CHAPTER 1: INTRODUCTION

Whether one attributes it to the recent ethical scandals like the Enron and Tyco Fiascos, increased scrutiny by governments, activists, media or even the hypercompetitive nature of contemporary business environments, the popularity of Corporate Social Responsibility (CSR), defined as 'situations where the firm goes beyond narrow economic, technical and legal compliance and engages in actions that appear to further some social good, beyond the traditional economic interests of the firm and that which is required by law' (McWilliams et al., 2006: 1), is evident in both academic and practitioner oriented arenas (Peters, 2007: 1). 'Given the significance in corporate policies and resources, associations between CSR, ethical business and corporate financial performance has gained enthusiastic research interest as an important topic (McGuire et al., 1988). In particular, CSR research has had a major tendency; the legitimacy of the firm in society and competitive advantages that can be associated with socially responsible actions (Maignan and Ralston, 2002; Moir, 2001; Turban and Greening, 1997). Ad hoc, the linkage between CSR and firm's financial performance has been under critical discussion since 1960s (Cochran and Wood, 1984)' (Siltaoja, 2006: 91). 'The evolution of this field, from early social concern to its current strategic incarnations, has been pronounced (Andrioff et al., 2002). In lieu of debating the normative and moral implications of social responsibility which suggests that a firm should behave in a socially responsible manner because it is morally correct to do so (Branco and Rodrigues, 2006), most contemporary academics present the business case which focuses on the notion of enlightened self-interest (Ibid.), and choose to promote the instrumental advantages that CSR can offer a firm via its positive effect on revenue and/ or profitability and employee development (Gallagher, 2005; Wheeler et al., 2003; Jones and Wicks, 1999)' (Peters, 2007: 1).

This transformation from virtuous service to strategic imperative is largely predicated on the substantial incorporation of stakeholder theory into the study of CSR (Peters, 2007: 1; Andrioff et al., 2002; Wood and Jones, 1995; Clarkson, 1995) and the conjoining of core business competencies with stakeholder analysis to get a set of competencies that are socially anchored (O'Brien, 2001). By integrating these socially anchored competencies into their operations, companies are able to develop new or improved products and services, more efficient production processes, a strong reputation, and brand identity. Some companies are using socially anchored competencies to increase profitability, while others are missing this important opportunity (Ibid.). Stakeholder theory, much like resource dependence theory (Pfeffer and Salancik, 1978), proposes that firms should identify and build relationships with groups and individuals beyond traditional stockholders, who may affect and be effected by organizational decisions and behaviour (Freeman, 1984). Responding to these stakeholder demands increases the likelihood of firm survival as well as facilitates firm growth and sustainable development (Wood and Jones, 1995). By framing CSR within the general paradigm of stakeholder theory, academics were able to rationally argue that 'doing good meant doing well' (Peters, 2007: 1; Jones and Wicks, 1999).

This dominance of stakeholder theory and instrumentality in CSR theory and research have led to ambitious conclusions that effective Corporate Social Responsibility is a legitimate antecedent to firm competitive advantage or better financial performance (Peters, 2007: 2; Heugens et al., 2002; Berman et al., 1999; Ogden & Watson, 1999). While previous authors have suggested that CSR is a viable forerunner to sustainable superior firm performance (Peters, 2007: 2; Waddock and Graves, 1997; Greenings and Turban, 2000; Hillman and Keim, 2001), there is a considerable lack of evidence demonstrating that such a link statistically and practically exists. There is however a substantial portion of empirical research conducted over the last three decades supporting the theoretical assertion that CSR positively influences firm performance (Frooman, 1997; Pava and Krausz, 1995; Orlitzky et al., 2003). Examples of these include Levy and Shatto (1980) finding a positive correlation between corporate philanthropy and net income, McGuire et al. (1988) demonstrating that community involvement and effective environmental management lead to higher returns on assets, and Berman et al. (1999) and Gond et al. (2009) providing evidence that superior employee relations positively contribute to firm financial returns. Recent meta-analytic studies by Pava and Krausz (1995), Frooman (1997), Orlitzky et al. (2003) and Wu (2006) also conclude that a statistically significant relationship exists between CSR and financial performance of a firm (Peters, 2007: 2).

While these results are encouraging, the failure to find strong empirical support for the relationship between socially responsible behaviour and financial performance has been troubling (Burke and Logsdon, 1996: 495). 'The resource-based theory of the firm (RBT) (Peteraf, 1993; Wernerfelt, 1984) argues that an organization can be regarded as a bundle of resources (Amit and Schoemaker, 1993; Rumelt, 1984), and that resources that are valuable, rare, imperfectly imitable and imperfectly substitutable (Barney, 1991) are an organization's main source of sustainable competitive advantage. However, whilst most of the contributions to this view have focused on the ease with which valuable resources can be imitated, less consideration has been paid to what makes particular resources valuable in the first instance' (Bowman and Ambrosini, 2000: 1). 'This paper approaches the issue of linking corporate social responsibility (CSR) to the economic interests of the firm from a different perspective. The thrust of the approach is to examine the ways in which CSR programmes can create strategic benefits for the organization even when they are not readily measurable as separable contributions to the bottom line' (Ibid.). 'This paper utilizes the Burke and Logsdon model as the attempt here is to develop better measures for assessing when and in what ways CSR activities jointly serve economic and societal interest. An attempt has also been made to develop and examine the propositions that a firm undertaking corporate social (CSR) responsibility projects, which designs and manages to create greater centrality, specificity, proactivity, voluntarism and visibility is more likely to undertake advantageous reconfigurations of resources and capabilities and hence create greater value for the firm' (Husted and Allen, 2007: 598).

The aim of this research project is to analyze ways in which Enterprise-Rent-a-Car's corporate social responsibility activities jointly serve the strategic motives of the company and the interests of the society at large and to discuss the most effective models or theories that would fit the organization's approach towards creating mutually reinforcing value for both the company and the society. This question will be addressed with particular reference to the East Midland Branch or the U4 Group of Enterprise Rent-a-Car in Nottingham, UK. This study, therefore, addresses the following questions: (1) Does CSR lead to improved financial performance or gain of any valuable and rare resources? If so, (2) what kind of benefits does CSR have that can lead to improved financial performance (Branco and Rodrigues, 2006)? And (3) how does the firm's approach to stakeholder management and socially anchored competencies influence its ability to protect and enhance the value of these resources (Peters, 2007; Bowman and Ambrosini, 2000)?

The result showed, the contribution that CSR may have to financial performance is nowadays primarily related to qualitative factors, such as employee morale or corporate reputation. It is argued that what explains the usefulness of resource based performance to the study of CSR and disclosure is the emphasis they place on the importance of specific intangible resources, such as reputation, culture, or employees' knowledge, and capabilities, because they are very difficult to imitate and substitute (Branco and Rodrigues, 2006: 112).

This piece of research has been developed in the four following sections. First, the paper begins with reviewing current literature on CSR giving special attention to the alignment between business and CSR strategies, corporate community involvement and the firm's core values. This is followed by an in depth review of the SAC model and stakeholder integration mechanism. Here, CSR, reputation, value and motivations behind CSR have been discussed in detail. Second, the methods used for the study are briefly discussed, providing the literature pertaining to methodology for qualitative research, specifically on formal semi-structured interviews. Third, data is reported from the firm that attempts to integrate stakeholders into its CSR strategy and shows adherence to socially anchored competencies model; analysis is provided of this data to develop three propositions that link the various CSR initiatives to specific forms of competitive advantage. Finally, the research findings are summed up with some brief concluding remarks and indicating some of the implications of the findings. Limitations of the study and suggestions for further research in this field are also considered.

CHAPTER 2: LITERATURE REVIEW

2.1 Corporate Social Responsibility (CSR)

In the context of such an inexorable rise to prominence of CSR, the literature on the subject, both academic and practitioner, is understandably large and expanding. It becomes difficult to make sense of this vast literature so as to construct a coherent account of what CSR actually is. Also, McWilliams, Siegel, and Wright (2006) recently declared: 'there is no strong consensus on a definition for CSR' (Crane et al., 2008a). Whilst Carroll's (1991) definition is arguably the most common cited one, yet it remains contested; others have offered more generalized definitions of CSR that seek to include the different opinions evident across the literature (Crane et al., 2008b). For example, The World Business Council for Sustainable Development defines corporate social responsibility (CSR) as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Branco and Rodrigues, 2006; O'Brien, 2001; Holme and Watts, 2000; www.wbcsdorg.ae, 2000). In other words, CSR centres on the relationship between business and society and how businesses behave towards their key stakeholders such as employees, customers, investors, suppliers, communities and special interest groups (O'Brien, 2001; Hick, 2000).

CSR also represents an interesting evolution and culmination of philanthropy and ethics. Ever since the 1980s, corporate philanthropy which is conceptualized as "the right thing to do" has evolved from the donation of cash and products to charitable organizations to a more strategic corporate process where donations are focused on a theme that has some relationship with the company's core business and which seeks to add value both to the cause and to the corporation (Crane et al., 2008b; Hess et al., 2002; O'Brien, 2001; Weeden, 1998). Similarly, ethics has evolved from the company's obligations to society to abide by the law, pay taxes, and provide employment to a more proactive approach where the firm is expected to adhere to high international codes of conduct that exceed these traditional obligations (O'Brien, 2001; Nelson, 1996).

Corporate Social Responsibility (CSR) has received a lot of attention from researchers and practitioners. In both disciplines advocates as well as critics can be found. The latter reckon CSR as enlightened self-interest, PR and greenwashing and that it does not provide any value for society (Margolis and Walsh, 2003; Matten et al., 2003; Frankental, 2001; Keim, 1978) and perhaps not even for businesses (Vance, 1975; Bragdon and Marlin, 1972; Friedman, 1970). Advocates of CSR believe that CSR provides value for business, society and ecosystems, and is a source of innovation (Husted and Salazar, 2006; Porter and Kramer, 2006; Hart and Milstein, 2003; Freeman 1984). These equivocal qualifications are at least partially a consequence of the fact that a wide range of activities are included under the umbrella term of CSR, ranging from corporate philanthropy to CSR reporting and from corporate social responsiveness to corporate sustainability (Siltaoja, 2006; Mass and Boons, n.d.).

According to Branco and Rodrigues (2006) it is very difficult to say if firms that are perceived as socially responsible out-perform or under-perform firms which are not perceived in the same way. Applying the resource-based-view-of-the-firm (RBV framework), as introduced by Wernerfelt in 1984, to corporate social responsibility, Hart (1995) asserted that, for certain types of firms, environmental social responsibility can constitute a resource or capability that leads to a sustained competitive advantage (McWilliams et al., 2006). Russo and Fouts (1997) tested this theory empirically using firm-level data on environmental and accounting profitability and found that firms with higher levels of environmental performance had superior financial performance, which they interpreted to be consistent with the RBV theory (McWilliams et al., 2006). Using RBV framework, a more formal theory-of-the-firm model of ‘profit maximizing’ CSR was posited in McWilliams and Siegel (2001) research (McWilliams et al., 2006). Although there may be some evidence of a positive association (Margolis and Walsh, 2003; Orlitzky et al., 2003; Pava and Krausz, 1995), assessments are complicated in view of the imperfect nature of the studies (problems related to the measurement both of CSR and financial performance, criticisms of omission of controls, lack of causality and other methodological problems (Margolis and Walsh, 2003: 278) and the range of qualitative factors, which contribute to financial performance, including employee morale, corporate image, reputation, public relations, goodwill and popular opinion, and a sense of loyalty among customers (Lantos, 2001: 620; Maignan et al., 1999).

Orlitzky et al. (2003) and Waddock and Graves (1997) concluded that social and financial performance should not be presented as trade-offs. Moreover, it is possible that high social performance is both a determinant and a consequence of high financial performance. The positive impact of social performance on financial performance is understood as being due mainly to reputation, whereas the influence of financial performance on social performance is easily understood as the former provides the resources required for investments in socially responsible activities (Branco and Rodrigues, 2006: 116).

Corporate social responsibility has been recognised as a matter that influences reputation (Brammer and Pavelin, 2004; Logsdon and Wood, 2002; Mahon, 2002; Mahon and Wartick, 2003; Wood, 1991; Carroll, 1979). Scholars have also argued that primary attraction to a company is premised on the perceptions of firm's reputation, which would be determined by CSR actions (Fombrun and Shanley, 1990) (Siltaoja, 2006). Reputational assets are considered to be path dependent assets characterised by high levels of specificity and social complexity, thus creating a strong resource position barrier. Reputation is a firm-specific resource/asset which is built, not bought, thus is a non-tradable asset that may be much more difficult to duplicate than tangible assets. As suggested by signalling theory, these assets ‘‘can inform external constituents about the trustworthiness, credibility and quality of the firm. Therefore, reputational assets can be key drivers of external constituents positive reactions toward a firm vis-à-vis its competitors, thus positively impacting on firm success’’ (Branco and Rodrigues, 2006: 117; Galbreath, 2005).

Tangible resources whether physical or financial assets, are easiest to imitate or substitute, even if they are valuable and rare. On the other hand, intangible resources and capabilities are difficult and costly to create because they tend to be historically contextualized; path dependent, socially complex, and causally ambiguous (Barney, 1999). Therefore, it is reasonable to expect that they are more likely to be a source of competitive advantage than tangible resources. The link between intangibles and CSR is intimate and multifaceted. Understanding how value is created through intangible assets is integral to understanding how long-term wealth is created through CSR (White, 2006: 2).

Intangibles such as reputation, trust and capacity to innovate—all widely recognized as fundamental to strong financial performance—are at the same time integral to the CSR agenda (Ibid.). Intangibles are rooted in human capabilities and are manifested in the relationships and the profile of organizations. They are assets that depend first and foremost on human creativity, not materials, and are transformed into enduring value for organizations by building know-how, capacity to innovate, and forming alliances and networks—all of which lead to enhancing brand and reputation. In less technical terms, intangibles have been described as the assets of an organization that remain after plant, equipment and inventory is sold, the lights have been turned off, and doors locked (White, 2006: 4).

2.2 Value

One normally may think of a successful company as one that effectively protects, stewards and expands capital, whether it is financial, human or natural. But one may also look at capital through the lens of intangibles, and then it becomes necessary to know how intangibles relate to different forms of capital, where capital is an asset capable of yielding a future stream of benefits or value to the firm. For this purpose, White (2006: 4) considered the following scheme:

- Human capital - knowledge assets, leadership
- Organizational capital - communications, strategy
- Market capital - reputation, brand development, alliances and networks, adaptability
- Innovation capital - R&D capability, technology

This scheme again underscores the pivotal role of human competency in building value for the organization. Human, organizational, market and innovation capital all depend on human creativity, not the intrinsic value of physical assets. Also, of course, intangibles by this definition have always played a role in value creation (Ibid.).

