups are concerned, in 2007, 750 meetings of various kinds were organized: work tables, closed and public workshops, and one-to-one. The meetings were held with associations representing the four reference categories: environmentalists, consumers, small and medium-sized businesses, and local authorities.

To analyse Enel’s CCR actions, Porter and Kramer’s (2006) framework might be useful to identify the intersection points between an organization and society. The authors distinguish three categories of impact (generic social issues, value chain social impact, the social dimensions of competitive contexts) in CSR processes, based on their potential impact for creating shared value between company and society. On the lines of this framework, Enel’s different areas of CCR intervention (and specific objectives) are positioned to determine whether or not the series of actions are integrated in corporate strategy.

As shown in Tab.2, some of Enel’s efforts in CCR are linked to a dimension of good corporate citizenship seeing as the main impact involved

<table>
<thead>
<tr>
<th>Table 1 - Initiatives in favour of communities (Enel Sustainability Report, 2008)</th>
</tr>
</thead>
<tbody>
<tr>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>LBG approach Donations to social initiatives</td>
</tr>
<tr>
<td>Investment in communities</td>
</tr>
<tr>
<td>Business initiatives with social impact</td>
</tr>
<tr>
<td>Socially sustainable business initiatives</td>
</tr>
<tr>
<td>Total (largesse + investment)</td>
</tr>
</tbody>
</table>

* Also includes, for 2007, Slovakia, ELA, and Romania, in the amount of 2.6 million euros.
generic social issues, such as the improvement of cultural heritage protection and communication of science issues. For example, in relation to cultural heritage protection, Enel is conducting a program – “Energiaper” – that supports and develops communication projects in cooperation with public and private institutions and with organizations engaged in developing local areas, more than 50 projects have brought music, art, science, and sports throughout Italy, promoting a system of direct relations with stakeholders and the public at large. Along the same lines, “Energiaper” supports innovative cultural projects like:

- “La parola contesa”, nine events in three Italian cities with international interpreters of contemporary culture;
- “Ten Great Exhibitions”, in which it is included, for instance, an event for the celebration of the sculptor Antonio Canova.

Moreover, Enel’s participation in the Veronesi Foundation’s annual forum, “The Future of Science”, as well as its support of scientific events such as the “Science Festivals” of Genoa (with its exhibition on the future of humanity) and Rome (with its “Evening Dialogues”) constitute other important occasions for arousing interest in scientific issues with significant CSR implications.

In addition, science as a platform for the exchange of views and dialogue with stakeholders and the public at large is one of the areas of the “Energiaper” (Energyfor) project. Achieving the same result to create “science for
everyone”, “Oxygen”, Enel’s scientific magazine, was proposed as a concrete communication tool.

Furthermore, environment issues are another essential component of “Energia per”. In fact, the protection and enhancement of areas with great natural interest adjacent to Enel’s power plants and their transformation into centres of numerous athletic and recreational activities constitute the heart of the “Nature and Local Environments” program. It emerges clearly that the main aim of these programmes is to mitigate the harm caused by Enel’s value chain activities. Actually, there are more than 200 Energy and Nature Paths. Since 2003, the most significant activities connected with the project have been gathered in a guide: “The Pleasures of Energy”.

Other CSR-CCR initiatives have a result on improving the perception of Enel’s social dimension. For example, 2007 saw the fourth edition of “Energia in Gioco”, with which the company dedicates itself to its relationship with the most recent generations and the world of education. This initiative enables young people to discover how to use electricity intelligently, without wasting it, and involved more than 545,000 students in 8,000 schools in Italy, Slovakia, Romania, Bulgaria, Chile, Guatemala, and Costa Rica. A similar goal was that set in “Enel Contemporanea”, an event focused on contemporary art that showed an innovative use of energy in public art.

Moreover, the area of intervention denominated “Sun Days” is made up of a series of actions in order to create the conditions for socio-economic development in the communities where Enel operates. Such initiatives adequately improve salient areas of competitive contexts and, at the same time, have positive effects on Enel’s resulting community relations, as illustrated in the following examples. Actually, the “Sun Days” initiative (www.giornatedelsole.it), which started in 2007, brought together consumers and environmentalists for the first time. As part of Enel’s strategy of fostering “virtuous” behaviour by its customers in order to conserve energy and increase the use of renewable energy, such as solar photovoltaic, the company distributed guides to energy conservation and the use of solar energy, low-consumption light bulbs, and water-economizer kits in 25 squares all over Italy.

In these cases, stimulating demand for “renewable energy” benefits both Enel’s competitive goals and society itself.

On completion of the feasibility study one of the Company’s initiatives in 2007 was the second edition of “Rinnova” (www.enel.it/rinnova/), which constitutes a concrete commitment by Enel and several institutions, associations, and firms selected for their authoritativeness. It is aimed at fos-
tering discussion with different stakeholders and drawing up operative proposals for the development of renewable energy sources. In order to ensure a long-term, analytical approach, “Rinnova” established a “Reflection Workshop” (RinnovaMenti), with the objective of discussing and comparing different points of view on renewable energy, energy conservation, and innovation. At the end of Rinnova 2007 a document entitled “The Green Energy of Rinnova” was issued, in which the Rinnova partners made several operative proposals on which they agreed for achieving the objectives set by the E.U. for 2020 with regard to the planning of goals, technological innovation and new opportunities for enterprises, and the legislative, administrative, and regulatory framework.

