From Informal Initiatives to Formal Strategies: The Role of Stakeholders in CSR Strategy Formation of a Large Media Corporation in Brazil

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A thesis presented to the University of Western Sydney in partial fulfillment of the requirements for the degree of Doctor of Philosophy

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2010
Dedication

To my wife Lara, my son Lorenzo

and

my parents Fernando and Izabel
Acknowledgements

My most sincere thanks go to my supervisor Fernanda Duarte, who not only opened the door to me for this PhD, but also provided guidance along with mastery, patience and encouragement. Without her personal support I would never have been able to complete this research.

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STATEMENT OF AUTHENTICATION

The work presented in this thesis is, to the best of my knowledge and belief, original except as acknowledged in the text. I hereby declare that I have not submitted this material, either in full or in part, for a degree at this or any other institution.

Marcio Milleto Mostardeiro
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## Abbreviations

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<td>ABNT</td>
<td>Brazilian Association for Technical Norms (in Portuguese, Associacao Brasileira de Normas Tecnicas)</td>
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<td>ADCE</td>
<td>Association of Christian Company Leaders (in Portuguese, Associacao de Dirigentes Cristaos de Empresas)</td>
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<tr>
<td>ASX</td>
<td>Australian Stock Exchange</td>
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<tr>
<td>BCG</td>
<td>Boston Consulting Group</td>
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<tr>
<td>CEDICA</td>
<td>State Council on Children and Adolescents’ Rights</td>
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<td>CFP</td>
<td>Corporate Financial Performance</td>
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<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>EPA</td>
<td>Environmental Protection Agency</td>
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<tr>
<td>FIDES</td>
<td>Foundation for the Development of Business and Society (in Portuguese, Fundacao Instituto de Desenvolvimento para o Desenvolvimento Empresarial e Social)</td>
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<tr>
<td>FIEMG</td>
<td>Federation of Industries of Minas Gerais State (in Portuguese, Federacao das Industrias do Estado de Minas Gerais)</td>
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<tr>
<td>FIERGS</td>
<td>Federation of Industries of Rio Grande do Sul State (in Portuguese, Federacao das Industrias do Estado do Rio Grande do Sul)</td>
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<tr>
<td>FIESP</td>
<td>Federation of Industries of Sao Paulo State (in Portuguese, Federacao das Industrias do Estado de Sao Paulo)</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>FIRJAN</td>
<td>Federation of Industries of Rio de Janeiro State (in Portuguese, Federacao das Industrias do Estado do Rio de Janeiro)</td>
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<tr>
<td>GIFE</td>
<td>Group of Institutes, Foundations and Enterprises (in Portuguese, Grupo de Fundacoes e Empresas)</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>IBASE</td>
<td>The Brazilian Institute of Social and Economic Analyses (in Portuguese, Instituto Brasileiro de Analises Sociais e Economicas)</td>
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<tr>
<td>IBOPE</td>
<td>Brazilian Institute of Public Opinion and Statistics</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<tr>
<td>IPEA</td>
<td>Institute of Economic Applied Research (in Portuguese, Instituto de Politica Economica Aplicada)</td>
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<tr>
<td>ISO</td>
<td>International Organization for Standardization</td>
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<tr>
<td>MNC</td>
<td>Multinational Corporations</td>
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<td>NFB</td>
<td>National Film Board of Canada</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organisation</td>
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<tr>
<td>OIT</td>
<td>International Labour Organization (in Portuguese, Organizacao Internacional do Trabalho)</td>
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<tr>
<td>PEST</td>
<td>Political, Economic, Social and Technological environmental forces</td>
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<td>PT</td>
<td>Worker’s Party (in Portuguese, Partido dos Trabalhadores)</td>
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<td>RBV</td>
<td>Resource Based View</td>
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<td>Acronym</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>SA8000</td>
<td>Social Accountability 8000</td>
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<tr>
<td>SBT</td>
<td>Brazilian Television System (in Portuguese, Sistema Brasileiro de Televisao)</td>
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<td>SIS</td>
<td>Swedish Standards Institute</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>SNI</td>
<td>National Information Agency (in Portuguese, Servico Nacional de Informacoes)</td>
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<td>UNDP</td>
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CHAPTER 1: CONTEXTUALISING THE THESIS

1.1 Introduction

The current chapter provides the reader with a brief overview of the thesis. It begins by framing the background to the study, and then outlines the research problem, at which point research questions are posed. This is followed by the justification for the research, after which methodological aspects are explained. Finally, the boundaries of the research are established and an outline of the thesis is examined, with a brief summary of the contents of each chapter.