The resource-based theory of the firm (RBT) (Peteraf, 1993; Wernerfelt, 1984) argues that an organization can be regarded as a bundle of resources or assets like information, brand image, reputation, and loyal workforce (Amit and Schoemaker, 1993; Rumelt, 1984). These resources or assets can be defined as valuable if they either enable customers needs to be better satisfied (Bogner and Thomas, 1994; Verdin and Williamson, 1994), or if they enable a firm to satisfy needs at lower costs than competitors (Peteraf, 1993; Barney, 1986). Barney (1991: 106) also suggests that resources are valuable 'when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness' (Bowman and Ambrosini, 2000). However, intervention of people is necessary to create new values from these resources (Bowman and Ambrosini, 2000; Pfeffer, 1995; Lado and Wilson, 1994; Wright et al., 1994).

2.3 Motivations for CSR

We must be cognizant of the motivations behind companies pursuing corporate social responsibility activities as the research question here seeks to explore how these motives are achieved by CSR undertakings to gain value. It could be argued that the motivation for engaging in CSR is always driven by some kind of self-interest (Moon, 2001), regardless of whether the activity is strategically driven for commercial purposes alone, or whether it is also partly driven by what appears, at least superficially, as altruistic concern. As Rollinson observes ". . . it is always difficult to tell whether behaving ethically towards external stakeholders is prompted by altruism or self-preservation" (Rollinson, 2002: 44). Of the corporate motives considered below: the strategic theory of the firm perspective, incorporating corporate image management and the need to facilitate the integration of a global workforce, would seem to represent business self-interest and can be contrasted with the possibility of an altruistic impulse among business leaders or managers. However, the relationship between altruism and self is a complex area and space does not permit its detailed examination in this paper (Hemingway and Maclagan, 2004).

The theory of the firm argument is that the concern of management is to maximize stakeholder value. From this viewpoint, CSR is a response to the competitive environment and the demands on managers from various stakeholder groups (Menon and Menon, 1997; McWilliams and Siegel, 2001). CSR 'strategy' can also be conceived of as a search for long-lived rents, or competitive advantage, which are relative concepts (Bowman and Ambrosini, 2000). Whereas, Hemingway and Maclagan (2004) support that “Doing good deeds” produces a positive public relations story (op.cit.).

Hemingway and Maclagan (2004) have also hypothesized that, executives’ personal values and interests in a particular social cause can be a motivating factor for CSR. Drumwright’s findings showed that middle managers were often the socially responsible change-agents and that “. . . the all-out support of top management is not necessarily a requirement for the success of socially responsible buying” (Op.cit., 1994: 17). Moreover, Wood (1991: 700), writing in the context of CSR refers to “Ethical training, cultural background, preferences . . . and life experiences . . . that motivate human behaviour” and in their empirical study, Harris and Crane (2002: 219) highlight the importance of managers’ personal beliefs in the adoption of a green organizational culture, finding that these can differ from “the espoused company line”. Other corporate motives for the adoption of CSR stem from labour management issues and issues involving the integration or acceptance of the business into the local community (Hemingway and Maclagan, 2004).

2.4 Corporate Social Responsibility and Business Strategy

In the strategic management literature, it is generally agreed that competitive advantage or value for the firm, requires, in addition to superior firm resources and capabilities, a fit between the external environment and the strategic action of firms (Husted and Allen, 2007). Hence, the first condition for strategic CSR is that CSR needs to become integrated with the strategy of the firm. Some theorists defined strategy as the goals, mission, and objectives of the firm (Thorelli, 1977; Ansoff, 1965). Others focused on strategy as plan (Quinn, 1980), pattern (Mintzberg, 1988; Andrews, 1980), process (Lyles, 1985) and positioning for competitive advantage (Porter, 1985; Rumelt, 1980) (Burke and Logsdon, 1996). ‘Built-in’ CSR constitutes an integral part of business strategy and operations (Grayson and Hodges, 2004). Some companies are making progress at aligning their business and CSR functions in ways that maximize benefits to society and their financial performance. This includes efforts to integrate economic, ecological and social values into business processes (Mass and Boons, n.d.: 169).

Hess et al., in 2002, identified an emerging form of corporate community involvement called "Corporate Social Initiatives." These programs differ from their predecessors in that they are connected to the firm's core values, responsive to moral pressures, based on the firm's core competencies, and have clear objectives and means of measurement. Firms are adopting these initiatives as a part of a strategy seeking a competitive advantage through reputation assets and/or in response to perceived pressures from the moral marketplace. Many of these new corporate social initiatives are taking on aspects more commonly associated with corporate strategy than community relations; they are grounded in the core competencies of the firm and related to the firm's long-term strategy (Hess et al., 2002). This can be illustrated by a practical framework that helps them achieve better strategic alignment. In the following sections we will see a model that shows how a company's core competencies are leveraged to achieve greater alignment between CSR and business functions. This alignment maximizes both the social and business impact of CSR programs and avoids reputation-damaging decisions (O'Brien, 2001).

Through corporate social initiatives, firms can take a proactive role in shaping their reputations and demonstrate commitment to their espoused values. To do so, it is required that the firm looks to the expectations of the consumer, employee, and capital markets, and most importantly, of the entire local community. Being responsive to these expectations is a key to the success of any corporate social initiative. But obvious budgetary constraints dictate the necessity to invest only in programs that are most beneficial to the community and the firm (Hess et al., 2002).

In short, attempts to integrate the concepts of CSR and corporate strategy have included the stakeholder model of strategic management and the inclusion of social demands as strategic issues (Burke and Logsdon, 1996). While the misalignment between business and CSR strategies can result in decisions that harm its hard-earned reputation, a favourable corporate reputation can enhance a company's competitive standing and financial performance (O'Brien, 2001).

2.5 Corporate social initiatives and the firm's core values

Strategic action, in turn, it is argued, is driven by top management's values, including commitment to both profit and social responsibility (Husted and Allen, 2007: 597; Grant, 2005; Andrews, 1987; Barnard, 1938). The success of a corporate social initiative may be critically dependent on whether the program is based on the corporation's values, which in turn reflect the values and beliefs of the company's managers and other employees. White (2006) states that competitive advantage resides in the minds of managers far more than the portfolio of physical assets of the organization (op.cit: 5). Mission statements and credos form the basis of the company's core values and culture. These statements guide firm management in times of crisis. Likewise, established values guide companies in using their resources effectively in a Corporate Social Initiative. Furthermore, active involvement in such programs may help companies, bridge the 'rhetoric-reality gap' that often occurs when a company's mission statement is disconnected from the day-to-day activities of the firm. Linking such initiatives with firm values also demonstrates long-term commitment to the initiative, which improves credibility with firm stakeholders (Hess et al., 2002).

2.6 The Socially Anchored Competencies (SAC) Model

The SAC model represents a complex process of taking core business competencies, conjoining them with stakeholder analysis, and getting a set of competencies that are socially anchored (O'Brien, 2001). Ansoff articulated the need for firms to develop societal strategies (Burke and Logsdon, 1996). This model provides a new lens that companies use to identify opportunities they would have missed using the traditional corporate philanthropy lens. By integrating SACs into the business environment, companies strive to increase their profitability by introducing new socially responsible products or services, reducing waste and costs, and adding new "social" value to existing products and services (O'Brien, 2001; Porter, 1990). An important action a company takes is building a strong foundation to guide the business in the future and sustain profitability in the long-term. This is where SACs play a significant role (O'Brien, 2001).

2.6.1 Core Competencies

The SAC model begins with the company's core competencies, which are the resources, sets of skills, experiences, and capabilities that represent the company's collective worth. McWilliams et al. (2006: 3) argued that engaging in social responsibility activities when these are expected to benefit the firm is a behaviour that can be examined through the RBV lens. The argument is that firms generate sustainable competitive advantages by effectively controlling and manipulating their resources and capabilities. Barney (1991) maintains that these resources or core competencies are unique, valuable, rare, non substitutable and cannot be easily imitated by competitors and, therefore, are considered the roots of a company's competitiveness (McWilliams et al, 2006; O'Brien, 2001; Porter, 1990). Engaging in CSR can help firms to create some of these resources and capabilities (Branco and Rodrigues, 2006). A company's core competencies allow it to adapt quickly to new opportunities and coordinate and integrate various developmental and technology processes to produce new services cheaper and quicker than competitors (O'Brien, 2001).

Another interesting characteristic of core competencies is that they are not the actual services that make up the company's business units. For example, Honda's core competency is not its ability to make cars or motorcycles but its unique ability to produce a variety of efficient engines and drive trains that power the cars, motorcycles, lawnmowers, snowmobiles, and other product lines that comprise its business units. Honda is able to weave its competencies throughout the individual businesses to create ultimate value for the company (O'Brien, 2001; Prahalad & Hamel, 2000). Evidently, the foundation of a company's CSR strategy should lie in its core values and core competencies, which represent what the company does best and what gives it an enduring competitive advantage (O'Brien, 2001).

2.6.2 Stakeholder Analysis

One of the most important steps in the SAC model is examining the company's core business competencies to determine their potential impact on stakeholders. In a traditional stakeholder analysis, the practices and actions of business units are assessed in terms of how key stakeholders are affected and what the company plans to do to mitigate any negative impact on them or internalize basic societal expectations (Wheeler et al., 2003; O'Brien, 2001; Freeman, 1984). Many recent publications on CSR place the identification and analysis of stakeholders at the centre of the social responsibility strategy (O'Brien, 2001; Harrison and Freeman, 1999; Ogden and Watson, 1999; and Johnson and Greening, 1999). Freeman's stakeholder theory (1984) asserts that managers must satisfy a variety of constituents (e.g. employees, customers, suppliers, local community organizations, government, non-governmental organizations) who can influence business outcomes. According to this view, it is not sufficient for managers to focus exclusively on the needs of stockholders, or the owners of the corporation. Stakeholder theory implies that it can be beneficial for the company to engage in certain corporate socially responsible activities that non-financial stakeholders perceive to be important, because, absent this, these groups might withdraw their support for the company. Stakeholder theory was expanded by Donaldson and Preston (1995) who stressed the moral and ethical dimensions of CSR, as well as the business case for engaging in such activity (McWilliams et al., 2006). Moreover, Young and Thyil (2009) emphasized on the stakeholder integrated model which regards employees as the key stakeholder; where organisations adopting a CSR approach see their social responsibility to be clearly engaging with employees. This results in high levels of employee loyalty in exchange for lifetime employment and collaborative decision making which requires long hours of relationship building outside working hours (op.cit; Monks and Minow, 2004). A number of empirical contributions have appeared in the literature that provide a direct test of the hypothesis that corporations whose managers adopt stakeholder principles will show better financial performance than those whose managers do not (Heugens et al., 2002: 37; Berman et al., 1999; Ogden & Watson, 1999).

A unique aspect of the SAC model is that the core competencies serve as the primary input into the stakeholder analysis. While the model does not provide a prescriptive formula for converting core competencies to SACs, it requires managers to define core competencies and allows them to determine not only whether stakeholders are negatively affected by the company's core businesses, but how competencies can be leveraged in innovative ways that maximize social benefits as well as benefits to the company's businesses (O'Brien, 2001).

2.6.3 Socially Anchored Competencies

The examination of core competencies in light of a stakeholder analysis results in an enhanced set of competencies that have a social conscience. These new SACs become intangible resources that have the potential to increase the company's competitive advantage, especially in markets that are sensitive to its impact on society and the environment. These SACs are the building blocks of a business model that the company can employ to drive its CSR programs while creating new value for its businesses (O'Brien, 2001).

The use of CSR to capture value is referred to as strategic CSR by Baron (2001) who points out that 'it is the motivation for the action that identifies socially, as opposed to privately, responsible action'. That is, if the motivation is to serve society, at the cost of profits, the action is socially responsible, but if the motivation is to serve the bottom line, then the action is privately responsible. For privately responsible actions, there may well be social benefits that exceed the cost of the action to the firm. However, this does not change the motivation, unless these social benefits are of value to managers. For example, providing day care may lower the number of juvenile crimes in a community, but the firm might provide the day care only because it increases the availability of workers and lowers the cost of absenteeism (McWilliams et al, 2006).

2.6.4 Strategic Alliances

Mostly, strategic alliances indicate mutually benefiting or cooperative relationships between two or more organizations that help them develop new competencies and become more competitive (O'Brien, 2001; Prahalad and Hamel, 1989). Such innovations usually require collaborations with other firms, knowledge institutes, stakeholders and governments, especially when they are aimed to reduce the ecological and social impact of the firm or be more sustainable than the process that is replaced (Weber and Hemmelskamp, 2005). Such innovations may be considered as the core of a strategic approach to CSR as they move the firm and its core activities towards a redefined balance between economic revenues for the firm, reduced impact on ecosystems and improved value for society (Mass and Boons, n.d.: 172).

Consequently, in many cases, a company's core competencies are not sufficient to address the diverse and competing concerns of key stakeholders. Therefore, companies have to identify credible partners and develop strategic alliances that bring complementary skills and abilities to these relationships (O'Brien, 2001). Wheeler, Colbert and Freeman (2003) identified that the locus of value creation increasingly resides beyond the boundaries of the single firm, in what they termed 'value-based networks'. For that reason, it is strategically useful to add a third level to the mix, one that is centred outside the firm, at the societal level. One of the most popular alliance models that companies have used to fulfil their social responsibilities is awarding grants to not-for-profit organizations to implement social projects. Some companies have begun to evolve alliances from subcontracting arrangements to more equitable and strategic relationships that strive to benefit both partners, such as community development projects (O'Brien, 2001; Young, 1999). The SAC model builds solidly on the trend towards strategic alliances. It proposes that using alliances is important to acquiring critical new skills or abilities necessary for successful CSR initiatives and enhancing the company's credibility (O'Brien, 2001).

2.6.5 Integration and Learning

Integration and learning are important elements of the SAC model. The integration and learning phase involves weaving the SAC model throughout the fabric of the organization in such a way that successful companies are able to create, acquire, transfer, and integrate core competencies and other knowledge to develop new services and beat competition in the market (O'Brien, 2001; Garvin, 1991). An important step in the integration and learning process is the ability of a company to view itself as something more than a collection of discrete businesses providing its services (O'Brien, 2001; Prahalad & Hamel, 1990). Weaving the SAC model throughout the company requires the ability of the company to think about its CSR work as an integral part of its business model. Once this is accomplished, CSR is no longer viewed as a discrete activity that falls outside of the "real" business (O'Brien, 2001).

The integration and learning phase of the SAC model consists of four steps: planning phase, implementation phase, evaluation phase, with the final phase potentially initiating a feedback loop to build on success and learn from mistakes. In the following paragraphs we will have a look at each phase and the specific elements of CSR in an overview (Crane et al., 2008c: 417).

