A Conceptual Framework for
Managing CSR Stakeholder Engagement in the
Pharmaceutical Industry

6150 words including references

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ABSTRACT

The ongoing debate surrounding the role of business in society highlights why corporate social responsibility (CSR) remains a key management challenge. One of the most prominent and persistent issues arising is that of the rival claims of stakeholder constituencies and how to manage them, processes which are often referred to as 'stakeholder management' and 'stakeholder engagement'. This paper focuses on the predicament facing CSR managers when attempting to balance the differing interests of various stakeholders in the pharmaceutical industry. A review of the literature in the field of corporate approaches to responsible stakeholder management and its conceptualisation reveals that the topic of stakeholder engagement and its associated contextual factors have been under-researched with regard to this particular industry. To address these gaps, the paper presents qualitative, exploratory research which was obtained via multiple research methods to examine the CSR practices and perceptions of senior executives within major pharmaceutical companies in the UK and Germany. These data are employed to examine and revise a previously published explanatory framework which conceptualises the management steps involved in CSR stakeholder engagement. The resultant revised explanatory framework is the main contribution of this paper. By conceptualising those factors which influence CSR practice, it provides an analytical tool which is designed to be of practical use for decision-makers when managing their stakeholder engagement activities.

INTRODUCTION

The main purpose of this paper is to trace the development of a conceptual framework which is designed to assist business decision-makers when managing corporate social responsibility (CSR) stakeholder engagement in the pharmaceutical industry. In so doing, the paper revisits a preliminary conceptual framework which was proposed and published in 2008 (O'Riordan and Fairbrass 2008) and outlines how the initial conceptualization has been revised and refined as a result of subsequent empirical data collection.

The need for concept building in this field became clearly evident during an extensive review of the previous relevant academic literature. That appraisal revealed a significant lack of theory and empirical data relating to the pharmaceutical industry and stakeholder engagement. More specifically, the management of responsible stakeholder engagement as well as its influencing factors were found to have been under-researched (O'Riordan, 2006; O'Riordan and Fairbrass, 2008; O'Riordan, 2010). This lack of concept-building and research evidence provided compelling motivations for the work outlined in this paper.

Beyond the immediate academic context for the conceptual framework presented in this paper, several catalysts located within the broader environment also provided persuasive reasons to fill the research gaps identified. For example, recent 'scandals' (Carroll and Buchholz, 2009:4; Peters and Roess, 2010:8) involving major companies in industries such as oil and nuclear power as well as developments such as the global economic crisis, have reinforced the need to revisit long-standing questions about the relationships between business and society within a capitalist system (Welford, 1995:114; Fürst and Wieland, 2004; Wagner, 2006; May *et al*, 2007). Crucially, against the general backdrop of these events, public trust in companies and their leaders appears to have generally reached an all-time low (Hond *et al*, 2007; May *et al*, 2007:7; O'Riordan, 2010; Welford *et al*, 2008).

Within the wider economic and political context, the pharmaceutical sector is of particular significance. It is an industrial sector which attracts a great deal of critical stakeholder attention (Miles *et al*, 2002; Baker, 2011). Decision-makers in this industry tend to be especially exposed to critical attention owing to its size and prominence, as well as the 'social' nature of the 'needs' which the business and its products address (O'Riordan and Fairbrass, 2008:746). Significantly, one of the most important tasks facing CSR managers within the pharmaceutical business is that of balancing profit-making with actions designed to save and/or enhance lives. Accordingly, the problems surrounding this industry could be considered to encapsulate more dramatically than most, the very difficult dilemmas faced by business managers when attempting to balance various competing stakeholder interests. Consequently, by focusing on this industry and its particularly complex management challenges, this paper permits an especially revealing study of CSR behaviour in practice (O'Riordan, 2010:2). In focusing on the pharmaceutical industry, the boundaries of the study have been limited to two contrasting European Union (EU) member states: namely, the United Kingdom (UK) and Germany. These two countries were selected because they possess strikingly different historical, political, cultural institutions (Deresky, 2000; Habisch and Jonker, 2005). This approach tests for possible national differences in CSR behaviour which previous literature suggests may exist (Chapple and Moon, 2005; Matten and Moon, 2005).

Having introduced the research topic, the remainder of this paper now unfolds as follows. First, the paper briefly summarises the key relevant academic literature. It then provides an overview of the original conceptualisation. Next the methodology is briefly outlined. The

results[1] of the study are then presented. This forms the basis for revising the original conceptualisation. The two framework versions are then compared. The paper concludes by summarising the overall contribution of this proposal, addressing the limitations of the work and suggesting recommendations for future research.