1.2 Background to the research

Over the past four decades, a number of important events have considerably changed the dynamics of the world in which we live. Economic globalisation, the growing role of NGOs in modern societies, and the consolidation of democracies in underdeveloped countries, among other factors, are reconfiguring conventional business strategies. The growing interaction between organisations and society has demanded specific strategies from corporations to deal with this emerging phenomenon. Corporate Social Responsibility (CSR) is a response to these demands. CSR is becoming increasingly important to enhance and maintain ‘reputational capital’ (Harrison 2001; Brumback 2005), charge premium prices (Ven & Jeurissen 2005, p.302), and keep the social contract (Dunfee 1991; Sama & Shoaf 2005; Moir 2001; Sethi 1975). Nevertheless, CSR strategies have only recently started to be incorporated into the core of corporate strategies, which represents an extraordinary opportunity for investigation.

The growing interest by academics and practitioners in CSR reflects the debate in society about the role played by major corporations in reducing their externalities. This is also reflected in the increasing public awareness of corporate misconduct resulting from media exposure of cases such as Enron, Worldcom, Nike, Parmalat, and Barings Bank, to name a few. It is well known that nowadays, strategic corporate decisions may potentially affect the lives of millions of people, and multiple stakeholders. The case of HIH (Duarte 2006) in Australia is illustrative of how private decisions can damage hundreds of thousands of customers and ruin their financial futures. Such cases have prompted demands for greater
public accountability and socially responsible behaviour in the corporate sphere. Concerned about their image, corporations have been including socially responsible precepts when developing strategies. For example, some companies have developed clear CSR principles that are expressed in their day-to-day operations, such as building ties with local communities, or reassuring customers and society in general that their operations are child labour free and environmentally friendly.

Because this research was undertaken in Brazil, the particular context of the country itself adds interesting contours to this reflection. The country of Brazil, which has historically high levels of poverty and income inequalities, combined with a recently consolidated democratic regime, and a strong economic base, offers a unique blend of characteristics from which to study the evolution of CSR strategy patterns over time. Environmental events\(^1\) such as the influence of NGOs, the debate over children’s and adolescents’ rights, and striking economic crises, have shaped the landscape of many socially oriented business organisations regarding their social contract (Dunfee 1991).

In such a complex environment, the involvement of companies with social issues has become more frequent. For example, an extensive survey conducted by a federal government agency called Instituto de Pesquisa Economica Aplicada (IPEA 2006), shows that in 2004, 69% of Brazilian businesses engaged in some kind of social action, a 10% increase over the same research in 2000. Following the increasing attention of Brazilian customers on CSR issues (Instituto Ethos 2005), corporations have been avidly migrating from a philanthropic traditional perspective to a growingly CSR strategic posture.

In many cases, CSR strategy consolidation is not a phenomenon easily carried out. For example, internal political disputes, external economic influences, and unpredictable events were some of the influences identified in this research as having exerted important pressure over the media organisation studied, the fictitiously named ‘Mediacom’. On this basis, emergent strategy theory appears to offer a suitable theoretical framework to describe the process through which informal CSR strategic patterns gain consistency over time, and are shaped, recognised and formalised by managers. Mintzberg and Waters (1985) see strategy as a pattern, a consistency in behaviour, whether intended or not. Like Burgelman (1983), Mintzberg (1994) acknowledges that this pattern can emerge from both formal and informal processes. That is, strategies can be formulated by top management, but can also be pursued