Forming cross-functional teams that represent key business and CSR functions provides an important opportunity for operations, marketing, finance, research, and social responsibility managers to work together and create new value for the company (O'Brien, 2001). This constitutes the planning phase. As part of the on-going performance management system, these cross-functional teams specify how they intend to create new value for the company by setting concrete goals. The performance management system is the company's mechanism for assessing, rewarding or punishing, and improving employees' performance. The performance management system consists of an appraisal process combined with broader human resource systems and is typically used to align employees' performance with the organization's goals (O'Brien, 2001; Fisher et al., 1999). Once a performance management system is in place, it can be used to determine how well individual or groups perform in relation to integrating SACs within their specific areas of responsibility. This system can also be used to reward new or improved processes or services as well as CSR programs that have measurable impact on the environment, communities, and financial performance of the businesses (O'Brien, 2001).

Setting goals for CSR

The first step in implementing CSR is to identify the key areas where the company wants to achieve progress. Furthermore, the company needs to set specific targets of what to achieve in these areas and how progress towards these targets is going to be measured (Crane et al, 2008c: 417).

Designing CSR strategies

Knowing what you want to achieve is one thing, but knowing how to achieve it is another. Designing CSR strategies is a matter of working out how the firm can get from its current position to a desired future state (Crane et al, 2008c: 417). The teams then experiment by generating new ideas and concepts about how to add social and business value to existing businesses and CSR programs by using the goals as a blueprint (O'Brien, 2001).

Implementing CSR tools

CSR management sometimes involves doing the same things as usual but with CSR added on – for instance, adding social criteria to supplier evaluation tools – and sometimes it involves doing things completely differently from the start – for example, building strategic management on the principles of stakeholder management (Crane et al., 2008c: 417). It is important for team members to begin with the unique set of company skills and assets and look for ways to leverage them to better serve stakeholders while creating new business value (O'Brien, 2001).

Assessing the outcomes of CSR

CSR auditing and reporting are the key tools that help companies to assess their social performance and communicate it to audiences inside and outside the company (Crane et al., 2008c: 417). The results of the experimentation are quickly shared throughout the company via e-mail, Intranet sites, presentations, workshops, and other dissemination methods (O'Brien, 2001). This process allows the company to leverage existing skills and capabilities, while developing new ones. It can improve the company's ability to spot and pursue emerging opportunities in the market or venture into new market arenas, which in turn can enhance the company's overall competitiveness (O'Brien, 2001).

2.6.6 Laying the Groundwork

The successful implementation of the SAC model depends on several key factors that include: commitment from top leadership, an understanding of the company's core competencies, knowing the key stakeholders and their concerns, the ability to think beyond traditional philanthropy, the development of a learning organization, a culture of teamwork and performance management, and the desire and ability to measure business benefits stemming from CSR initiatives (O'Brien, 2001).

In the SAC model, core competencies become socially enhanced through a process of understanding how they can help or harm stakeholders. A thorough understanding and appreciation of all key stakeholders and their concerns is necessary. However, from a strategic perspective, a company should look in particular to engage with those stakeholders who are powerful, whose issues are considered legitimate and/or whose claims ask for the most immediate responses (Crane et al, 2008c: 418). The World Business Council for Sustainable Development (WBCSD) provides a good example of a business organization that has developed a comprehensive methodology for identifying stakeholders and engaging them in a dialogue. WBCSD defines stakeholder dialogue as a consultative process where it meets with community groups, international relief and development organizations, labour organizations, governments, universities, and business associations to solicit input and feedback on issues concerning corporate citizenship and sustainable development. Through stakeholder dialogue, WBCSD has been able to incorporate feedback from a range of government and non-government organizations to generate a variety of environmental and social guidelines and tools to assist its membership contribute to global sustainable development (Hess et al., 2002; O'Brien, 2001; www.wbcsdorg.ae, 2000).

2.7 How does corporate social responsibility relate to the creation of business value?

Two decades ago, Drucker (1982) famously asserted: '…the proper ''social responsibility'' of business is to tame the dragon that is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well paid jobs, and into wealth' (Wheeler et al., 2003). In general, the primary pursuit of firms is to create and maintain value (Conner 1991). How to create and appropriate[1] value are central concepts in the (strategic) management and organisational literature (Verwaal et al., 2009; Lepak et al., 2007; Mass and Boons, n.d.). As we have seen above that values are the basis for management principles and action, however, the assertion does not mean that increased social responsibility is the best or easiest route to value creation and profitability (Husted and Allen, 2007: 597).

The first step in finding this route, as indicated earlier, is to move beyond the simplistic approach that CSR is inherently profitable. Strategic management theory has consistently argued that the key to success resides in creating competitive advantage which, skilfully managed, results in value creation. Value is created when firms contract with their stakeholders on the basis of mutual trust and cooperation (Jones, 1995). Value creation occurs when firm resources are combined in new ways so as to increase the potential productivity of those resources (Husted and Allen, 2007: 597; Moran and Ghoshal, 1999; Schumpeter, 1934). Thus, value creation is necessarily about innovation. Strategic management researchers have asserted that CSR can provide opportunities for differentiation (Husted and Allen, 2007: 597; Sharma and Vredenburg, 1998).

Yet, just as all market-based projects do not create value, not all CSR projects will create value for the firm (Husted and Allen, 2007; Hillman and Keim, 2001), i.e. much observed CSR behaviour remains non-strategic however valuable it is for stakeholders and society (Burke and Logsdon, 1996: 496). Many CSR projects, in fact, increase costs even when they may be positively evaluated by different stakeholder groups. For example, The Body Shop is frequently cited as a classic case of joining products and CSR. Unfortunately, The Body Shop also found that CSR could increase costs significantly. Intent on maintaining its commitment to a broad range of local suppliers, manufacturing costs skyrocketed, and as other firms copied its products and outsourced to Asia, The Body Shop's profits plummeted. Finally, Anita Roddick was forced to bring in management willing to put profit before CSR (Husted and Allen, 2007: 597).

[1] Value appropriation refers to the distribution of the value created (Klein 2008). Value appropriation is in literature labelled variously as value capture, allocation, realisation, dispersion or distribution (Priem, 2007).

Explaining, then, how social action creates value remains a key stumbling block to a theory of the firm that incorporates CSR. The approach to this problem is to treat CSR as a strategic value creator. Specifically, the Burke and Logsdon (1996) model sets out, as outlined above, five strategic dimensions of CSR projects that may affect the ability to create value: centrality, specificity, proactivity, voluntarism and visibility (op. cit.: 496). It is important to note, moreover, that a firm need not successfully apply all the variables in order to create value; one of the key objectives of the research is to determine which of the variables are currently being employed by the firm (Husted and Allen, 2007: 598).

In Table 1, we can see a comparison of the strategic CSR approach proposed by Burke and Logsdon with traditional strategy and traditional CSR based on the original five dimensions of their model (ibid.).

Table 1: A Comparison of Traditional CSR, Traditional Strategy and Strategic CSR.

Strategic Dimensions	**Different Approaches to CSR and Strategy**		
	Traditional CSR	**Traditional Strategy**	**Strategic CSR**
Centrality	Irrelevant: Doing good is tied to social need and not to core business mission.	Create value via product/service innovation.	Create value via product/service innovation linked to social issues and to the firm's mission and objectives.
Specificity	Irrelevant: Doing good is its own reward – and profitable in the long run.	Manage supplier, customer, and competitor relations to capture vale added for firm.	Manage stakeholder relations to capture value added for the firm.
Proactivity	Anticipate changes in social issues.	First-mover advantage.	Anticipate changes in social issues that present market opportunities.

Voluntarism	Participate in social action beyond that demanded by the firm's interests and the law.	Firm innovation based on ability to learn: non-deterministic behaviour.	Participation in social action beyond that demanded by law.
Visibility	Irrelevant: Doing good is its own reward – and is profitable in the long run.	Build customer awareness of service and brand	Building customer and stakeholder awareness of service with CSR value added.

(Source: Husted and Allen, 2007: 598).

2.8 Measuring and monitoring new additional values

In addition to a performance management system, the desire and ability to measure the business and social impact of CSR programs is important (O'Brien, 2001). Hence, it is imperative to have the means to measure and monitor these new or additional values created by integrating CSR into the strategy of the firm. The reason for this is twofold. On the one hand, given the public interest in CSR, CSR is closely related to transparency, accountability and legitimacy and requires some form of validation. On the other hand, if CSR is to become a strategic activity, the firm itself will have a need to monitor the impact of its activities. Strategic CSR urges firms to assess their value added (or destroyed) across ecological, social and economic dimensions and to incorporate those impacts into management decisions (Mass and Boons, n.d.: 169).

The vast majority of large multinational corporations have corporate contribution programs that consist of cash donations (O'Brien, 2001). However, there is very little hard evidence linking a company's investment in CSR initiatives with improved financial performance as the question about what impacts corporate CSR actions have, not only on the bottom line but also on society and ecosystems, remains largely unexplored (Margolis and Walsh 2003, Mass and Boons, n.d.). In fact, many companies donate to enhance their corporate image and increase public trust rather than achieve financial gains (O'Brien, 2001; Garone, 1999). For social impact measurement, however, general accepted standards do not yet exist. Nevertheless, social and ecological impacts are often not explicitly included in measurement or are even ignored (Mass and Boons, n.d.).

In order to provide insight into the strategic potential of CSR, two questions need to be answered: How can the value of business activities for a firm, society and ecosystems be defined, and, how can the contribution of activities of the firm to such value be measured (Mass and Boons, n.d.: 169)? The answer to the first question is difficult as ‘value’ eventually is a judgement made by individuals and communities, usually based on individual circumstances, there is no objective way of defining it (Mass and Boons, n.d.). Wheeler, Colbert and Freeman (2003) acknowledge that even the concept of business value carries ambiguity, with academics, commentators and business practitioners all searching for more useful and compelling ways to describe value and the value creation process. In a world that is becoming ever richer in information and opinion, it is increasingly clear that, intangible business assets in particular and business value in general cannot adequately be described in purely economic terms (McWilliams and Siegel, 2001). Similarly, it seems incomplete to describe other forms of intangible value created by business e.g. reputational value, brand value, etc., without some reference to how these relate to economic value over the long term.

However, Mass and Boons (n.d.) purport that impact measurement in case of value creation through the development of new processes or new markets should focus on a financial shareholder perspective and a societal perspective and answer the question: how can we increase positive impact on the different dimensions? Impact measurement in the case of value integration should focus on the stakeholder perspective and answer the question: how do stakeholders see and value the firm? For each stakeholder, it is important to have insight into the way in which, for them, the relevant impacts are addressed by the firm. Therefore, the firm and its stakeholders have to interact and continuously learn, take action and change. This process can be viewed as a multi-party, learning-action network that spans business organisations and stakeholders in society (Clarke and Roome, 1999) (Mass and Boons, n.d.: 181).

If companies want to include social and environmental impact next to the financial impact for the firm, they can use the so-called social return on investment (SROI) method (Lingane and Olsen, 2004). SROI is a methodology pioneered by the Roberts Enterprise Development Fund (REDF) in 1996. More recently the approach has been used to assess the multi-dimensional impacts of CSR activities (ibid.).

For value redistribution, measurement can be done by looking at the prices paid or obtained at every step in the supply chain and making a comparison of the initial situation and the situation after the redistribution effort. Again, this is problematic as changes in practices of actors, constituting social impact, are difficult to measure (ibid: 182).

CHAPTER 3: METHODOLOGY

The central research questions addressed by the research project described here are: In what ways Enterprise Rent-a-Car's CSR activities jointly serve the company's strategic motives and the interests of the society at large and how can they continue to do so? Hence, the study is based on the analysis of the Enterprise Rent-a-Car's UK website for its CSR initiatives, documents collected from the company office in person and on a series of personal interviews with senior managers.

'This case has been selected because of the issue's increasing societal relevance and topicality. The level of controversy surrounding the issue (Jardine, 1999; Scott, 1998) ensures that it meets the criteria for an "extreme case" (Eisenhardt, 1989), one in which the process of stakeholder integration into their CSR and business strategy is more urgent and transparent than in most other cases' (Heugens et al., 2002: 42). After selecting CSR as the object of study, there was an imbroglio over what is the case under study (Miles & Huberman, 1994)? It was decided to use four cumulative demarcation criteria to draw a boundary between what to and what not to study. The organizational unit under focus was Enterprise Rent-a-Car and their stakeholders. First, their organization-level dynamics was analyzed. Second, the phenomenons of interest within this unit were the stakeholder integration attempts of the firm and the integration of CSR strategy with their business strategy. Third, the spatial boundaries set for this study were the selection of one group of the company in Nottingham, UK. In other words, focus was only on the local activities of this group in the UK. Fourth and finally, the years selected were 2010 and 2011 as the lower and upper temporal boundaries, respectively (Heugens et al., 2002: 42).

In this research, Enterprise Rent-a-Car's managers from the local diversity committee of the East Midland branch were asked to detail their understanding of their firm's analysis of the social issues (stakeholder), environment and of how the firm creates value through CSR projects (Husted and Allen, 2007), both for the firm and the external environment. The population for this study were the L3 management team of the U4 group or the UK group 4 of the company, i.e., the senior management team of the East Midland branch of Enterprise Rent-a-Car in the UK. The local diversity committee has representation from all levels and segments of the business thus, offering more diverse and richer data. As Marshall (1996) illustrates that the choice of research is governed by the nature of research undertaken and what kind of questions does the research seeks to address (op.cit.), utilization of qualitative methods has been done in carrying out this research as qualitative research is associated with a long and strong theoretical tradition that focuses on understanding meanings and interpretations. It provides a clear understanding that qualitative methods are "a sophisticated research strategy to understand how, and why, people act in particular ways" (Liamputtong and Ezzy, 2005) and likewise, this research seeks to find out the answers to questions such as 'how', 'what' and 'why'. Also, qualitative research offers point of view of those being studied (Bryman et al., 1996) which in this case will be the omniscient point of view of the senior management.

While precise descriptions of how qualitative data should be collected, organized, and presented remain elusive (McCracken, 1988), the analysis followed steps suggested by Hill (Snider et al., 2003: 177). The study began with the analysis of company website CSR undertakings so as to examine how it publicly defines CSR (Sturges and Hanrahan, 2004). First, the websites were scanned in their entirety for explicit or implicit statements regarding firms' moral, ethical, legal, or social responsibilities to all internal or external constituencies. Second, the information acquired was sorted and then categorized by stakeholder. Third, a search for similarities within the information was undertaken for each category, resulting in the discovery of a number of interrelated and expressive themes. This step involved the reading and rereading of all data points several times, organizing like information into separate groupings, and seeking appropriate identifying monikers proposed by Burke and Logsdon discussed below (1996) (Snider et al., 2003: 177).