CONCEPTUALISING CSR MANAGEMENT

An extensive literature review of the field reveals that whilst the general academic literature on topics which are directly related to CSR management such as the relationship between business and society (e.g. Schwartz and Carroll, 2008), business ethics (Crane and Matten, 2010), stakeholder theory (Freeman, 1984), stakeholder engagement (Mitchell *et al*, 1997; Greenwood, 2007), CSR (Carroll, 1979), corporate citizenship (e.g. Maignan and Ferrell, 2000), sustainability (e.g. Hediger, 1999; Lozano, 2010) and the triple bottom line (Elkington, 1999) is vast and continually increasing, past scholarship which precisely explains *how* to manage CSR stakeholder engagement in practice and which exposes the *factors* which influence these practices is rather limited or deficient (Ferrell *et al*, 2008; Crane and Matten, 2010:224). Arguably, the very abundance of the literature on these broad topics may actually compound the uncertainty and confusion among pharmaceutical business decision-makers (e.g. Crane and Matten, 2010:224; O'Riordan, 2010) and lead to a lack of clarity and precision amongst scholars who actively research and theorise in this area of business activity.

Whilst the extant literature includes some valuable contributions, many of these are isolated and fragmented and taken together do not amount to a comprehensive or coherent overview of CSR and stakeholder management (Murray and Vogel, 1997:141; Welford *et al*, 2008; O'Riordan and Fairbrass, 2008; Ferrell *et al*, 2008; Crane and Matten, 2010:224). Several leading authors underline the lack of suitable frameworks or analytical tools with which to systematically analyse the management of CSR and stakeholder engagement (see for example Gray *et al*, 1995; Crane and Matten, 2007:516). The gaps identified triggered the search for a more specific yet comprehensive contribution which could distinguish the essential elements and steps involved in managing CSR. Hence, the conceptual frameworks developed for this paper which are designed to remedy these past deficiencies (O'Riordan, 2010).

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[1] Please note that the conceptual framework presented in this paper was refigured based on evidence which was obtained in separate research (O'Riordan, 2010). If required, that research is available upon specific request by email.

In brief, during the systematic and extensive literature review conducted, a number of important themes emerge as being particularly pertinent (O'Riordan, 2006; O'Riordan and Fairbrass, 2008:365; O'Riordan, 2010:78). They include: 'CSR Drivers/Influencers'; 'Management Responses'; and 'Outcomes'. Each of these main categories can be further disaggregated. For example, the '*CSR drivers/influencers*' category can be sub-divided into three elements: the 'environmental context'; 'given circumstance'; 'people' and 'event'. The '*management response*' category can be interpreted to include aspects such as 'values', 'response alternatives' or 'options'; selection of 'response strategy', the 'CSR communication process' and 'stakeholder engagement/dialogue' as well as 'public relations', and 'control indicators'. Finally, the '*outcomes*' category covers issues such as 'credibility', 'corporate identity' and 'social impact' (O'Riordan, 2010:78-81). Having summarised the key findings in relation to the academic literature review, the next section now discusses the preliminary explanatory framework which was developed in response to the gaps identified in the extant literature.

ORIGINAL CONCEPTUAL FRAMEWORK

In light of the weaknesses highlighted in the past scholarship above, a new explanatory conceptual framework was developed (O'Riordan, 2006; O'Riordan and Fairbrass, 2008; O'Riordan, 2010). The objective was to design a framework which could be used to examine the CSR practices found within the pharmaceutical industry by representing the core influencing factors involved in the management process as well as the main strategic management steps undertaken by business managers. Figure 1 sets out the conceptual framework diagrammatically.

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This conceptualisation identifies a series of four connected domains. These depict both the operating landscape and the determinants of stakeholder power (e.g. Pfeffer and Salancik, 1978; Porter, 1985, Fraser and Zarkada-Fraser, 2003) which require consideration when devising CSR strategy and stakeholder engagement activities. The contention in constructing a structured, systematic and comprehensive approach to CSR stakeholder engagement, is that these four domains require particular consideration. The specific elements of this explanatory

framework were selected for their merit in achieving a broad-ranging coverage of the issues which CSR decision-makers may encounter when attempting to manage their CSR stakeholder engagement activities (see O'Riordan, 2010:53-96). In essence, this original framework was designed to set the scene for the entire CSR management process.

To develop these points, each of the four components are now examined in further detail. The first element, labelled '*context*', addresses the external environment in which firms and their stakeholders operate. The second element focuses on the nature of '*stakeholders*' themselves and their various (potentially conflicting) interests. This highlights the management process of the identification of stakeholders and their expectations (Mitchell *et al,* 1997; Frooman, 1999). The third element addresses the significance of a particular '*event*' such as a serious health issue in a poverty-stricken region. This suggests that regardless of the favourable or unfavourable contexts and the particular actors involved, a specific event could trigger CSR issues. The fourth element concentrates on the potential or actual '*management response*' within the operating context of the other factors or determinants. Since this framework is designed to be of practical use in CSR management, this element is more explicitly depicted as a two-phase process comprising the five strategic management steps which include 'values', 'alternatives', 'strategy', 'implement/control', and 'output'. Clearly, these components are not mutually exclusive. Rather, they interdependently and cumulatively relate to one another.