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\(^1\) In this thesis, environmental events are the set of macroenvironmental (economic, social and political), organisational, and individual events which in some way affected Mediacom’s CSR strategy formation process.
and realised in a completely unplanned way by organisational actors. Echoing Burgelman’s (1983) notions of induced and autonomous strategy, Mintzberg and Waters (1985) call these two types of strategy deliberate and emergent. The first type refers to a pattern of action that follows a plan, or is recognised by the organisation, which then formalises it in a sequence of well-defined steps. By contrast, emergent strategies are products of an unplanned strategy formation process shaped by actions converging into a certain pattern with no clear intention. As will be seen later, the concepts of emergence and deliberateness are vital in this investigation.

The process of CSR strategy formalisation is not made without the interference of several organisational and individual actors, who might exert intentional or involuntary influence on such a strategy. In addition to strategy emergence and CSR studies, stakeholder theory arises as another key framework through which to explain the evolutionary process of CSR strategy. This theory emphasises the very important role of companies in balancing the different interests of groups such as employees, customers, community, government, and shareholders. Stakeholder theory is also a growing field of study that has been linked to very different areas of management, from power relations to strategy. In the past ten years, authors like Frooman (1999), Frooman and Murrell (2005), Rodgers and Gago (2004), Hendry (2005), and Miles et al. (2006) investigated the various strategies used by stakeholders to make companies behave according to their interest, such as pressing a retailer to ban genetically modified food from its shelves, or to cease buying beef raised in Central American rainforests.

As can be observed, the process of building a CSR strategy can be far more complex than those utilised in formal strategic planning workshops that are held once a year, where top managers meet to ‘think’ their companies. A strategy can take many years to be formed, from its initial stages up to its formalisation. Moreover, this can be an unpredictable process, subject to the influence of stakeholders that want the company to act according to their interests. Thus, a key aspect to be analysed in this research is the understanding of how strategies of a new field, that is, CSR, emerge over time, are influenced by stakeholders, and finally formalised by corporations.

A more thorough investigation of the theoretical background to this research will be developed in Chapter 3, the literature review.
1.3 Research problem

The literature on strategy emergence, which dates as far back as 1959 with Charles Lindblom’s article Muddling Through, was only consolidated in the 1980s and 1990s, with major contributions coming from scholars such as Bower and Doz (1979), Quinn (1981), Burgelman (1983), Pascale (1984), Mintzberg (1985, 1994), and Mintzberg and Lampel (1999). In general, all these scholars suggest that strategies might be developed in an unplanned and intuitive manner, rather than artificially created through prescriptive and extrapolative techniques used in strategic planning workshops. While these contributions offer a good panorama of strategy formation process, important aspects still lack clarification.

For example, although early studies in strategy formation have been mostly focused on the evolution of a particular strategy pattern over time, little attention has been drawn to an in-depth view of its determinants, especially in relation to functional strategies. The importance of these triggers is highlighted by Mintzberg (1994), who understands that many unexpected events, such as competitors’ reactions, or economic, legal and technological changes, can affect a strategy. From a stakeholder perspective, Post et al. (2002, p.15) also recognise that ‘most companies operate in a swirl of social, economic, technological, and political change that produces both opportunities and threats’. These opportunities and threats impact the evolution of strategy patterns by shaping individual and organisational actors’ attitudes towards the company, and leading such strategy into particular configurations over time. In the same vein, Booth and Segon (2008) suggest that stakeholder considerations are a prominent component of strategy formation process, thus highlighting the role of organisational actors in shaping strategies.

Thus, while scholars do recognise the importance of environmental events and stakeholders as an integral part of the organisational strategy scenario, there have been no further investigations on the impact triggered by them. On this basis, a thorough understanding and characterisation of the influence that events and stakeholders exert on a specific strategy seems to be an essential pre-condition for developing a more comprehensive perspective of the strategy process.