This was followed up by six, on average an hour and a half long, semi-structured face-to-face interviews with Enterprise Rent-a-Car's diversity and inclusion committee chairman, HR Generalist and talent acquisition manager who sits on this committee, group vehicle acquisitions manager, group training manager, regional business rental sales manager and HR manager of the U4 team in the UK whereas notes were taken. It has been given that qualitative researchers generally rely on face-to-face interviewing when conducting semi-structured and in-depth interviews (Sturges and Hanrahan, 2004). The purpose of the interviews was to understand how these officers view their roles (Sturges and Hanrahan, 2004) and explore the rationale behind the company's CSR goals and strategic behaviour and investigate the definitional influences (Silberhorn and Warren, 2007). Diversity and inclusion committee takes care of diversity, inclusion, workplace quality, public affairs and philanthropy, environmental conservation and ethics. Telephone calls were made and e-mails were sent to the firm to identify who in the senior management teams would be the best persons to respond to the questionnaire. As a further control, individuals were directly contacted to confirm that they understood the purpose of the dissertation and would be able to provide accurate data (Husted and Allen, 2007: 602).

The main advantage of face-to-face or direct interviews is that the researcher can adapt the questions as necessary, clarify doubt and ensure that the responses are properly understood, by repeating or rephrasing the questions. The researcher is also able to pick up nonverbal cues from the respondent (www.blurtit.com). This particular research has been conducted to comprehend the management perception which is subjective and qualitative in nature, hence, the suitability of the technique of focused semi-structured interviews. Such an interview allowed the respondents the time and scope to talk about their opinions on why and how the company's CSR activities create value. The focus of the interview was decided and the objective was to understand the respondent's point of view rather than make generalisations about their behaviour. It used open-ended questions, for example, "Tell me about…" and some arose naturally during the interview, for example, "You said a moment ago…can you tell me more?" As a researcher it was essential to try to build a rapport with the respondent, therefore, the interview turned out like a conversation. Questions were asked when it was felt it was appropriate to ask them. They were a combination of already prepared questions and also questions that occurred during the interview. Though there were a set of fixed questions for all yet there was latitude with follow-up questions and probes (Sturges and Hanrahan, 2004). The wordings of questions were not necessarily the same for all respondents (www.sociology.org.uk). This methodology is generally useful in exploring "how" and "why" type questions, which are commensurate with the focus of the current study (McAdam and Galloway, 2005).

Telephones were also used to clarify the doubts later while analyzing the information garnered through face-to-face interviews (Rogers, 1976: 51) as travelling to the company office was expensive; due to the busy schedules of the executives interviewed; and the undemanding nature of the topic. Moreover, results from a study by Rogers (1976) indicate that the quality of data obtained by telephone is comparable to that obtained by interviews in person. Besides, data was also collected through e-mails.

Previous studies have principally relied on aggregate measures of financial performance that have provided inconclusive evidence for a CSR-financial performance linkage. Accordingly, the focus of this research is at the firm level in order to discover how value is created by strategic CSR (Husted and Allen, 2007: 601). As it was argued earlier, and also evident from the literature, there is no consensus that CSR can, or even should, be managed for profit, just as other business processes are managed for profit, well-intentioned CSR researchers had sought to find a way to demonstrate CSR profitability without having to claim that management takes strategic action to create value. This research agenda did not succeed because it could not specify how competitive advantage and value were created. In order to do so, Husted and Allen's method of choosing to focus on senior management had been selected, precisely because they were in the best position to explain the strategic intent of their portfolio of social action projects (Ibid.).

'In sum, given the dilemma whether CSR pays off, it was considered crucial to test the extent to which senior management seek competitive advantage and value creation via CSR in an uncertain environment. Such a test would be unnecessary if we were to ask, for example, about marketing strategy; it is hard to imagine the Executive Vice-President for Marketing of a large company admitting that the firm does not consider marketing a source of competitive advantage and that he is not sure how to create competitive advantage via marketing' (Husted and Allen, 2007: 601).

'Working from managerial intent, however, requires accepting certain trade-offs. By shifting to a more micro focus, one tends to leave behind more objective indicators of value creation. On the project level, one would almost have to engage in a cost-benefit analysis of each project in order to determine the value created. Firms do not yet engage in such fine-grained evaluation of their CSR projects. Given the current state of the art of CSR management and reporting, it is decided that it is needed to rely on the perceptions of the managers responsible for CSR regarding the strategic goals of CSR projects. Such perceptions of firm benefits and of the quality of stakeholder relations may be biased. In response to this issue, Husted and Allen have suggested some necessary methods to control for possible bias' (Husted and Allen, 2007: 601).

'Support for using managerial data rather than external stakeholders' and other secondary databases, comes from the theoretical literature and from practical research issues. There is considerable theoretical support for using such data (Boyd et al., 1993; Lawrence, 1967). If, in fact, managerial decision making is driven by the beliefs of senior management, it makes sense to ask how management perceives the environment and the extent to which they believe they are responding to CSR challenges in a strategic fashion' (Husted and Allen, 2007: 601). 'The managers questioned are well aware of their firm's PR and marketing programs for CSR and corporate reputation. These managers surveyed are well aware of their ranking in the CSR and reputation surveys. The use of these measures serves the purpose of telling us the extent to which managers seek to communicate with stakeholders and convince them that the firm is socially responsible' (Husted and Allen, 2007: 602).

'In short, while external databases and stakeholders may provide insight into firm behaviour regarding social issues, these sources do not measure the strategic import of stakeholders for firms nor how firms seek to create value through CSR. This can only be done by asking the senior management itself. Nonetheless, there are limitations of the data collected; the results invite further research, waiting for the moment when more fine grained, objective data will be available' (Husted and Allen, 2007: 602).

To carry out the analysis of data collected three of the five dimensions of strategic CSR proposed by Burke and Logsdon (1996) have been examined below in more detail and propositions have been set out of the relationship of each dimension to value creation. The discussion is limited to these three dimensions given that the preliminary research indicates that specificity and centrality do not affect value creation in Enterprise Rent-a-Car (Husted and Allen, 2007).

Visibility is the extent to which social activities may be observed by the firm's stakeholders. Visible CSR activities may affect the reputation of the firm positively. 'Visibility may be particularly relevant with respect to the firm's internal constituency – its employees. For example, creative and extensive employee benefit programmes, such as comprehensive health care initiatives, on-site day care and continuing educational benefits, are likely to be highly visible within the firm, even if not to the outside world. They may also produce economic benefits for the firm by improving productivity, morale or loyalty, thus making it easier for the firm to attract and retain the best employees' (Burke and Logsdon, 1996: 499). Research has demonstrated that a good corporate reputation has a significant potential for value creation and is difficult to replicate (Husted and Allen, 2007; Roberts and Dowling, 2002; Fombrun and Shanley, 1990). Reputation is a key competitive advantage in markets where product and service differentiation is difficult, attracting superior workers and providing leverage for managing stakeholders (Husted and Allen, 2007; Shamsie, 2003; Deephouse, 2000; Barney, 1991). Enterprise Rent-a-Car is regularly involved in a broad range of CSR activities; however, they do not publicize some of these activities because they consider CSR activities to be part of 'giving something back to the community'. Senior management at Enterprise would consider it inappropriate to look to make money out of doing the right thing (Bardino, 2011). On the other hand, few others from the L3 management team are convinced that greater visibility for CSR projects enhances firm reputation and customers will be willing to pay a price premium for the firm's services (Husted and Allen, 2007).

Proposition 1: The greater the visibility of a firm's CSR projects, the greater the potential for value creation through such projects.

'Voluntarism refers to the sense in which social activities are undertaken freely, because firms want to, rather than as a result of legal constraints or fiscal incentives. In discussing strategic initiatives, this is usually not a consideration; strategy theory assumes that the active pursuit of competitive advantage is voluntary. Accordingly, in the literature review when strategic CSR in terms of the resource-based view has been discussed, voluntarism has been omitted. Thus, the inclusion of voluntarism as an independent variable in strategic CSR, requires some additional explanation' (Husted and Allen, 2007: 600).

Voluntarism recognizes that there is something fundamentally different between economic activities and CSR projects. But these responsibility activities offer both strategic and social responsibility pay offs (Burke and Logsdon, 1996: 498). Business firms are designed to take advantage of market opportunities; for this reason, until recently, strategic management theory largely ignored non-market CSR projects in value creation beyond recognizing the importance of values and corporate culture in developing internal consistency and employee commitment (Baron, 1995). However, the inclusion of CSR projects in relation to value creation opens strategic opportunities once we recognize that all firm activities may be a source of value creation (Husted and Allen, 2007; 600). In general, philanthropic contributions are assumed to be voluntary (Burke and Logsdon, 1996: 498).

Burke and Logsdon (1996), in their attempt to provide managers with a practical approach to CSR and value creation, were pioneers in recognizing that, in an environment where other firms do not seek competitive advantage via CSR activities, the decision to voluntarily go beyond legally mandated social action can become a source of value creation. In the Burke and Logsdon model, CSR voluntarism becomes economically rational - a source of competitive advantage - when it is linked to the other strategic dimensions, hence allowing firms to create unique resources and capabilities valued by customers and difficult to imitate (Husted and Allen, 2007; Dierickx and Cool, 1989).

Enterprise Rent-a-Car U4 group sees its CSR program as a broad range of voluntary behaviors that it expects other firms not to match. Many of these beneficiaries become Enterprise's customers, suppliers and employees; still others recognize Enterprise's ability to provide specialized services to meet specific customer segments.

Proposition 2: The voluntariness of CSR projects may increase the potential for value creation through such projects.

'Proactivity reflects the degree to which behaviour of the management is planned in anticipation of emerging economic, technological, social or political trends and in the absence of crisis conditions. The firm that recognizes critical changes early will be better positioned to take advantage of opportunities or to counter threats. For example, a firm which introduces an employee education and retraining programme in advance of coming technological changes requiring more skilled or differently skilled labour will be better prepared to shift to new technologies and will encounter less resistance in doing so' (Burke and Logsdon, 1996: 498).

'Proactive is the firm which fosters pollution reduction throughout the organization because it has anticipated that pollution-related costs will increase over the long-term' (Ibid.).

Proposition 3: The greater the proactivity of a firm's CSR projects, the greater the potential for value creation through such projects.

CHAPTER 4: FINDINGS AND DISCUSSION

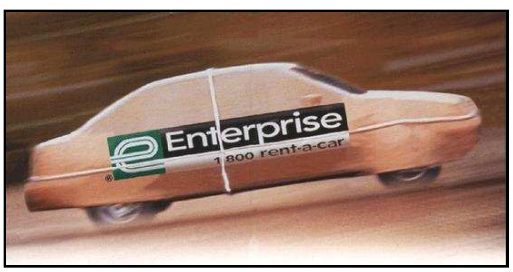
'The first stakeholder grouping that flows naturally from the CSR messages are organizations' customers. On occasion, general value statements are adapted to or supplemented by ethical protocols that are focused specifically on the relationship between firms and their customers. Current and prospective employees are another stakeholder grouping that is embraced by Enterprise Rent-a-Car. The company provides CSR messages that concentrate on the importance of employee development and advancement for the good of the individual as well as the success of the organization. Additionally, they discuss the importance of diversity among their workforces and suppliers as another key to improving their ability to serve the marketplace. Enterprise also extends the discussion of diversity to include a commitment to work-life balance as a way to attract and retain employees' (Snider et al., 2003; 181). 'They also explicitly acknowledge the importance of a diverse workforce to serving an increasingly diverse customer base. One way in which Enterprise manifests their promise to nurture a diverse workforce is through the creation of programs that help employees balance their commitment to work and family' (Snider et al., 2003; 182). 'At the local level, organization concentrates their discussions on community-based activities that support the places where employees and customers work and live' (Snider et al., 2003: 183).

Jack Taylor founded Enterprise Rent-a-Car back in 1957 in St. Louis with a simple mission: 'Take care of your customers and employees first… and growth and profits will follow' (foundingvalues.enterpriseholdings.com, 2011). He never wanted the company to be the biggest company but just to be the best. Part of what drove him was the desire simply to do the right thing (Bardino, 2011). Enterprise, apparently, strives to follow his lead today, to do everything they can to maintain his values, regardless of how big their company becomes (Schlereth, 2003: 19). Managers from the local diversity team which has representation from all levels and segments of the business understand the importance of the outside-in influence of competitive context, and all have the responsibility for CSR initiatives with a granular understanding of every activity in the value chain (Porter and Kramer, 2006). Enterprise knows that if they provide exceptional customer satisfaction, their customers will come back. If they listen to their employees and provide them with opportunities to grow, they will deliver the caliber of service that is so important to their business (Wigglesworth, 2011). This is the principle that pervades and drives their business leading to growth and long-term profitability (www.drivingfutures.com, 2011; Clement et al, 2005; Schlereth, 2003: 19). It can be said that value is created for Enterprise Rent-a-Car when its four business objectives are achieved i.e., customer satisfaction, fleet growth, employee development and growth, and profitability (www.thetimes100.co.uk, 2011a).

‘As Enterprise Rent-a-Car moved into different markets, they obviously didn’t have the word-of mouth support and reputation that they had built in their home city of St. Louis and other areas. They faced unique challenges when they built their international operations in the United Kingdom. They knew they had to do their homework, learn about the new market, focus on their core competencies, and get out into the community to start building relationships—because their business is very much based on strong relationships’ (Schlereth, 2003: 16) and relationships with customers and staff are seen as one part of corporate social responsibility which leads to organizational success. Human resource management also impacts on corporate reputation, alongside brand equity, ethical leadership, corporate citizenship and management quality (Young and Thyil, 2009: 172; Phillips, 2006). Human resource management (HRM) is a distinctive approach to the management of employees that ‘seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce using an array of cultural, structural and personnel techniques’ (Storey 1995: 5). Employees are seen not as a cost to be managed, but as an asset to be developed – a key stakeholder of the firm (Zappalà, 2004: 186). In addition, it is Enterprise’s commitment to its customer-company relationships that has led to its current business model (Clement et al., 2005: 16).

Early customers expressed a desire to rent cars where they lived and worked. Enterprise’s response to the customers’ needs led to their present business model which is centred on a neighbourhood service network (www.drivingfutures.com, 2011a; Openshaw, 2011). ‘Enterprise has developed its customer-company relationships by not only focusing on its customers, but also by building relationships with the neighbourhood communities in which their customers belong. Porter and Kramer (2006: 85) support this claim by their account, ‘good citizenship is a sine qua non of CSR, and companies need to do it well. Many worthy local organizations rely on corporate contributions, while employees derive justifiable pride from their company's positive involvement in the community' (op.cit.). When analyzing Enterprise's performance in building brand community through its customer-company relationships, we need to focus on the exceptional efforts Enterprise makes towards customer service and social responsibility' (Clement et al., 2005: 16).

At the core of Enterprise's business model is its goal of becoming synonymous with exceptional customer service. The heart of its mission statement (www.enterprisealive.com, 2011b) states, 'We will strive to earn our customers' long-term loyalty by working to deliver more than promised, being honest and fair and 'going the extra mile' to provide exceptional personalized service that creates a pleasing business experience.' Not just a sales pitch, customer service is at the centre of Enterprise's business model. To ensure its ability to provide superior customer service Enterprise has gone so far as to create its own unique way to measure customer satisfaction called the Enterprise Service Quality index (ESQi) (www.thetimes100.co.uk, 2011b; Clement et al, 2005: 16).