In summary, by depicting the key elements which require attention when managing their CSR stakeholder engagement activities, the original framework is useful because it builds on the previously available literature (O'Riordan, 2006; O'Riordan and Fairbrass, 2008). However, although the original conceptualisation addressed many of the gaps which were identified in past scholarship, it was itself limited because it was based exclusively on desk research. Accordingly, this conceptualisation required empirical testing. Subsequently, research was conducted to gather detailed evidence about these processes and relationships (O'Riordan, 2010). The next section now turns to examine the research methodology employed during the data collection phase of that work.

METHODOLOGY

The knowledge gaps detected above highlight the need to examine more precisely how decision makers in the pharmaceutical sector in the UK and Germany manage their CSR stakeholder engagement activities in day-to-day practice and what perceptions and other factors influence these practices (O'Riordan, 2010:7). To remedy these deficiencies, the empirical research undertaken that underpins this paper entailed a primarily qualitative study of senior business executives in major pharmaceutical companies in the UK and Germany (O'Riordan, 2010).

More specifically, a comparative research approach using a case-study strategy which employed mixed methodologies was used. The data were collected between 2005 and 2008 via documentary analysis of thirty-eight company websites and reports, a telephone survey which generated forty-six completed questionnaires, observation of the CSR stakeholder engagement practices of one hundred and forty-two pharmaceutical companies, and eighteen in-depth interviews. A major strength of this research design is the use of different methods which allow the capture of diverse evidence. Such triangulation assists in establishing rich data with greater trustworthiness (Robson 2004). The robust data obtained concerning the opinions and behaviour of the business managers help to identify CSR stakeholder engagement practices and to explain the factors which influence them.

As part of the data analysis, six codes were identified. They include 'terminology', 'stakeholders', 'communication/dialogue', 'organisation/ governance', 'projects/activities', and 'expectations'. These codes were chosen because the literature review had indicated that they may be particularly salient in CSR practice. The findings which resulted from that research crucially provide the basis from which to explore, examine, update, and thereby improve the original conceptual framework (see Figure 1) which was built from secondary data as one of the preliminary phases in the research (O'Riordan, 2006, O'Riordan and Fairbrass, 2008).

In this regard, a key aim of the empirical research was to collect data to more clearly establish three specific points with respect to that original conceptualisation. First, its value amongst the business managers in every-day CSR management. Second, the relevance and accuracy of the original framework's components (i.e. whether the four elements and their sub-elements in this framework precisely describe and explain CSR practice as well as the nature of their

potential relationships), and third, how the original framework could be improved (O'Riordan, 2010:380-3). This ultimately facilitates the development of the new explanatory framework which is the main contribution of this paper and is outlined in a subsequent section of the paper.

FINDINGS

The findings point to three crucial factors in stakeholder management for business managers working in the pharmaceutical industry in the UK and Germany. First, the business managers perceive that stakeholders have *negative perceptions* of the pharmaceutical industry. Second, the evidence suggests that there may be *misalignment* between stated company *values* (mindset) and *actual CSR practices/policies* within the management process. Third, and most importantly, the findings reveal management *uncertainty* due to operational complexity and stakeholder stance/reaction. Significantly, this leads to a general lack of clarity about how to most effectively manage CSR, particularly in terms of how to *scope* and *define* CSR, how to *measure* the costs and benefits of CSR, and (consequently) how to manage the CSR process (O'Riordan, 2010).

In general, within the context of this operating environment, the in-depth interviews crucially provided opinions from many respondents which confirm the practical relevance of conceptualising the complex interactive setting and stages of CSR management as an integrated process. While the empirical research implied that the original framework is generally useful, some respondents proposed suggestions for its improvement. Significantly, this included recommendations about how to improve the practical applicability of the conceptualisation in day-to-day operational management, and advice which proposed re-labelling, re-arranging and reclassifying some of the elements. Most importantly, the in-depth interviews furnished data which exposes two salient issues in stakeholder management. These trigger the requirement to expand the framework both to include new aspects which could help managers *to define CSR more clearly within complex global operating contexts*, and to address the matter of *the company's internal evolutionary stage of CSR development*.

In summary, the findings reveal that the CSR concepts and the resulting CSR stakeholder engagement practices adopted by the selected sample with respect to the six evaluation codes 'terminology', 'stakeholders', 'communication/dialogue', 'organisation/governance', 'projects/activities', and 'expectations' are diverse, inter-active, and dynamic. They suggest

that CSR business practice is potentially determined by a range of *internal* and *external* *contextual factors*. The evidence also indicates that CSR stakeholder engagement responses are still *evolving* as their interest groups' *expectations* continue to alter.

The data which were collected and summarised above help to describe and explain CSR practice. Importantly, they also assists in re-appraising the merits of the original framework (O'Riordan, 2006; O' Riordan and Fairbrass, 2008) which, as a result, demands considerable alteration both in appearance and substance. Crucially, the findings expose not only *why* the original framework requires revision but, more importantly, specifically *how* it can be improved (O'Riordan, 2010:341-50). In summary, the fresh empirical evidence reveals three specific aspects which trigger the need to alter some of the elements and improve the level of detail of the original framework. These aspects include the *uncertainty* identified regarding how to most optimally *communicate* and organise CSR practice, calls for *improved* *sustainability* in the current CSR approach (i.e. practices which are better aligned to overall principles at operational level), and the evidence which suggests that the target group could *manage* their response more *effectively* (for instance to better leverage the CSR stakeholder engagement as a differentiating factor). The next section now addresses the revised analytical framework.