Having introduced the background of the investigation, this thesis will then examine the role stakeholders exerted in shaping Mediacom’s CSR strategy over time, from realised initiatives into formalised strategic plans. The research questions posed in this thesis are as follows:
Research question one: Who are Mediacom stakeholders?
Research question two: How do stakeholders influence the CSR strategy formation process?
Research question three: How does the process of formalisation occur?

As will be seen later, the research questions are not independent from each other, but rather are integrated and interconnected. Hence, research question 1, which aims to identify stakeholders who influenced Mediacom’s CSR strategy, is essential to addressing research question 2, which in turn provides theoretical support to research question 3. These questions will be fully discussed in Chapters 5 (Findings) and 6 (Conclusions).

1.4 Justification of the research

This research is justified from the following viewpoints:

1. As mentioned in the previous section, the study explores a new approach to the study of strategy formation, that is, the focus on its triggers, more specifically on the system of influence formed by environmental events and stakeholders. Whilst strategy formation is an important perspective within the strategy field, it should be acknowledged that it still needs better clarification regarding key aspects. Moving the ‘centre of gravity’ of strategy formation studies from the process to its determinants is thus an important new angle of investigation, which can complement the existing body of knowledge in the field.

2. Drawing on the first point, it is proposed that stakeholders are influential in the development of strategy formation. While stakeholder theory has been widely studied from the management viewpoint (Freeman 1984; Mitchell et al. 1997), its application in the strategy field is more limited (Frooman 1999; Frooman & Murrell 2005; Booth & Segon 2008), which represents an opportunity to expand the knowledge in both areas.

3. The research offers the opportunity to bridge the gap between theoretical and empirical investigations in strategy formation studies. Although strategy emergence has considerable theoretical support, it still lacks empirical investigations. This research therefore contributes to both sides of research practice by providing new
theoretical elements, as well as practical applications, which result in more consistent propositions.

4. This investigation also contributes to CSR practice by throwing light on the processes by which socially responsible strategy is developed. While some works of strategy formation have been developed with a focus on functional types of strategy, such as manufacturing (Barnes 2002), or logistics (Bourlakis & Bourlakis 2001), none have been undertaken specifically on CSR.

1.5 Methodology

This research incorporates both traditional and new methodological approaches in order to examine the influence of stakeholders on the process of strategy formation. By choosing this path, the intention was to balance the consistency found in previous works, which repeatedly used common methods of data gathering, and new strategies that could fit more adequately with the objectives of this study. Framed this way, the methodology provided new insights into the analysis of environmental-stakeholder perspective of strategy formation, as well as relying upon consistent and widely tested research methods.

One important difference between the current study and previous works (Mintzberg & McHugh 1985; Barnes 2002, Booth & Segon 2008) is that this research employed an insider perspective, essentially an adaptation of Strauss and Corbin’s (1998) insider perspective, as a result of the author’s earlier role as an employee of Mediacom. Although criticism about this method exists, particularly in regard to the objectivity of the researcher, in this instance it allowed a greater opportunity to explore specific details of CSR strategy historical patterns, understand stakeholder behaviour, and examine the nuances of events that affected the corporation under examination. Further detail on this theme is provided in Chapter 4.

The literature on strategy formation provides many examples of empirical studies in which case study design was the research strategy used. In common, scholars who worked on this particular topic, such as Pascale (1984), Mintzberg and McHugh (1985), and McCarthy and Leavy, (2000) developed very similar data collection methods, which were mostly based on in-depth document analysis and interviews. This methodological approach allowed the identification of essential pieces of information, which were critically important to reconstructing the historical path of the studied strategies.
While the current research followed this design in its essential aspects, it was adapted to reflect the wider focus on stakeholders, which included internal and external actors, rather than only internal, as studied by most previous works. As mentioned in Section 1.2, a Brazilian media corporation was the case analysed. A total of sixteen interviews were conducted, nine with company representatives, and seven with external stakeholders. The interviews produced rich narratives about the main events that shaped Mediacom’s CSR strategy over time, and highlighted the role of stakeholders in such process.