Through the company's ESQi rankings, Enterprise links its employees' career and financial aspirations with consistent superior service to each and every customer (www.thetimes100.co.uk, 2011b). This standard of excellence shows the dedication Enterprise has towards customer satisfaction. Enterprise delivers value by doing things its most profitable customers appreciate, like picking them up. Per their slogan, "We'll pick you up", Enterprise was the first rental company to offer to pick up the customer at their home or business and give them a ride to their rental car, and later drop them off at the end of their service (www.enterprise.com, 2011). They have a service which provides for the customer from the very beginning of their trip to the very end. Another means by which Enterprise provides customers with a superior car rental experience is through the geographical locations of its businesses. Enterprise has locations within 5 miles of 75% of the population (Wigglesworth, 2011), making it highly accessible to its customers. Thus, Enterprise has adapted a strategy where they make the car renting experience as convenient as possible. This "complete package" of customer service, is represented in the Enterprise advertising campaign showing the wrapped car (Clement et al, 2005: 21). 'When they deliver value customized for this group of customers, Enterprise earns the lion's share of their target customer's business. And once such profitable customers are loyal to Enterprise, it is harder for the competition to pry these valuable customers away. Enterprise has built the most profitable business in its industry and tried to create an environment of trust and quality for its services. This is the most important resource that the company strengthened in order to create a brand community and to touch more and more customers other than the focal customers' (Clement et al, 2005: 9).

Enterprise has been able to focus on other customers by taking advantages of a strategic alliance with insurance companies, repair shops and policy holders so that it can enlarge its network. For example through the partnership with Master Lease and other auto insurers (Boot, 2011), the company negotiated to be the main supplier for customers who were entitled to rental cars while their cars were in the shop, due to an auto theft or a car accident. This allowed Enterprise to access millions of customers by negotiating just one contract. After locking in these deals and developing technology that connected the car owner, insurance company and Enterprise location, the company became a force (Clement et al, 2005: 13). Hence, Enterprise has been able to create a relation of win-win so that both companies can take advantage of each other (Ibid.). Enterprise's commitment to continue to target its core neighbourhood service segments shows that it intends to defend its market share in this area of the car rental industry (Clement et al, 2005: 27). They also work with their vendors/ outsource partners/ customers to reduce the data shown of their customers on receipts and rental contracts. They are working with Barclaycard to ensure that they are compliant and able to safeguard customer information on credit card receipts. They now have a policy which is issued to all employees and is sent out as monthly email reminder. In addition to this all branches have been issued with secure shredders, customer ID document shredded if left out in the car – so that no one else gets hold of it. This portrays that the company recognizes that corporate citizenship can have a positive effect on their financial performance through its influence on factors like reputation, consumer confidence and loyalty, access to capital and risk management. The key message from this well-documented work is that companies can do well by doing good (Zappalà, 2004: 187; Orlitzky et al., 2003; Margolis and Walsh; 2001).

‘Social responsibility to the communities that Enterprise services, has also been a major factor in the development of their relationships with their customers. The first stage in building a brand community is to differentiate, Enterprise chose to differentiate itself from the others competitors by focusing on services and by developing its networks in a lot of places and not mainly next to the airports. It can be noticed that the differentiation only works if the difference is perceived in the customer’s mind (the difference doesn’t have to be real). The product differentiation enables the company to have a distinct image in the customers’ mind compared to other competitors and permits to get more easily the consumers who pay attention and who value this differentiation. The goal of the differentiation is to get the customers but also to keep them. The goal of the brand community is to go beyond the differentiation and so to increase as much as possible the firm’s loyalty. With the differentiation adopted by Enterprise, (differentiation based on the quality of the service) the consumers purchase the Enterprise‘s services not because they are used to it, but because they value it’ (Clement et al, 2005: 25).

Enterprise has approached this in the way it develops and leads its employees, and the way it addresses issues important to the local communities. Enterprise rewards entrepreneurship, providing employees with a sense of ownership, and encouraging an entrepreneurial spirit, in addition to extensive training (foundingvalues.enterpriseholdings.com, 2011). The reward addresses Groups' activities in the key areas represented in the company’s cultural compass. Winners receive a grant from the Enterprise Rent-A-Car Foundation, which they can use to advance qualified non-profit causes in their local communities. These rewards permit to establish more easily the company’s values in the consumer’s mind. As these values are shared by a lot of people, it enables the company to create a big community. These values are a key point in the creation of the company’s personality (Clement et al, 2005: 26). This also allows employees at a particular office the flexibility to meet the unique needs of customers in the particular neighbourhood and community that they service. In fact, Enterprise encourages its employees to engage in the neighbourhoods in which they operate. Enterprise’s company website (www.enterprisealive.com, 2011b) states, “Our mission is to support our employees’ involvement in their local communities and encourage them to develop into true participants and business partners in the neighbourhoods in which they live and work every day” (Clement et al, 2005: 22). ‘This involvement in the community helps the employees identify with the customers, thereby furthering the development of the customer-company relationship, through a shared identity in community concerns’ (Clement et al, 2005: 23).

Likewise, Enterprise, East Midland branch contributes to regional and corporate decisions. For example, Enterprise’s Jack Taylor Founding Values Award demonstrates the laissez-faire approach. This is part of Enterprise’s corporate responsibility programme. The region manages and participates in community projects. These involve, for example, clearing overgrown gardens in schools, painting and building children play grounds; taking up garden projects in the Stapleford community allotment where they cleared the gardens and planted seeds; organizing charity car wash to donate the funds raised to Macmillan Cancer Support, Sheffield Children’s hospital and LIVES; taking part in Robin Hood marathon; and getting involved with Sheffield Wildlife Trust (Bardino, 2011; Boot, 2011; Chew, 2011; Openshaw, 2011; Wigglesworth, 2011). This is congruent with the value of the firm, “We believe in supporting the hometowns and cities where we’re based.” (www.enterprisealive.ie, 2011). If the region wins the award, it is free to use the money as it chooses. In 2007 the winning region in South East England received a grant of £10,000 to use for community projects in its area (www.thetimes100.co.uk, 2011a). All these activities enable employees to use their ideas in a creative way. Also, for their employees, volunteering provides project management skills, very similar to what they will utilize on the job. In addition, they learn a lot about teamwork and flexibility (www.volunteering.org.uk, n.d.). Another example of community involvement is Enterprise Rent-a-Car, East Midland branch forming a strategic alliance with Treetops Hospice. Six of Enterprise’s employees redecorated their charity shop for its grand opening (Boot, 2011). These shops raise funds for the hospice besides increasing awareness of Treetops amongst the local community and enjoying tremendous support from the people they serve. According to Boot (2011) Enterprise helped the hospice as it is in the same geographical area as the company, for positive publicity (articles were published in the evening post and the local press), to build their brand image stronger as there were a number of local decision makers who attended the inauguration and to attempt to expand the customer base. Also, ‘CSR programs that effectively connect with a company’s community constituencies, build marketing and organization capital (White, 2006: 7). As stated by White (2006: 7) ‘Companies with strong leadership and a clear strategic vision, see communities not just as labour pools, but as assets to be managed with the same astuteness as capital and technology’ (op.cit.).

‘Enterprise tries to give an important meaning to its brand in order to distinguish itself from other car providers and to stay in the customer’s mind. Firstly Enterprise has created a charity foundation called Enterprise Rent-a-Car Foundation with few goals. Like other companies, Enterprise uses charitable donations to connect to social causes important to its customers. However, unlike most companies, their charitable contributions and giving nature is almost entirely employee driven (www.drivingfutures.com, 2011c). In fact, Enterprise uses suggestions from their employees, employee family members, as well as their customers, in determining what charities to support. Enterprise Rent-a-Car Foundation (aboutus.enterprise.com, 2011) contributes to the ‘Give as You Earn’ program in the UK. According to their website (www.drivingfutures.com, 2011c), the foundation was established to allow Enterprise to give back to the communities where its customers and employees live and work. Since its inception, the foundation has given more than $200 million to numerous not for profit organizations in the local communities where they do business (www.drivingfutures.com, 2011c). The company has payroll deduction facility for employee donation programs and also has a program to match employee donations, and research by the ACF suggests that employer matching is on the increase (Zappalà, 2004: 191; Allen 2003; Zappalà and Cronin 2003). The foundation matches all employee contributions on a 50 percent basis i.e., if employees contribute £11.2 million then £5.4 million will be given from the Foundation’s matching contribution. The Foundation also gifts to a wide variety of CSR causes in the areas of education, health, environment, community services, and economically challenged and minority interests (aboutus.enterprise.com, 2011). Examples of recent gifts include $30 million for college scholarships to support minorities and economically challenged students; The Enterprise Rent-a-Car 50 Million Tree Pledge to the National Arbor Day Foundation – a $50 million pledge by the Foundation to plant 1 million trees a year for the next 50 years to help restore public lands badly in need of reforestation; and more than $2.5 million to disaster relief worldwide (aboutus.enterprise.com, 2011). Thus, to facilitate the identification its customers have with the company, Enterprise has made a lot of effort to identify itself with social causes facing local communities, thereby strengthening the relationship with local customers also identifying with these social issues (Clement et al, 2005; 23). The company endorses and underwrites a variety of initiatives and causes throughout the markets where Enterprise rents cars (www.drivingfutures.com, 2011b). By assisting local cause, Enterprise creates an image of company that takes care of its market. The company tries to focus more particularly on non-profit groups that have a significant strategic or social importance to it and its employees as ‘no business can solve all of society’s problems or bear the cost of doing so. Instead, each company must select issues that intersect with its particular business. Other social agendas are best left to those companies in other industries, NGOs or government institutions that are better positioned to address them. The essential test that should guide CSR is not whether a cause is worthy but whether it presents an opportunity to create shared value – that is, a meaningful benefit for society that is also valuable to the business’ (Porter and Kramer, 2006: 84). With the Enterprise foundation and its employees, the brand is clearly engaged in a progress of divides, to help different causes. It gives a real good meaning of the brand. And the fact that it is the employees and their spouses who have also made lot of donations shows that the firm and its employees belong to a same community. Thus the company shows that it has a large social responsibility’ (Clement et al, 2005: 14). Also Andy Taylor, CEO of Enterprise articulated “We’re not a not for profit – what we’re doing we’re doing for the long term sustainability of our business”.

‘In addition to the meaning brand developed by Enterprise, the company has a great customer services reputation which produces a feeling of credibility. The company has built its reputation by renting cars to local consumers in need of vehicles, and by executing its services with a real goodwill. When employees have a high level of involvement in a company they are more attentive to the needs of the customers’ (Clement et al, 2005: 15). ‘Moreover, by the fact that Enterprise is involved in local market and local life by helping special local events financially, the firm has included regional value and independent brands value. These values represent strengths which give to the brand a great image. Thus the brand community is a relay from great to sure values. Consequently this brand community can attract new consumers. The whole image of the brand is built by the social responsibility shown through the foundation, and the exceptional customer service that the company always tries to improve' (Clement et al, 2005: 15). The company asserts, "We purchase thousands of vehicles locally, generate large economies of scale through sales and employment, create meaningful jobs that generate significant income and benefits for employees and their families, and much more. We realize we owe our success to the support and goodwill of the people who live in those communities and who do business with us. That's why we are committed to involving ourselves in the support of worthwhile endeavours in the hometowns and cities where we operate our businesses' (www.enterprisealive.ie. 2011). 'The benefits of the brand community for Enterprise are numerous. They allow increasing the customer loyalty far above the average of other companies. Furthermore, the brand community represents a weapon in the conquest of market share' (Clement et al, 2005: 27).

Seven core competencies of Enterprise Rent-a-Car have been recognized by the L3 management team interviewed. These are customer service aptitude, leadership, entrepreneurship, communication skills, sales and marketing aptitude, work ethic and teamwork (www.volunteering.org.uk, n.d.). Enterprise has successfully incorporated its core competencies into its business strategy and provides its customers an experience that reflects its commitment to the core values (Clement et al, 2005; 23). Enterprise engages every employee in community involvement in an effort to identify with the community in which they work. Thus, Enterprise has gone through great efforts to show customers and potential customer's that they care about their customer's needs, and the long term relationship it has with customers and their customer's community. "We believe loyal, long-term relationships are the basis of our success." (www.enterprisealive.ie, 2011). Through its efforts in the development of its customer-company relationships, Enterprise has been very successful in building its brand community and establishing a well respected reputation (Clement et al, 2005; 24). For example, participating in the Heywood Project which focuses on the urban regeneration of deprived areas within the Hull and East Riding areas by creating more green space for their communities, assisting The National Forest in growing their own trees and getting their employees individually involved apart from collecting acorns, nurturing them for two years and handing them back to the forest. They also assisted the Moss Valley Wildlife Group's Himalayan Balsam pull in North Derbyshire, encouraged employees to attend the Bio Blitz Family Fun Day in the

Nottinghamshire area to help raise funds for a children's play park and nature reserve; and growing oak trees for The National Forest.