THE REVISED CONCEPTUAL FRAMEWORK

As a result of the empirical research conducted, it became apparent that the original framework would need to be modified. The amended version is shown in Figure 2. This revised conceptual framework is the main contribution of this paper. By examining the reported opinions of senior pharmaceutical managers in the UK and Germany, the paper contributes to the literature on corporate approaches to CSR stakeholder engagement in the pharmaceutical industry in both countries. In doing so, it addresses many of the knowledge gaps, management challenges, and the issues revealed in empirical evidence which were identified earlier in this paper.

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The new explanatory framework comprises a series of the four inter-related, interactive, synergic elements. These include 'context', 'choice', 'calculation' and 'communication'. This conceptualisation is designed to more accurately depict how decision-makers in the

pharmaceutical industry in the UK and Germany manage their CSR stakeholder engagement activities.

The Components

The new conceptualisation proposes that the company operates within the '*context*' of a macro and micro operating environment. The *macro*-environment includes the complete societal context in which the organisation resides. The *micro*-environment comprises the firm's closer operating environment such as the industry sector in which it undertakes its business activities (Carroll and Buchholz, 2009). From a micro-perspective of the firm, the concepts proposed in stakeholder theory (Freeman, 1984) suggest that investing time and other resources in addressing stakeholders' interests is a rational managerial activity. In this regard, Figure 2 highlights how the stakeholders within society both interface and interact with one another.

Within the context of the key relationship attributes which Mitchell *et al* (1997:854) suggest are likely to determine stakeholders' salience (i.e. power-dependency, legitimacy and urgency of claim relationship), managers make '*choices*' about how to balance their stakeholders' frequently varying and conflicting interests (e.g. Hill and Jones, 2007:374-7). However, current managerial perceptions indicate the need for improvement in the way decision-makers currently consider the *equitable reciprocation* (i.e. the overall impact) of their business investments. This approach builds on social exchange theory which views *relationships* as social entities within the context of a social structure (Granovetter, 1985) in which firms are interdependent and rely on reciprocation (Blau, 1964; Donaldson and O'Toole, 2007:29). Significantly, this perspective constitutes the basis for creating shared value (Porter and Kramer, 2011). This form of social/relational exchange concentrates on the relationship and the interaction between the parties in that affiliation rather than on the transaction (e.g. Håkansson, 1982; Ford, 1990). This theory both accepts the self-interest motivation of the parties within the relationship *and* crucially recognises that in this exchange, the overall best interest is achieved when actors behave equitably and in the best interests of the partnership (e.g. Smith, 1776; O'Riordan, 2010:353).

The revised framework suggests that if decision-makers were to follow the approach proposed in the new framework based on this social/relational exchange theory, that better (i.e. more *enduring*) stakeholder relationships might be achieved. Significantly, this requires a

considerable change from the traditional managerial *mindset* which is essentially equipped with economic/financial tools for measuring business impact based on agency theory (e.g. Eisenhardt, 1989; Donaldson and O'Toole, 2007:21-36). Nevertheless, precisely because economic *results* play a key role in the relationship between business and society, the new framework focuses on the need for CSR managers to '*calculate'* the expected outcome of their CSR stakeholder engagement activities. Crucially, this calculation adopts a *triple bottom line perspective* as a pre-requisite for generating sustainable business development (e.g. Elkington, 1999). This focuses on the *synergies* which can be achieved from business activities which most optimally benefit (impact) both the business and society (e.g. Porter and Kramer, 2006 & 2011). Within this approach, a company's economic success realistically features as a significant aspect of responsible behaviour. This approach rationally presumes that profits first have to be generated before they can be distributed. Ultimately, in order to demonstrate the *credibility* which is increasingly demanded of them by society (e.g. Bertelsmann Stiftung, 2007), consideration of these elements may help companies to 'capture' a more comprehensive understanding of the impact of their core business activities in the environment in which they operate. The new framework suggests that only after these aspects have first been thoroughly examined, planned and implemented, should '*communication'* of CSR activities be undertaken.

To more explicitly demonstrate its practical value, Figure 3 graphically depicts each of the four inter-linked management components in greater detail.

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Similar to the original version, this framework is designed to be worked through in a series of separate but inter-linked phases. This allows business executives to methodically and systematically manage the entire CSR stakeholder engagement decision-making process in one comprehensive, all-inclusive, structured approach (O'Riordan and Fairbrass, 2008; O'Riordan, 2010:354).

Additional elements

Significantly, the '*context'* element now incorporates some fresh insights which were identified regarding the factors which influence CSR behaviour. In this regard, the empirical research confirms the salience of two particularly relevant aspects in CSR management

identified in the literature review. These include first, how the firm defines and positions itself in its external environment, and second, the nature of company's internal CSR development (or evolutionary) stage. To elaborate, figures 4 and 5 below propose two new supplementary conceptualisations which more clearly depict the conditional determinants of CSR practice within the context the firm's external and internal operating environment.