The theoretical framework of this study, which is partially based on stakeholder influence, made necessary the consistent identification of stakeholders who influenced the process of strategy formation. Hence, a two-step process was undertaken. Firstly, following Mitchell et al.’s (1997) well recognised template of power, urgency and legitimacy, a questionnaire was applied to three company representatives to determine the order in which they rated those stakeholders who had potentially affected Mediacom’s CSR strategy. In addition, the researcher also used his previous industry experience to include other relevant stakeholders within the interview process, aiming for a more comprehensive view of the stakeholder influence phenomenon. Secondly, the snow-ball sampling method (O’Leary 2004) was also used in the first interviews, where participants were asked to suggest additional contact names and stakeholders. This method allowed for a more independent perspective, by ensuring that not all interviewee names were provided by the company.

In addition to the interview process, institutional and internal documents, such as sustainability reports, strategic plans, ethics codes, human resources policies, and philosophical guidelines, among other historical reports, were also given special attention. These documents offered concrete evidence of the exact periods of strategy formalisations.

Finally, the methodological approach used in the identification of CSR strategy patterns provided a useful method of data screening and a suitable framework for analytical systematisation of data evidence. Environmental and stakeholder analysis, the cornerstones of this approach, were applied to: i) identify the most relevant environmental events and stakeholders who influenced Mediacom’s CSR strategy; ii) relate these to each other; and iii) extract their influences over the company investigated. These will be discussed in detail in Chapters 4 and 5.
1.6 Delimitations and key assumptions

This investigation was anchored on three important areas of study: CSR; stakeholder; and strategy formation theories. These are not only traditional fields of study for academics, but can also be claimed to have a vast array of streams of thought. Therefore, a more restricted focus for this research was an essential condition in order to adequately address the research questions.

The emphasis of this investigation was specifically on CSR strategies, hence required a narrower perspective than previous studies. While scholars of strategy formation (Mintzberg & McHugh 1985; McCarthy & Leavy 2000; Booth & Segon 2008) have traditionally studied broad strategies, this research followed the specific niche of functional strategies (Chakravarthy & Henderson 2007). This approach is more aligned to Pascale’s (1984) work on Honda’s insertion into the North American motorcycle market, which might be understood as a specific regional market strategy, or Barnes’ (2002) work on manufacturing strategy formation processes.

There is a reason for this approach. It is expected that functional strategies, such as those related to CSR, are more suitable for the identification and analysis of stakeholder influence on corporations, which was an essential aspect of this investigation. It is suggested here that corporate strategies are less adequate, because their broadness tends to result in a considerably higher number of influential stakeholders than functional strategies, making the study excessively complex. Corporate strategy coordinates the business portfolio so as to maximise major performance goals and competitive advantages through aspects such as diversification, synergy, and growth (Steyn 2003). It is probable that the number of stakeholders associated with each of these facets would make the implementation of the study very difficult. Therefore, not only does the study of functional strategies appear to be more viable for the analysis of the phenomenon, but also the broadness (corporate vs functional) and focus of the strategy (CSR) are important delimitations of the study.

The scope of the investigation was also set by the research design selected, that is, a case study. While quantitative studies are generalisable, the findings of this research tend to be restricted by the number of cases studied, which in this instance was a single entity, Mediacom.

The research assumption was made that, for the purpose of stakeholder analysis, an organisation fictitiously called ‘Nova Foundation’ is part of the Mediacom group, despite the
fact that they are different legal entities. As will be seen in Chapter 5, Nova Foundation was created by Mediacom for philanthropic reasons, and since then the company has been the only grant-maker of the institution. Over time, Nova went beyond its philanthropic activities and became the most important component of Mediacom’s CSR strategy, contributing thereby to the enhancement of Mediacom’s corporate image.

From an external perspective, Mediacom and Nova are treated in this study as a single system, i.e. actions that influenced Nova are considered to have influenced Mediacom as well. However, Nova Foundation, as for any other internal organisational actor such as managers, is considered to be an internal stakeholder. From this internal perspective, particular influence is exerted on Mediacom’s CSR strategy, which is the reason all internal stakeholders are represented as singular entities in the cluster analysis, as detailed in Chapters 5 and 6.