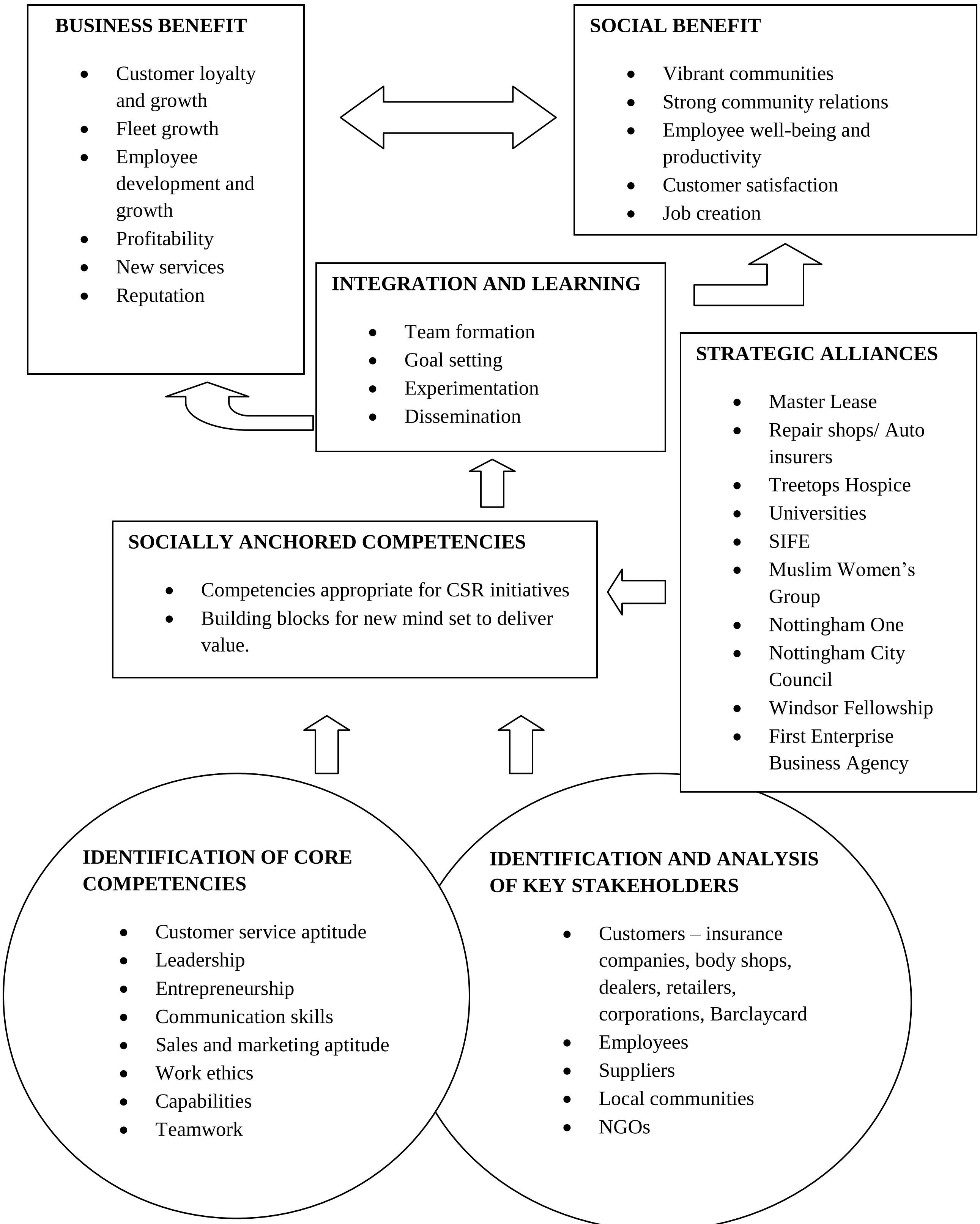
To keep the community alive and so multiply the consumption opportunities, Enterprise created more services (commercial fleet management, used car sales, commercial truck rental, WeCar car sharing technology, Rideshare vanpool and related needs of their customers) (www.drivingfutures.com, 2011a) all based on the core characteristics of the company, these new services enable the customers to interact more often with Enterprise and to enjoy at any time a high quality service, a staff very polite, very concerned by the consumers' satisfaction. Success in these areas results in significantly more revenue for Enterprise and, in turn, creates more opportunities for their employees. This also enables the customers to understand the values of Enterprise, and appreciate them and finally adopt them (Clement et al, 2005: 26). 'Enterprise's entry into new market segments has helped to shield it from cyclical & unforeseeable market fluctuations, thus it is understandable that it would continue to expand in this area' (Clement et al, 2005: 29). 'Because the time of the transaction (the ride between the consumer's house and the office, fill the papers, be driven home) is quite long, the customer has the opportunity to enjoy and share the company's value, we can see here the importance of the employees satisfaction in the process of customer's satisfaction' (Clement et al, 2005: 26).

Furthermore, as a CSR initiative at the workplace, Enterprise strives to have more ethnic minority women representation in L3 management team (as there are only six women in the leadership committee at present) (Appendix 1.1) to make the workplace environment for the women staff more comfortable (Boot, 2011; Bardino, 201; Wigglesworth, 2011). A key strategy they adopted for the same was therefore to ensure that they had diverse representation at all university events, namely careers fairs and employability workshops. They undertake initiatives like involving university students with the development of their CSR programme to further student understanding of the role of CSR in business and impact upon local, national and international communities. These students come up with new ideas for the practical implementation of the programme mentored by Enterprise staff (workspace.nottingham.ac.uk, 2011). Enterprise also strengthened their relationships with the SIFE teams and used them to help build their brand and the awareness of their opportunities. Enterprise is a Platinum-level partner with Students in Free Enterprise (SIFE) (Boot, 2011). SIFE is a charity dedicated to nurturing the entrepreneurial skills of university students in a way that is both effective in developing their future careers and meaningful to the community. As a SIFE partner, their employees have the opportunity to get involved with the local university teams as Business Advisory members as well as participating as judges in the annual national competition. Enterprise had also launched competitions with the SIFE team where all member students could compete to win an internship and sponsored the SIFE student volunteering awards for the past few years (www.volunteering.org.uk, n.d.). This leads to creating awareness about opportunities at Enterprise amongst others and building reputation. Studies have found that firms with higher reputations and extensive corporate citizenship programs are seen as more attractive to potential applicants (Zappalà, 2004: 189; Tuffrey 2003; Greening and Turban 2000). Enterprise's strategic alliance with Muslim Women's Group and Nottingham One is also an endeavour to attract more female applicants. Enterprise organizes workshops for these organizations assisting them on how to put together tenders, provide them training on how could they further their businesses and on the other hand, putting along database with them, utilizing ethnic minority customers, businesses from their databases and including them in their supply chain (Appendix 1.1). Overall, most companies see corporate community involvement 'as a way to maintain trust, support and legitimacy with the community, governments and employees' (Zappalà, 2004: 189; CCPA 2000: 11).

Enterprise strives to be a representative of their local community that's why they aim to have more ethnic minority applicants. They attempt to foster stronger links with different parts of community and yearn to hire employees from more diverse backgrounds as Enterprise claims "We believe that the diversity of our people keeps our thinking fresh." (www.enterprisealive.ie, 2011). Likewise, Ben Boot, the Group Vehicle Acquisitions Manger of the company's East Midland branch asserted "We genuinely do see the benefit diverse employee base can bring to the organization." They aim to increase the number of ethnic minority applicants for the management trainee roles in order to have a better regional representation within the workforce for which they got into strategic alliance with Nottingham City Council and applied their best practices for the same to their business strategy (Appendix 1.1).

FIGURE 1: SOCIALLY ANCHORED COMPETENCY MODEL INCORPORATED INTO ENTERPRISE RENT-A-CAR'S CSR STRATEGY

(Source: O'Brien, 2001)



Enterprise's strategic alliance with Windsor Fellowship, a unique charitable organisation which helps young people achieve educational and career success and at the same time helping employers' access talent from within Britain's diverse communities is another attempt to broaden retail marketing to reach out and attract more ethnic minority customers and suppliers within the region by the company. Enterprise proposed a tailor-made workshop for Windsor Fellowship members. The focus is on building relationships with key community leaders to establish their trust and build long term relationships. The Windsor Fellowship provided them with a forum to promote Enterprise Rent-a-Car on a service and employment perspective to educated ethnic minorities and a great opportunity to hire people (Appendix 1.1).

Enterprise has also formed a strategic alliance with First Enterprise Business Agency, a not for profit organization that supports the development of ethnic minority owned and operated businesses in the East Midlands through training and practical support in order for these businesses to improve their profile in the local business community and successfully tender for contracts. In return, Enterprise was given ongoing access to the ethnic minority owned businesses on their databases. Details were provided to the Enterprise Rent-a-Car's Operations Supervisor in order to give these businesses the opportunity to tender for supply of goods and services (Appendix 1.1). As a result, they have been able to add the services of a minority owned printing company to produce their group newsletter. They have also been able to successfully steer their conversations with First Enterprise away from simply providing sponsorship cheques to offer practical support to their clients and examine ways in which Enterprise Rent-a-Car as a business could benefit in the long run. They intend to develop relationships initiated through organisations such as One Nottingham and First Enterprise Business Agency to continue to explore opportunities to measure and expand the diversity of their supplier base (Appendix 1.1).

Authors (Pettijohn et al., 2001; Thorpe and Homan 2000) suggest that the quality and acceptability of decision-making in stakeholder-accountable organisations are enhanced by incorporating employee perspectives (Young and Thyil, 2009: 172) as employees are seen as a key stakeholder in corporate community involvement (Zappalà, 2004: 189). Hence, in an endeavour to motivate their employees and bring people back to work, New Return to Work interview has been designed and implemented to help discourage absence and provide the appropriate support where applicable, recognizing absenteeism pattern, to know their employees better and improve employee loyalty (Appendix 1.1). Also, working hours have been reduced; shift systems have been initiated across the group in order to handle growth in the corporate segment and to maintain occupancy whilst increasing employee work life balance and employee engagement. Corporate ESQi was flagged as requiring specific attention. Initiatives have seen their occupancy increase, corporate ESQi rise to 83 in a period where they achieved 30% fleet growth. They have managed to reduce their salaried hours by £13 per car and driver hours by £4 per car and achieved an overall retention of 80% (Appendix 1.1).

Enterprise also works hard towards employee development by focusing on improving social wellbeing of U4 staff by holding a U4 Family Focus Group Fun Day alcohol free event. It is targeted towards Enterprise families spending quality time together. Each Enterprise team of five employees are required to cover a 2000 metre row, 4 mile run and 12 mile bike ride. Enterprise has added minimum sponsorship entrance levels to help them reach their target of 10000 for three local charities they support, namely, Macmillan Nurses, LIVES and Sheffield Children's hospital (Appendix 1.1). This has support from Zappalà's (2004: 188) and Cave's (2002: 32) statement that employees want opportunities for personal development…and meaning in their work … they want to know they are making a difference – not just to the corporate bottom line, but to the community in general (op.cit.). Employers also benefit through improved employee morale, motivation, commitment and recruitment (Zappalà, 2004: 192).

Enterprise also attempts to create value for its employees through effective training and development. Employees at Enterprise achieve promotion within the company and reach their full potential. This reduces the need for external recruitment and makes maximum use of existing talent. This is a cost-effective way for a business to manage its people. However, with growth and diversification there is always a need for external recruitment to provide new skills or increase the business capacity for expansion (www.thetimes100.co.uk, 2011b).

Enterprise offers transportation and rental solutions to save others' costs, provide others with vehicles low in CO_2 emissions and in return rent more cars. Many opportunities to benefit both society and a company's own competitiveness can arise in the product offering and the value chain. Enterprise's response to concerns over automobile emissions is an example. The hybrid electric/gasoline vehicle has produced competitive advantage for the company and environmental benefits for the society. Hybrid engines emit as little as 10% of the harmful pollutants conventional vehicles produce while consuming only half as much gas (Porter and Kramer, 2006). Enterprise submitted 'Freedom of Information' request to the councils in Hull, Doncaster, Sheffield, Nottingham, Derby and Stoke asking for data about their grey fleet (Appendix 1.2), mileage reimbursement costs for employees, current car hire expenditure and where applicable an estimate on the age of their grey fleet. This provided Enterprise with the essential information required in order to provide solutions that were more efficient and environment friendly and helped reduce their carbon footprint by a third by using their pick-up service. It was apparent from the onset that this would be an ongoing initiative particularly given the general election and subsequent policy decisions to reduce public spending (Appendix 1.1). 'Environmental stewardship also helps build and retain strong brands (GEMI, 2004). With globalization continually driving costs and technology to convergence, the environmental character of the company and its products is emerging as a powerful discriminator when customers assess alternative products. While environment may never become the dominant attribute in the eyes of customers, its role as a powerful secondary and reinforcing product discriminator is undeniable' (White, 2006: 8). They also arranged to meet relevant MPs with the aim to influence local/national policy decisions that would affect their business and help them to explore opportunities for community involvement (Appendix 1.1).

There is now an extensive body of research that demonstrates that corporate social responsibility has positive effects on employees' motivation, morale as well as their commitment and loyalty to the organization (Zappalà, 2004: 188; Tuffrey 1995, 2003; Weisar and Zadek 2000). A recent survey by Business in the Community of 1000 employees across the UK also found that firms with socially responsible practices are better able to attract, retain and motivate employees (Zappalà, 2004: 189; BITC 2003). There is evidence that 'giving back to your community is not just a nice thing to do; it also makes good business sense. When a business builds vision and values into its culture — for example, by focusing on customers, supporting worthwhile causes, and articulating their core values — it develops a recipe for sustained growth and success' (Schlereth, 2003: 20).

CHAPTER 5: CONCLUSIONS, RECOMMENDATIONS AND FURTHER SUGGESTED RESEARCH

The aim of this study has been to explore ways in which Enterprise's corporate social responsibility activities jointly serve the company's strategic motives as well as the interests of the society. The literature presents a picture that the more closely tied a social issue is to the company's business, the greater the opportunity to leverage the firm's resources and capabilities, and benefit society (Porter and Kramer, 2006: 89). In other words, it is mostly through strategic CSR that the company will make the most significant social impact and reap the greatest business benefits (Porter and Kramer, 2006: 85). The literature also 'emphasizes the consistency with which the organizations need to promote the ethical standards of their positions and behaviors. From broad-based value statements to specific duties toward internal and external constituencies, these corporations need to express an unwavering commitment to a set of norms that drive their operations. A central tenet that permeates these standards is an implied balance between serving their own needs, those of relevant publics, and their obligations to humankind' (Snider et al., 2003: 185).

The choice of respondent allowed an assessment of how the senior management seek competitive advantage and value creation via their CSR activities in a highly competitive environment. Socially anchored competencies model and stakeholder integrated model play an essential role: employee participation and engagement is encouraged, with the view that employees are core to their success; employees are placed as their first link in their strategic positioning and their CSR strategy and their business values are fully integrated to respond to the divergent demands of their stakeholders. CSR strategy is built on the company's core competencies to better respond to issues and concerns of their key stakeholders. The SAC model is integrated throughout the company, resulting in mutually reinforcing business and social benefits (O'Brien, 2001). They see employees benefiting from organisational success and their CSR strategy is based on their priorities around customer, community and environment (Young and Thyil, 2009: 181). The emphasis seems to be on workplace quality and accompanying employee relations approaches, diversity and inclusion, environmental conservation and financial sustainability, business ethics, and public affairs and philanthropy.

This study has examined the central contention of instrumental stakeholder theory, namely, the firms that develop trust-based, cooperative ties with their stakeholders will experience competitive advantage over firms that do not (Heugens at al., 2002: 55; Donaldson & Preston, 1995; Freeman, 1984, 1999; Jones, 1995, Jones & Wicks, 1999). For any company, strategy must go beyond best practices. It is about choosing a unique position – doing things differently from competitors in a way that lowers costs or better serves a particular set of customer needs. These principles applied to Enterprise's relationship to society as readily as to its relationship to its customers and rivals (Porter and Kramer, 2006: 88). It has been established that, if corporations were to analyze their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed and instead, it can be a source of opportunity, innovation, and competitive advantage (Porter and Kramer, 2006: 80).