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Figure 4 highlights the importance of contrasting external operating environments. It divides business behaviour into three categories. These include a base-line aspect which involves 'adhering to the law', and a voluntary response which is focused either on a 'business return' or an 'altruistic' response. Its inclusion is triggered by findings which revealed how *national differences* generate *challenges* which may complicate CSR stakeholder management at the local or regional operating level. More significantly however, these differences potentially offer CSR differentiation *opportunities*, which, when managed effectively, could present new effective routes to CSR stakeholder engagement (O'Riordan, 2010:364-70).

The second additional conceptualisation is depicted in Figure 5 below. By classifying CSR behaviour into four evolutionary stages, it more specifically examines the *internal* effect of the company's evolutionary stage of CSR development on how CSR stakeholder responses are managed.

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The internal evolutionary stages illustrated in Figure 5 above comprise a basic 'law abiders' group, 'parrots' who mainly speak empty rhetoric, 'innovators' who critically question their role in society and thereby attempt to undertake responsible CSR, and lastly 'accountable companies'. This analysis was prompted by findings which suggest that a lack of alignment between the company's stated values/principles and its CSR operational policies and programmes (practices) (e.g. Gouldson, 2002) negatively impacts on stakeholder engagement. Significantly, this new conceptualisation contributes by demonstrating the possible variations in CSR development levels within the same company (e.g. at different affiliates) and/or between different companies. In doing so, these frameworks expand on past scholarship (e.g. Carroll, 1979:499 & 502; Freeman, 1984; L'Etang, 1995; Murray and Vogel, 1997:142; Matten and Moon, 2008; Porter and Kramer, 2006 & 2011).

THE TWO FRAMEWORKS COMPARED

The new framework differs both in appearance and substance from the original version. The modifications are based on the feedback received from the business managers interviewed. Most significantly, the research findings point to a more transparent identification of the relevant components and a clearer explanation of the inter-relationships between the original components.

To elaborate, with the exception of the '*context*' element (see Figure 3), the new framework varies considerably from the original version. Nevertheless, the '*context*' element has also been altered to now more clearly differentiate between macro and micro contextual factors. As a result, the new framework improves on the original version by now placing more emphasis on influence of both the external and internal operating environments as conditional determining factors in the management of CSR stakeholder engagement. These were depicted in two new supplementary conceptualisations which are explained in greater detail in Figures 4 and 5.

The second element of the new conceptualisation i.e. the '*choice*' element (see Figure 3), is new in appearance and positioning. It partly replaces the two 'CSR process phases' of the original conceptualisation (namely 'alternatives' and 'strategy'). In doing so, it portrays how (within their operating context) CSR decision-makers are required to take decisions concerning three particularly salient aspects of CSR practice. Essentially, this element has been informed by the insights which were gleaned from the empirical data concerning the codes 'stakeholder prioritisation', 'organisation', and 'projects/activities' regarding CSR practices in both the UK and Germany, as well as their influencing factors.

The '*calculation*' element (see Figure 3) is reclassified in this new framework to increase its importance from its original position as part of the implementation phase of the CSR process under the original heading 'output'. This new component has been developed from the insights obtained under the 'expectations' code (O'Riordan, 2010:206, 263 & 331).

The '*communication*' element (see Figure 3) has been reclassified in this revised framework because of the evidence which indicated its significance in CSR practice. This finding is supported by secondary data (e.g. ISO, 2010:73). Accordingly, the new framework elevates

this element's importance to acknowledge its key role in the management of CSR stakeholder engagement. It has now been upgraded from its original position as part of the implementation phase of the CSR process in the first version. Significantly, the in-depth interview evidence reveals the requirement not only for a new positioning of this element, it also highlights the need to communicate both inputs (e.g. CSR expenditure and other resources) and more importantly outputs (e.g. alleviation of social need or illness, or improvement in the quality of life). This element derives from the findings with respect to the codes 'communication', 'stakeholders', 'organisation', and 'projects' (O'Riordan, 2010).

In summary, these new aspects explain how the revised conceptualisation improves on the original prototype which was developed exclusively from secondary data. Arguably, it now more clearly represents those aspects of CSR stakeholder management which have been identified as salient in empirical research by senior business managers in this field.

CONCLUSIONS

By presenting robust triangulated empirical evidence to examine, test, and improve an original version of an explanatory framework, this paper has confirmed the value of conceptualising CSR and identified where alteration is required. In doing so, the paper furnishes important data with respect to how decision-makers in the pharmaceutical industry in the UK and Germany interpret and practice CSR. The new conceptualisation proposes a comprehensive, systematic, integrated, and long-term approach to stakeholder engagement which focuses on improving business credibility in society (both to its internal and to its external interest groups). Given the legitimacy crisis caused by the recent global financial turmoil, this work presents a timely contribution to the re-kindled debate concerning the interdependency between modern business and society within a capitalist system (Welford, 1995:114; Fürst and Wieland, 2004; Wagner, 2006; May *et al*, 2007; O'Riordan, 2010:3; Porter and Kramer, 2011).