Even though the side effects of these programmes mitigate the harm potentially caused by Enel’s value chain activities (or merely to avoid criticism), the actions can be included in a strategic CSR approach, because they are closely tied to the company’s core business and, thus, can generate “[...] opportunity to leverage firm’s resources and capabilities, and benefit society” (Porter and Kramer, 2006: 87). In other words, all these “proactive” actions contribute to the socio-economic development of communities in the area, and strengthen Enel’s competitive position.

A strategic approach to CSR, however, needs to be conveyed adequately to different stakeholder groups. A first step in this direction could be the creation of a database for monitoring the main European associations representing interest groups has been active. The database is organized according to the countries where Enel is present – Spain, Slovakia, Romania, Bulgaria, and France – and records the NGOs for and against nuclear energy. This could become a tool to try out a new model of dialogue with community stakeholders.

Consequently, Enel succeeded in what Porter and Kramer (2006) call inside-out linkages, enabling them to successfully modify specific value chain activities thus, also increasing benefits for local communities. The initiatives described, contribute specifically to devising a strategic CSR approach as do those that involve dimensions in competitive contexts. The features of major innovation in Enel’s sustainability strategy apply to this category of impact.

Finally, in planning and implementing CCR in a company’s marketing communication strategy, appropriate monitoring and measuring of the results of its specific CCR-CSR strategy is needed. In the case of Enel, it is worthwhile mentioning a new tool (Sustainability Meter introduced by Enel in 2007) for measuring the degree of agreement or disagreement expressed by stakeholders with regard to Enel strategies. This is a voluntary tool that
measures how far individual stakeholder idea of sustainability is from the Company’s. The Sustainability Meter works in two steps: in the first, a set of 24 questions (referring to the three main sustainability areas – society, environment, and economy) is presented. Every stakeholder is thus positioned on a diagram representing the degree of agreement on the issues proposed and compare its position with those of Enel. In the second phase, Enel also asks what actions it could put into practice to bridge any gaps that might exist. Consequently, it can be considered an important step in the direction of involving stakeholders in Enel decision-making processes. In accordance with the findings from the Enel analysis, the paper suggests that effective communication of corporate responsibility depends on a clear strategy which evaluates both the opportunities and the risks, and which addresses different stakeholder groups, a coordinated approach in which CSR communication strategies requires a stakeholder involvement strategy (Morsing and Schultz, 2006).

4. Summary and conclusions

The paper has highlighted how the renewed needs of Enel and increasing environmental complexity have revalued the relation between the company and its stakeholders, according to a social/collaborative approach, not exclusively focused on commercial/competitive reasons. Therefore, the Enel case emphasizes that the social responsibility orientation is not limited to a mere label but it requires a radical change in organizational operations also because of contextual changes. Enel has been changed much during the last years, but at the same time its external context has been changed very quickly: the energy issue is at the top of Governments and research institutions’ agenda, so that corporate responsibility has correspondingly increased its importance, especially for the the economic and social value of the energy utilities industry. In fact, the strong integration between strategic and social policy, has allowed the company to interpret CSR in a global way, that is by means of continuously pursuing stakeholder collaboration and legitimacy. This has enabled Enel to move from a CSR generic approach to a CCR-centred approach, that permeates all levels of corporate strategy. For this reason the study conducted on the capacity of Enel to integrate CCR activities in its CSR strategy confirms that the way in which Enel proceeds can be considered “best in class” in a modern CCR orientation (Waddock and Boyle, 1995).

By way of summary, the Enel case shifts the focus on global programmes
with social communities in order to enhance corporate visibility and reputation even in times of crisis, such as the present, where trusting and lasting relationships with communities support and encourage the company’s aims (e.g. survival and development). Actually, it emerges that the sharing of a language, a project and/or a “worldview” between company and its publics has become a crucial aspect of competitiveness. In other words, the key to understand the current changes in CSR communication strategy and practice can be summarized in a “physiological change” in the relation between a company and its stakeholders, that has been enriched by social logics and content, which properly conveyed and shared in the context of reference, ensure greater competitiveness and legitimacy.

Enel’s CCR initiatives seem to identify a profile of communi-company (communication+company), in respect of which the company, socially responsible, is able to aggregate their audiences in a new dimension: a “new kind of social group”, where the organization can communicate its values, support them and translates them into operational actions with a high economic and social impact.

Notes

1 In the stewardship theory, Donaldson and Davis (1991) show that managers have to make decisions in an ethical and social way, without focusing only on economic performance.

2 Starting from a sample of 323 Italian companies with more than 500 employees, the ISTUD-DNV research collected the responses of 80 companies (24,8%). Companies were contacted from September 2006 - March 2007, interviewed initially using questionnaires, then by mean of several focus groups.

3 The 2006 and 2007 Sustainability Reports applied the stringent GRI-G3 standards at the maximum level, earning the coveted A+ certified by the GRI itself.

References


Freeman, R.E. and McVea, J. (2002), “A stakeholder approach to strategic management”, *working paper*, No.01-02, Darden Graduate School of Business Administration.