With regard to specific stakeholder groupings, five stood out as essential to the ultimate success of the company – customers, community, employees, owners and environment. Current and prospective consumers receive messages that emphasize the value of services (Snider et al, 2003: 184). CSR messages for employees have concentrated on skill development and career enhancement for the betterment of employees as well as the company (Snider et al., 2003: 185). A final more expansive constituency has been composed of society at large, and this stakeholder group is bisected into local and worldwide communities. At the local level CSR messages have shown to espouse activities that are designed to improve the neighborhoods in which employees work and live. At the worldwide level, firm has presented their concerns in national interests like natural disasters, and other calamities and efforts to enhance the quality of life of citizens using the opportunities inherent in their product offerings (Snider et al., 2003: 185). After a brief examination of the stakeholder literature, it can be concluded that the development of mutually enforcing relationships with external constituencies is broadly seen as the dominant pathway toward excellent market performance (Heugens et al., 2002: 55; Freeman, 1984, 1999; Hart, 1995; Jones, 1995; Sharma & Vredenburg, 1998). It becomes inevitable for a service-orientated business like Enterprise to deliver perfect service every time to keep customers satisfied. An unhappy customer is unlikely to come back. Enterprise has shown to be operating in a highly competitive marketplace. In order to continue its growth and expansion, Enterprise focuses on delivering very high levels of customer satisfaction (www.thetimes100.co.uk, 2011b).

From the findings it was visible that at Enterprise, employees have always been empowered to make decisions that directly affect their customers. By allowing branch managers to run their location as if it was their own business and base a portion of their pay on branch profits, Enterprise has grow to more than $12 billion in revenue (www.enterprisealive.ie, 2011). They have integrated business and social needs which takes more than good intentions and strong leadership. They have engaged management from all departments in the processes that identify and prioritize social issues based on their salience to business operations and their importance to the company's competitive context, have unified their philanthropy with the management of their CSR efforts, and have sought to embed a social dimension into their core value proposition (Porter and Kramer, 2006: 91).

'Enterprise's current business model has served it well, and Enterprise will continue to follow its core strategy in the future. In fact, when discussing where the company is going in the future, Enterprise's corporate website admits, "As always, our predominant focus will be growing our local rental business and expanding our core business practices of picking up our customers and marketing to repair shops, insurance companies and policy holders whose cars have been damaged or stolen." This strategy shows Enterprise's realization of the increased competition in this portion of the rental car market. Enterprise's commitment to continue to target its core neighbourhood service segments shows that it intends to defend its market share in this area of the car rental industry' (Clement et al, 2005: 27).

Enterprise's corporate website admits that Enterprise will continue to develop its new market segments, including Fleet Services, Truck Rental, and Car Sales. Success in the new market segments have resulted in significantly more revenue for Enterprise and, in turn, created more opportunities for their employees." Enterprise's entry into new market segments has helped to shield it from cyclical & unforeseeable market fluctuations, thus it is understandable that it would continue to expand in this area (Clement et al, 2005: 29).

While their success continues to be rooted in how skillfully they operate their business, they know it also depends on how effectively they strengthen and protect their reputation, and how consistently they live by their values. As a result, they have shown to have invested a lot of time and energy into ensuring their business operations are closely aligned with their values and their responsibilities to communities and the world around them (www.enterprisealive.ie, 2011c). To make this a little easier, they manage their operations according to a "Cultural Compass" that guides their day-to-day dealings with customers, communities and one another (Ibid.). The company's policy of environmental responsibility has been related to building a good business reputation, an intangible resource which, with the capability of the company and the ability of its managers, would lead to better financial results than those of other companies (Sa´nchez and Sotorrı´o, 2007: 337; Russo and Fouts, 1997).

In some of their endeavours, the firm just happened to be doing the right thing. This could be due to chance (Barney, 1986b) or due to deeply embedded cultural know-how that managers were able to explicitly recognize or articulate (Bowman and Ambrosini, 2000; 7; Spender, 1994; Nelson and Winter, 1982). There was interplay between the overall mission of organization and their perceived corporate social responsibility. For example, fulfilling company's ethical obligations to employees, even meeting diversity needs, were expressed in terms of the positive impact on their marketplace goals and objectives. The same principle had been applied to other constituencies, including customers and shareholders. The only CSR messages that challenged this perspective were those directed towards society, where statements were focused on the greater good without concern for the bottom line (Snider et al., 2003: 185). However, giving back to one's community is not just a nice thing to do; it also makes good business sense. Organizations should know that when a business builds vision and values into its culture— as Enterprise has done by focusing on customers, supporting worthwhile causes, and articulating their core values—they can develop a recipe for sustained growth and success (Schlereth, 2003: 20). Nonetheless, a firm which engages in CSR activities and appears to receive no financial benefits could be said to be engaging in a purely ''philanthropic'' activity. However, it remains that in most cases some benefit is obtained in a roundabout way, such as public approval of its image as a responsible citizen. As McWilliams et al. (2006: 4) put it 'even when it is not directly tied to a product feature or production process, CSR can be viewed as a form of reputation building or maintenance.' (Branco and Rodrigues, 2006: 126). Also, a firm can only obtain benefits from building a reputation for social responsibility if the community also considers social responsibilities important. There is thus the need for social responsibility values to exist, which are shared to some extent by consumers, investors, employees and other social actors, and considered in their decision making (Branco and Rodrigues, 2006: 126).

'In conclusion, we can expect Enterprise to continue to pursue the neighbourhood market segment in which the company has flourished. The core values and business model on which Enterprise bases its operations will continue for the foreseeable future. We can expect Enterprise to continue to develop its services and technology to maintain its commitment to customer service. However, we are now seeing that Enterprise has begun to harvest the fruits of the brand equity that the company has achieved. Enterprise will continue to develop new market segments and continue to expand internationally, taking advantage of its brand image to identify with new customers in new markets. The customer relationships Enterprise has built, and its reputation for customer service, will only serve to propel Enterprise's efforts to expand into new market segments' (Clement et al, 2005: 30).

The present study suggests that, to a large extent, companies who can convert their core competencies into SACs and integrate them throughout the organization will achieve a competitive advantage by employing competencies to proactively address their stakeholder interests. Companies will benefit from an enhanced reputation that comes from placing the highest value on people and the environment and carrying out actions that are consistent with these values. These companies will not have separate strategies for business, stakeholders, and corporate social responsibility. Instead, the truly outstanding companies will find ways to fold notions of stakeholder management, corporate citizenship, corporate philanthropy, and the business model into an integrated strategy that gives them unprecedented competitive advantage in global markets (O'Brien, 2001).

Drawing from this research, an irrefutable business case can be made that the culture and capabilities of an organization--derived from the way it manages its people--are the real and enduring sources of competitive advantage. Managers today must begin to take seriously the often heard, yet frequently ignored, adage that "people are our most important asset" (Pfeffer and Veiga, 1999). Also it can be deduced that corporations are not responsible for all the world's problems, nor do they have the resources to solve them all. Each company can identify the particular set of societal problems that it is best equipped to help resolve and from which it can gain the greatest competitive benefit. Addressing social issues by creating shared value will lead to self-sustaining solutions that do not depend on private or government subsidies. When a well-run business applies its vast resources, expertise and management talent to problems that it understands and in which it has a stake, it can have a greater impact on social good than any other institution or philanthropic organization (Porter and Kramer, 2006: 92).

This research can yet provide students, executives as well as researchers with a platform to consider with whom and in what ways global corporations should be responsible in the 21st century (Snider et al., 2003: 186). Moreover, the message that practicing managers may derive from this study is that their companies may derive very concrete competitive benefits from building mutually enforcing relationships with their external stakeholders (Heugens et al., 2002: 57). They may also learn that 'successful firms are successful because they have unique resources. They should nurture these resources to be successful' (Bowman and Ambrosini, 2000; 9).

The above study, however, is not intended as a generalization, as it presents only a partial picture of the complexity of factors underlying the senior management's choices, beliefs and attitudes regarding community and customer relationships and creation of value for both the business and the society at large. 'Natural extensions of this research include an examination of the degree to which the firm puts into operation their corporate social responsibility as espoused on their website. While the organization provides explicit examples of their ethics-in-action, confirmation from third parties such as the news media may be an excellent source of verification of practice. An additional area of inquiry involves the investigation of stakeholder reactions to CSR messages to gauge their effectiveness and influence. Given the open nature and ease-of-access of web architecture, such a study may need to look at responses within and across constituencies to the content of various statements' (Snider et al., 2003: 185). Future research might look in more depth at the variations in the managers' values and ways of obtaining benefits and competitive advantage by adopting a comparative approach between accounts of relationships within different cultures and countries where Enterprise Rent-a-Car has been established.

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APPENDIX 1.1

<u>Diversity and Inclusion – One</u>

Goals

To increase the number of ethnic minority applicants for the management trainee roles by 15% through advertising opportunities to various ethnic community groups in order to have a better regional representation within the workforce.

Strategy

We worked with Nottingham City Council who advised on ways in which they had increased the number of ethnic minorities applying for Council positions and applied their best practices to ERAC. Following the successful hire of an ethnic minority employee we were introduced to the Windsor Fellowship, a unique charitable organisation which helps young people achieve educational and career success and become confident, active, role model citizens. At the same time it helps employer's access talent from within Britain's diverse communities. An introductory meeting was held followed by our attendance at their Open Day to witness their member interactions. We submitted a proposal for an Employability Workshop tailored to their specific requirements. We solicited our gold, silver and bronze universities to attend round table discussions on a host of recruiting issues. We attended a Muslim Women's Forum to learn about how best to attract candidates and create better community links.

Results

We've built our relationship with the Windsor Fellowship by listening to the requirements of members particularly from an employability perspective. Our proposal for a tailor made workshop tackling the challenges their members face in the recruiting process particularly in relation to behavioural interviewing and excelling in group exercises has been accepted and will proceed with an event in Q1 for East Midlands members. Seven universities attended our roundtable event providing excellent ideas and feedback for our growing university initiatives and our recruiting goals for FY11.

<u>Diversity and Inclusion – Two</u>

Goals

To increase the number of female applications for the management trainee roles to a 50/50 split of male/female applicants.

Strategy

Kate Wigglesworth our Training Manager was specifically tasked to university relations. Our goal was to hire the best, grow the brand and win their business. We identified that our best strength for recruiting is to meet and speak to potential applicants. A key strategy was therefore to ensure we had diverse representation at all university events, namely career fairs, employability workshops. We strengthened our relationships with the SIFE teams an used them to help build our brand and the awareness of our opportunities. In particular we launched a competition with the SIFE team in a gold university where all students could compete to win an internship. We supported our universities with employability awards by mentoring, participating and judging the entrepreneurial skills of studnts who had enrolled to the extracurricular class. We analysed our applicants to assess how they were referred to ERAC and their university course where applicable to identify trends and strong referral sources for us. We identified that a high proportion of job centre referral sources for us. We identified that a high proportion of job centre referrals are male so are providing coaching on our opportunities and the required core competencies to ensure they present ERAC as an employer where all can succeed.

Results

Seven of our universities attend a Careers Networking event to educate them on the depth of opportunities and better learn how to make ERAC an attractive employer for all. Enterprise attended and conducted over thirty on campus events and endeavourer to have a 50/50 male/female split and alumni representatives. We offered two successful candidates summer internships and saw Sheffield SIFE win the overall competition. We're working with a female French-Canadian Nottingham MBA student with her CSR project. Whilst we have seen a small increase in the diversity of our applicants our efforts will fruition in FY11.

<u>Diversity and Inclusion – Three</u>

Goals

To broaden our retail marketing to reach out and attract more ethnic minorities customers within the region.

Strategy

We identified opportunities to increase the brand awareness of ERAC in local communities through initiatives within the recruiting department. We focused on building relationships with key community leaders to establish their trust and build long term relationships. The Windsor Fellowship provided us with a forum to promote ERAC on a service and employment perspective to educated ethnic minorities. We've educated their senior personnel who are assisting us with our goals within universities across the UK and local businesses and communities.

Results

We have furthered our relationships with organizations such as the Windsor Fellowship, Muslim women's group and Nottingham One. We continue to explore foreign language advertising opportunities such as Weekend Special flyers. We've created a central resource listing all employees who speak foreign languages and their proficiency so we can better serve our customers who speak English as a second language. We are now able to provide this resource for speakers of over 15 different languages.

<u>Workplace Quality – One</u>

Goals

Utilise reports to understand the company's current position and 12 month goal for sickness and absenteeism. Compile user friendly reports to aid branch managers to understand sickness trends. Aim to help 'bring people back to work' by highlighting tools available. Also create a new, back-to-work interview.

Strategy

In order to minimize leakage between the RALPH timesheet system and the HR holiday records we investigated opportunities to centralize the information for use by rental and admin managers. Our first task was to ensure that all employees completed their timesheets accurately and regularly and that each was then approved by their direct line manager. We assessed the success of the current holiday request process and found it to be very time consuming for all involved and identified staffing challenges that had resulted from us not having a central system. Investigations with other groups and companies highlighted how successful a Return to Work interview could be if used regularly and to its full potential. Critical to our success was creating a system that required minimal management and one which would be sustainable through group growth.

Results

After investigating tracking mechanisms from other groups we instigated a procedure and tracking method that could be stored on the intranet and which placed the focus back on the individual for tracking and recording their absences accurately. A new Back to Work Interview was designed and implemented to help discourage absence and provide the appropriate support where applicable. We've also identified a verification procedure to ensure correct absence codes are being entered.

Workplace Quality – Two

Goals

Actively utilise overtime reports to review current trends. Put in place clear aids for managers to get the best from their staff whilst ensuring hours are kept to an acceptable level and staff stay motivated and balanced. Review the shift system and create the best practice guide 'working-hours-reduction.'

Strategy

Shift systems were initiated across the group in order to handle growth in the corporate segment and to maintain occupancy whilst increasing employee work life balance and employee engagement. It was decided that each branch would devise shifts in order to meet their specific demands and business mix. Corporate ESQi was flagged as requiring specific attention. Evening APU's were picked up and delivered for morning rentals, branches heavily weighted in corporate deliveries chose to extend their Saturday opening hours to better utilize their fleet, increase corporate ESQi and reduce employee overtime.

Results

Our initiatives have seen our occupancy increase, corporate ESQi rise to 83 and overtime hours remain flat in a period where we have achieved 30% fleet growth. We have managed to reduce our salaried hours by £13 per car and driver hours by £4 per car and achieved an overall retention of 80%.

Workplace Quality – Three

Goals

Focus on improving the physical wellbeing of U4 staff by promoting within branch, area and group, the importance of physical activity. Aim to use other committee members to promote this across the group.

Strategy

We chose to hold our first U4 Family Focus Group Fun Day event. We strategically opted for an outside venue, to promote well being through fresh air and open spaces. It was targeted towards Enterprise families spending quality time together by participating in fun outdoor activities and was our first alcohol free afternoon event. Following the success of last years triathlon we are aiming to improve both our physical and fund raising achievements by increasing the distance covered and the amount sponsored. Each Enterprise team of five employees will cover a 2000 metre row, 4 mile run and 12 mile bike ride. We have added minimum sponsorship entrance levels to help us reach our target of £10000 for Macmillan Nurses, LIVES and Sheffield Children's hospital.

Results

Our U4 Family Focus Group Fun Day was a huge success. Attendees took part in a variety of activities including go-carting, frisbee games, football, soft play and bouncy castles. Due to prior venue commitments our triathlon event has been scheduled for August 26th, training is on going the competition is rising and our sponsorship is growing. Our committee remains optimistic of hitting our target of £10,000.