The revised framework is designed to provide specific and practical guidance to CSR decision-makers in the pharmaceutical industry which could help them to more systematically respond to the challenge of balancing their triple bottom-line responsibilities to their stakeholders in society (e.g. Hahn, 2009). When employed in tandem with other conceptualisations (such as the new ISO 26000 guideline), the new framework could offer the target group one feasible approach for putting CSR into practice. This could help to improve

this industry's overall accountability by integrating their stakeholder network responsibilities (*context*) into the business *choices* and *calculations* they make to ultimately improve both the way they *practice CSR* as well as their *communication* of that engagement.

Overall, the research and the frameworks proposed here contribute to both the academic literature and CSR management for the target group in three ways. First, the research helps to fill significant gaps in an area which was previously under-investigated in the academic literature by providing fresh, rich, empirical data with respect to the CSR practices in this industry. Second, it enhances the academic literature by conducting a comparison of the CSR practices in two countries and confirms some of the differences that were alluded to in past scholarship. Third, and most significantly, by providing a clearer understanding of the key elements involved when responding to its stakeholders, the new conceptual framework assists in identifying a more optimal approach to effective CSR stakeholder engagement. Consequently, if used wisely, the revised analytical tool for managing CSR proposed in this paper could potentially help to improve the effectiveness of CSR management in the pharmaceutical industry.

Whilst the research undertaken which underpins this paper was limited to examining CSR stakeholder engagement activities from the perspective of internal pharmaceutical company agents only, it can be viewed as a starting point for new research which could expand the scope of this work in two possible ways. First, future research in this field could be broadened to embrace the opinions of further stakeholders to qualify the internal validity of this work. For example, further research could be developed to include surveys, focus groups, or in-depth interviews with lower level company employees or external stakeholders such as the media, non-governmental organisations, sections of the general public, and other relevant groups. Second, additional work on different industries (e.g. extraction) and/or countries could help to establish external validity. Finally, because the linkages suggested in the new framework are new, all of the conceptualisations presented in this paper require further testing.
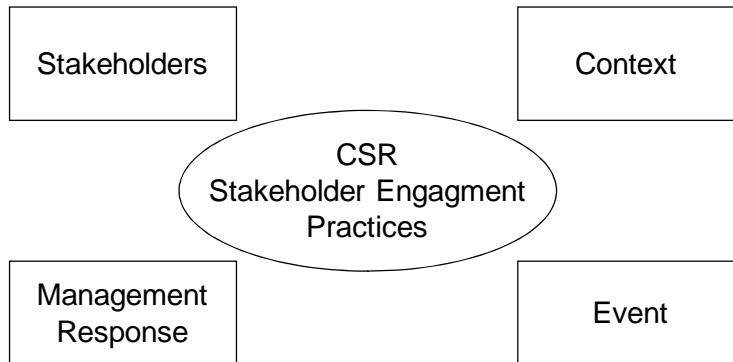
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┌─────────────────┐                    ┌─────────────────┐
│  Stakeholders   │                    │     Context     │
└─────────────────┘                    └─────────────────┘
            ╭───────────────────────────╮
            │          CSR              │
            │  Stakeholder Engagment    │
            │       Practices           │
            ╰───────────────────────────╯
┌─────────────────┐                    ┌─────────────────┐
│   Management    │                    │     Event       │
│    Response     │                    │                 │
└─────────────────┘                    └─────────────────┘
```

Management Response:
Phases & Steps of the CSR Process:

Phase 1: CSR Strategy Development   **Phase 2: Implementation**

| Values | Alternatives | Strategy | Implement/Control | Output |

•Vision/Mision
•Objectives
•Scope

•Stakeholderpriorities
•Causes supported
•Methods of support
•Practices/Policies

•Selection