<u>Business Ethics – One</u>

Goals

Trialling a scheme to allow Branch Managers more freedom in relation to company cars which will improve control and ensure compliance with HMRC. It will also enable us to better utilise our vehicles.

Strategy

The idea was to give Branch Managers the ability to take different vehicles without contravening any agreements we had with Her Majesty's Revenue Commissioners and without increasing their tax liabilities. Previously Managers were only allowed to drive up to C Class vehicles – this was potentially causing us to not accept reservations for this Car Class to ensure a unit was available for the Branch Manager. New system we introduced was to allow the Branch Manager to test drive vehicles from a higher Car Class if that was all that was available. They would 'tag' the vehicle they were driving on RALPH with the narrative TD. Senior Financial Controller audits all Branches books twice per week and keeps a spreadsheet showing which units are being driven. This spreadsheet can then be used to ensure that the system is not being abused and the auditing of the books ensures that all Branch Managers are 'tagging' the cars as expected.

Results

System has been very successful – Branch Managers have been tagging the books and operating within the spirit of the scheme. To date no abuses have been discovered during the twice weekly audits and the scheme has been accepted by Her Majesty's Revenue Commissioners.

Business Ethics – Two

Goals

Cash management implemented a system for tracking the length of time cash held at premises. By limiting the branch to £150 in cash as opposed to banking each day, the process becomes more manageable without increasing risk. Branches will be judged on compliance and days cash held on premises.

Strategy

First step was to see what reports could use to pull together the information. We discovered a report on the ERM that gave us the information from date CRS created to date we took the monies to the bank. This report however is only produced at end of month. To overcome this limitation we assigned our Area Accountants the task of going into the Cash Summary on RALPH for each of their Branches daily and sending an email to the Area Managers and Senior Financial Controller detailing who had Cash and for how long they had held it. This information was then used to chase up the Branches and get the Cash to the bank.

Results

We have seen the number of deposits where £150 cash is held for more than 24 hours decrease from an average of 65 per month in FY09 to 49 per month in FY10. Our Interest Expense has also decreased from £21/car to £14/car.

Business Ethics – Three

Goals

Customer Information:- Work with our vendors to reduce the data shown of our customers on receipts, rental contracts. At the same time devise a Best Practice for branches to use when handling this information.

Strategy

Corporate are working with Barclaycard to ensure that we are compliant and able to safeguard customer information on credit card receipts so this was bit of a non-starter for us. However we set about creating our own policy to ensure all Branches are aware of their responsibility to protect our customers' information and by extension of our Brand. We set about doing this by getting input from each of the following Departments: Business Management, Risk Management, Operations, Human Resources and Rental. The idea being that we created a policy that would satisfy all of our concerns and also find a way to ensure compliance and understanding.

Results

We now have a Policy that has been agreed by all Departments. This has been issued to all employees and is sent out as a monthly email reminder. In addition to this all Branches have been issued with secure shredders. Adherence to this Policy is verified by all Department Heads whenever they visit a Rental Branch as well as on all Branch Audits by all Departments.

<u>Public Affairs & Philanthropy - One</u>

Goals

To attend at least 1 MP's surgery with the member of parliament in Hull, Doncaster, Sheffield, Nottingham, Derby and Stoke. In the course of these discussions talk about initiatives to help local business and the opportunities presented by ERAC being a big regional employer.

Strategy

We began a relationship with Phil Lovett from One Nottingham in FY09 so our aim for this year was to utilise his knowledge to introduce us to a key partner that we could work with in order to maximise the impact of our efforts. Phil introduced us to Quamar Zaman, Chief Executive of the First Enterprise Business Agency. This is a not-for-profit organisation that supports the development of ethnic minority owned and operated businesses in the East Midlands through training and practical support in order for these businesses to improve their profile in the local business community and successfully tender for contracts. We also utilised a draft diversity questionnaire that was developed by the UK committee with 5 randomly selected suppliers in order to collate the information and make recommendations as to how this could be expanded moving forwards. Midway through the financial year this evolved to become a UK goal to be rolled out to all suppliers.

Results

We had successful meetings with Matt Bateman – Procurement Director at First Enterprise and were given ongoing access to the Ethnic Minority owned businesses on their database. Details were provided to our Operations Supervisor in order to give these businesses the opportunity to tender for supply of goods and services. We're attending a "Meet the Buyer" event in September and have are assisting with their business training classes in the future. We are able to add the services of a minority owned printing company to produce our group newsletter. Our group has completed the roll out of the supplier diversity questionnaire to all operations and vehicle repair suppliers.

Efforts

We were able to build on the work done last year in meeting with One Nottingham in order to have meetings that presented tangible opportunities to get involved with minority owned businesses and ensure that our doors are open to them. We were also able to successfully steer our conversations with First Enterprise away from simply providing sponsorship cheques to offer practical support to their clients and examine ways in which ERAC as a business could benefit in the long term. This initiative will inevitably continue in future years.

Public Affairs & Philanthropy – Two

Goals

To develop the relationships initiated through organisations such as One Nottingham and First Enterprise Business Agency to continue to explore opportunities to measure and expand the Diversity of our supplier base. To pilot our Supplier Diversity questionnaire with 5 suppliers across the business and add two minority suppliers FY10.

Strategy

To make contact with representatives of the City/Country councils in each of the areas where we have rental operations in order to gain information regarding any initiatives that we could be involved in and set as agenda items for our meetings with the relevant MPs. We sent communication to around 17 councils regarding our broad corporate social responsibility Agenda but received minimal response. We then approached MPs directly through their House of Commons offices to share details about the activities of our Diversity, Career and Family Focus Group with a view to setting appointments to visit local MP's surgeries. Ultimately we aim to influence local/national policy decisions that affect our business and explore opportunities for community involvement. Being a general election year we waited until after the election on May 6th to identify the MPs serving the constituencies represented in group U4 (one of which is Sheffield Hallam which is represented by the now Deputy Prime Minister). Initially we targeted the MP for Broxtowe in which our admin offices are situated.

Results

A change in government has made it a difficult year to progress, however in FY11 an appointment is set with Anna Soubry (Conservative). Our admin falls into her constituency and we're attending her surgery in September. Using our status as a large local employer we will discuss our CSR agenda and develop a template from this for future meetings with MPs in the wider constituencies around our group. Our Committee Chairman will attend this appointment report back to the group in late September. Contact details of all elected MPs have been collated so introductions can proceed in FY11.

Public Affairs & Philanthropy – Three

Goals

Raise £15,000 through group wide participation in fund raising. This is to be done through many events, bringing employees, customers and accounts together. Successful events from last year will be continued such as the Triathlon Challenge, and new events will be added to raise interest.

Strategy

Due to last year's success we decide to repeat the holiday party, the Macmillan Coffee Morning and arrange a 2nd Annual Triathlon Challenge. The year also gave us the opportunity to add the 4000 On Rent party as a focal point for our fundraising. Our employees were happy to continue our affiliation with last year's charities so we could build on our relationships with them. It was clear that to meet our goal of £15,000 we would need to raise the profile of our events and also make it easier to donate. Options that we would explore would be to have a "Just Giving" website page for our Triathlon event. Each team entering the contest would also be required to submit to a minimum level of sponsorship. In addition, it was decided that we would provide a standard letter that branches and departments could use to send to potential sponsors well in advance of the event to assist with gaining pledges. We also decided we would devote plenty of space in the group newsletter to publicise upcoming events. As the newsletter goes to home addresses we have found it to receive more attention than e-mails sent on a work distribution.

Results

Through raffles at the Holiday Party, the Macmillan Coffee morning, dress down days and the 4000 On Rent Party we've raised in excess of £1500. The Triathlon challenge on August 26th is our biggest fundraiser and with the help of our employees and business partners we have a goal of £10000which will be of our employees and business partners which will be split between our 3 nominated charities. Macmillan, Sheffield Children's Hospital and LIVES. To support our efforts we have applied to the Foundation for funding. We have also been awarded £1500 from the foundation in support of Motability a national charity helping disabled people get mobile.

<u>Environmental Conservation – One</u>

Goals

To facilitate face to face meetings between daily rental managers and the county/local councils in Hull, Doncaster, Sheffield, Nottingham, Derby and Stoke. Target departments within these local councils responsible for corporate responsibility as initial discussions focussing on ERAC's sustainability platform and developing this to talk about future tender.

Strategy

We submitted a 'Freedom of Information' request to all of the above councils asking for data about their grey fleet, mileage reimbursement costs for employees, current car hire expenditure and where applicable an estimate on the age of their grey fleet. This provided us with the essential information required in order to set up meetings with the financial directors and/or sustainability managers and provide solutions that were more efficient and environmentally friendly and helped reduce their carbon footprint by a third by using our pick up service. It was apparent from the onset that this would be an ongoing initiative particularly given the general election and subsequent policy decisions to reduce public spending.

Results

The information was obtained and meetings held in order for us to educate key decision makers on their current spend and greener ways of reducing it. So far we've received rentals from South Yorkshire Fire and Rescue, we've submitted proposals to the board of trustees for the Sheffield

Teaching Hospitals and Sherwood Forest Hospitals and have supported Derby City Council in their mileage reimbursement initiatives by providing an advisory resource to aid the challenges they have faced from unions. We are still at the proposal stage with many councils so see this as a great opportunity for FY11 fleet growth.

Environmental Conversation – Two

Goals

Works with Students in Free Enterprise(SIFE teams) to help reduce carbon footprint, operating costs and overheads within our Admin Office and Daily Rental Branches.

Strategy

The aim was to meet with the Nottingham SIFE team on a regular basis to work on various projects that would help us to reduce energy costs and carbon emissions. The team place flags on electrical items left on stand by or switched on overnight to show where we were wasting energy and money. After a pilot at U499 it was implemented at U401. Following the initial visit it was hoped that the number of flags on subsequent visits would decrease and provide us with a framework to implement across the group. In addition we investigated the possibility of SIFE providing us with an alternative for conventional plastic bags. These would be used at recruitment events and hopefully help to highlight our environmental initiatives as well as reduce our carbon footprint.

Results

The SIFE team visited U401on a regular basis, and placed a flag on everything that was being left on overnight. Over a period of time this was significantly reduced through many items being switched off rather than left on standby. SIFE team are creating a full report showing exact reduction in carbon emissions which is expected to be submitted to us in the very near future. SIFE team has supplied us with prices for alternative to carrier bags which we have submitted to the corporate recruiting team who in turn have forwarded to Bernard Hodes.

Environmental Conversation – Three

Goals

To organise and participate in 6 voluntary conservation projects within Hull, Doncaster, Sheffield, Nottingham, Derby and Stoke to improve each neighbourhood.

Strategy

To build relationships with key conservation groups to expand our conservation efforts across the outlying areas of the group. We split our six projects into two areas; short and long term. Our long term projects looked to identify ways to get group participation in the 50 million tree pledge and short-term identified projects for employees to volunteer in. For our long term projects we approached two large non-profit organizations that we felt qualified for our support towards funding from the tree pledge. The Heywood Project focus on the urban regeneration of deprived areas within the Hull and East Riding areas by creating more green space for their communities. The National Forest was awarded its status due to it being a region that had 6% woodland cover. Currently they've planted trees to increase this to 18% with their overall aim being 33% coverage. In addition by collecting acorns, nurturing them for 2 years and handing them back we're assisting the forest in growing their own trees and getting our employees individually involved. From a short term perspective we looked to identify projects and events that our employees could attend and volunteer in that also had the potential to become a long term partnership.

Results

We are currently at the assessment stage on the eligibility of the Heywood Project and the National Forest for a tree donation. If successful we plan both employee and client involvement. We assisted the Moss Valley Wildlife Group's Himalayan Balsam pull in North Derbyshire, encouraged employees to attend the Bio Blitz Family Fun Day in the Nottinghamshire area, to help raise funds for a children's play park and nature reserve and growing oak trees for The National Forest.

Why Win

U4 has impacted all compass points whilst having our best operating year ever, with year to date growth of 30%. UK leading ESQi and 80% retention. Our JTFV committee has worked along side our employees to ensure ownership of our compass points and more importantly our brand. U4 is now leading the UK operationally and with our JTFV initiatives. This is most evident by our promotions out of U4, and in our programs with local governments, Universities, SIFE teams and most recently the Windsor Fellowship. The U4 employees are truly engaged in growing the brand and business.

Rank Section

2 – Diversity and Inclusion

1 – Workplace Quality

4 – Business Ethics

5 – Public Affairs & Philanthropy

3 – Environmental Conservation

GM Answer

I have ensured that the JTFV program remained at the forefront of our groups operations. The group has made significant progress towards each of our goals this fiscal year, by ensuring our activities are well publicised at group-wide events and successes are regularly communicated to all levels of employee. I have worked to ensure all employees take ownership for the initiatives worked on and the relationships built in our communities, charities, universities, government bodies and the Windsor Fellowship. JTFV has become woven into the fabric of our daily operations, and I continue to be encouraged by our progress.

APPENDIX 1.2

Grey Fleet Best Practice
Developed by the Grey Fleet Stakeholder Forum, as part of the Fleet Collaborative Pilot

Organisations that have contributed include:

Office of Government Commerce
Department for Work and
Pensions
Department for Transport,
Department for Children, Schools and Families
HM Revenue and Customs,
Department for the Environment, Fisheries and Rural Affairs
Met Police
Environment Agency
Central Buying Consortium
NHS Purchasing & Supply Agency

Part I – What is grey fleet and why tackle it?
What is grey fleet?
Grey fleet travel refers to mileage in employee-owned vehicles – a grey area, where millions of hidden miles are travelled each year and often overlooked by employers and employees alike.

In the public sector, evidence indicates that grey fleet makes up around 57% of total road mileage. Across the whole of the sector, this could add up to as much as 1.4 billion miles every year!

Why tackle grey fleet?

"We have to do our utmost to push the message that driving for work can, and should, be managed like any other part of the business."

- Road Safety Minister Jim Fitzpatrick

The management of grey fleet travel plays an important part in supporting three key policy areas of health and safety, environmental sustainability and financial efficiency. It is about removing unnecessary mileage and transferring travel to more environmentally efficient and cost effective alternatives like public transport and hire cars, as well as minimizing the risk where employees do use grey fleet for work.

Health & Safety

- Up to one in three road crashes involves a vehicle being driven for work
- Every week, this results in around 200 work-related deaths or serious injuries
- For the majority of people the most dangerous thing they do at work is drive on the public highway
- Over 34% of organisations admitted in a recent survey that they do not have basic procedures for checking the driving licences and insurance of grey fleet drivers.

(Department for Transport, HSE and Arval statistics1)

Managing the duty of care to employees driving for work is a legal requirement, and this includes employees driving their own vehicles for work.

- The Health & Safety at Work Act 1974 states that:

"It shall be the duty of every employer to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all employees."

This means that:

• Both management and employees can be prosecuted for road traffic crashes involving work-related journeys, even when the driver is using their own vehicle