•Combination
•Based on
　　•Value
　　•Fit

•Communicate
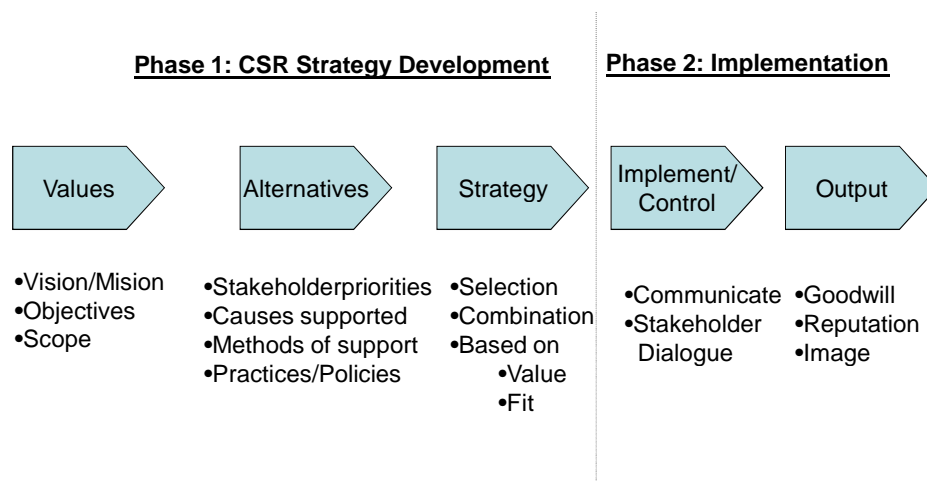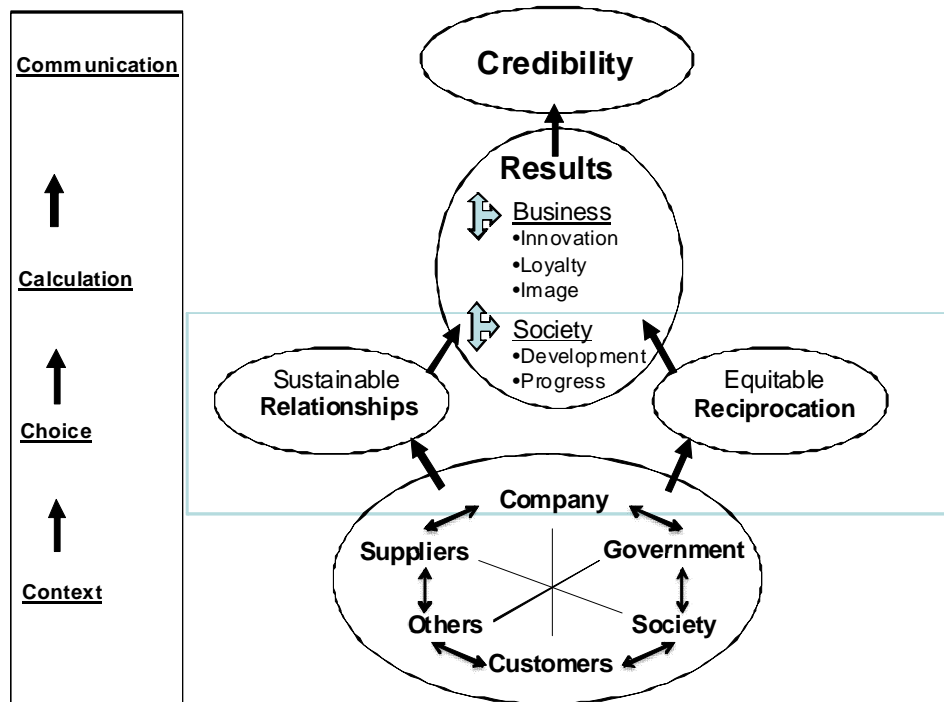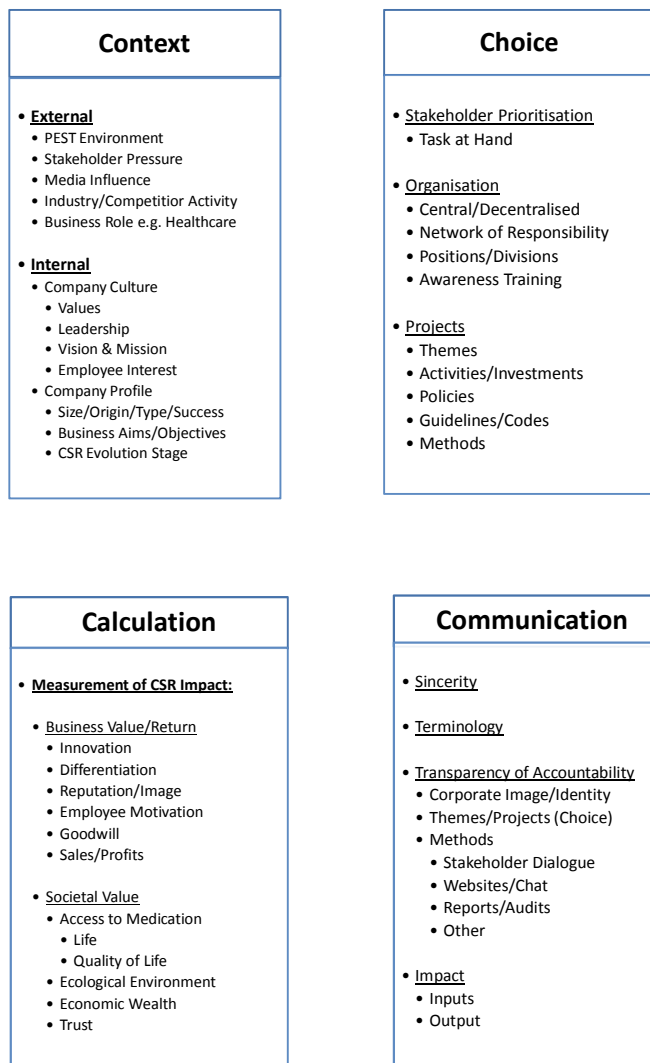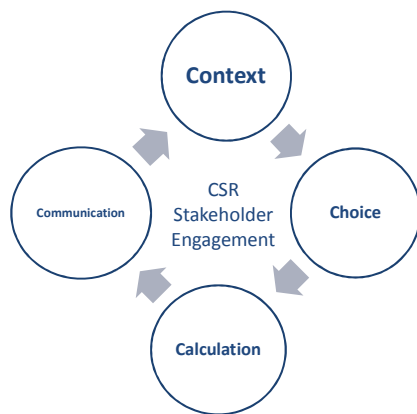•Stakeholder
　Dialogue

•Goodwill
•Reputation
•Image

Figure 1 Original Explanatory Framework Proposal

*Source*: O'Riordan (2006); O'Riordan and Fairbrass (2008).

Source: O'Riordan, 2010:352

Figure 2   New Updated Explanatory Framework Proposal

Context

- **External**
  - PEST Environment
  - Stakeholder Pressure
  - Media Influence
  - Industry/Competitior Activity
  - Business Role e.g. Healthcare

- **Internal**
  - Company Culture
    - Values
    - Leadership
    - Vision & Mission
    - Employee Interest
  - Company Profile
    - Size/Origin/Type/Success
    - Business Aims/Objectives
    - CSR Evolution Stage

Choice

- Stakeholder Prioritisation
  - Task at Hand

- Organisation
  - Central/Decentralised
  - Network of Responsibility
  - Positions/Divisions
  - Awareness Training

- Projects
  - Themes
  - Activities/Investments
  - Policies
  - Guidelines/Codes
  - Methods

Calculation

- **Measurement of CSR Impact:**

- Business Value/Return
  - Innovation
  - Differentiation
  - Reputation/Image
  - Employee Motivation
  - Goodwill
  - Sales/Profits

- Societal Value
  - Access to Medication
    - Life
    - Quality of Life
  - Ecological Environment
  - Economic Wealth
  - Trust

Communication

- Sincerity

- Terminology

- Transparency of Accountability
  - Corporate Image/Identity
  - Themes/Projects (Choice)
  - Methods
    - Stakeholder Dialogue
    - Websites/Chat
    - Reports/Audits
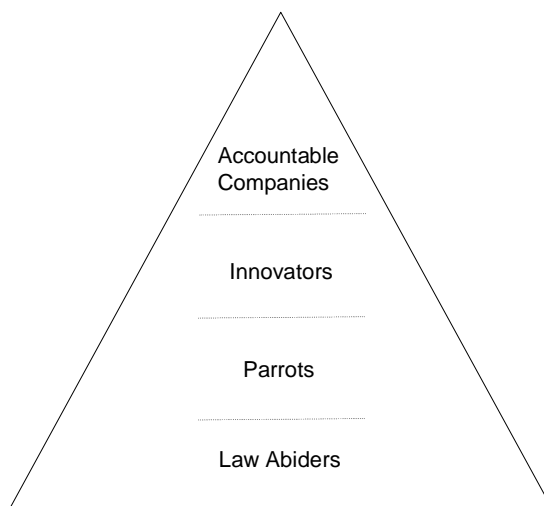   - Other

- Impact
  - Inputs
  - Output

Source: O'Riordan, 2011:358-62

Figure 3   New Updated Explanatory Framework Proposal in detail
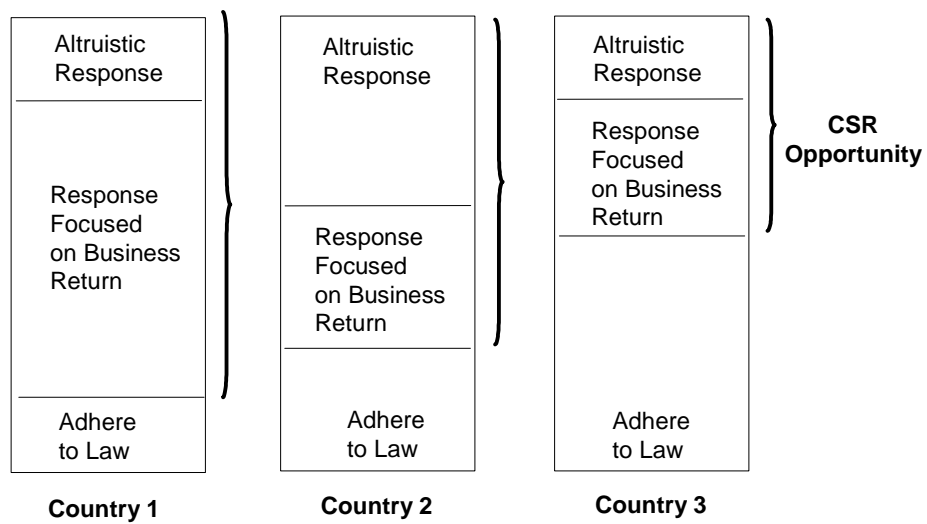
Source: O'Riordan, 2010:366

Figure 4   Country Variations – Three Classifications of CSR

Source: Author

Source: O'Riordan, 2010:371

Figure 5   Evolutionary Stages of CSR Company Behaviour