1.7 Thesis structure

Each chapter of the thesis is framed as follows. Firstly, an introduction briefly describes the articulation of the contents and sections. Secondly, the sections are organised so as to place the reader within the logical context of the topic. At the end of each chapter a concluding section is provided, in order to weave together the main points that have been discussed. This thesis is presented in 7 chapters. A brief description of the contents is provided below:

Chapter 1 – Contextualising the thesis

This chapter delineates the purpose of the thesis. Initially, the background, research problem and questions are posed. The justification for the study is provided, and a summary of the methods is outlined. Then, the boundaries of the investigation are established, and key assumptions are examined. Finally, the thesis is outlined, and a summary concludes the chapter.

Chapter 2 – The Brazilian context

This chapter provides the contextual background for this investigation. It outlines the contemporary social, economic and political contexts in Brazil, as well as the characteristics of the media industry within this country, the sector in which the organisation studied belongs.
Chapter 3 – Literature review

The third chapter provides the theoretical framework for this study, based on the three most important areas of this investigation: CSR; stakeholder; and strategy theories. Environmental forces are used as a framework on which to focus the discussion of potential influences over CSR behaviour. The theoretical foundations of stakeholder theory, resource perspective, formal and emergent strategies are also established. Particular attention is given to scholars who have their work directly connected to this research. For example: Richard Pascale, Henry Mintzberg, and David Barnes in the field of strategy formation; Ronald Mitchell and Timothy Rowley in the area of stakeholder theory and Christine Hemingway, Patrick Maclagan, and Tom Fox in CSR studies, are used frequently and provide important theoretical and methodological support to the study. While these and other scholars have been largely utilised in this study, Henry Mintzberg’s work is particularly referenced. There are two reasons for this: firstly, because of his seminal and original contribution to emergent strategy theory, which is the inner core of this thesis; and secondly, due to his extensive publication on this topic.

Chapter 4 – Paradigms, design and data collection techniques

This chapter outlines the research methodology utilised, and the philosophical perspective of the researcher. The theoretical guidelines are highlighted and then the research design detailed. The design, which represents the basis of the chapter, details the recruitment process, followed by a discussion on insider perspective, and the presentation of data collection and data analysis procedures. This section also describes how the fieldwork was conducted in Brazil. Subsequently, aspects of methodological rigour are explained and ethical issues are discussed. Finally, the limits of the research are examined, thereby concluding the chapter.

Chapter 5 – The influence of stakeholders and environmental events on Mediacom’s CSR strategy: A stakeholder cluster analysis approach

This chapter presents the main findings regarding research questions 1 and 2, and is divided into two parts. The first offers general background information on Mediacom, and breaks down CSR strategy into three main components, which are then separately discussed. Subsequently, environmental analysis is used as a core methodological approach to address research questions 1 and 2, by identifying the most important stakeholders and
environmental events, as well as analysing their influences on Mediacom. Findings from Chapters 5 and 6 are discussed throughout in light of the literature review provided in Chapter 3.

Chapter 6 – The evolution of Mediacom’s CSR strategy

Research question 3, which seeks to analyse Mediacom’s process of formalization, is addressed in this chapter, which highlights the evolution of Mediacom’s CSR strategy from 1960 to 2009, demonstrating how it was formed through independent emergent patterns until reaching its current stage of formalisation. In addition, some key constructs are proposed, including stakeholder centrality, intentionality, and impact, as well as stakeholder clusters.

Chapter 7 – Conclusions and reflections

This chapter reflects on the study’s responses to the research questions, and highlights the main contributions the study makes to the existing body of knowledge. Recommendations for future research are suggested, and the main limitations of this study outlined. The chapter and the thesis then close with final remarks and reflections.

1.8 Summary

Chapter 1 has provided an introduction to the thesis. It outlined the background to the research, by framing the main topics of the investigation. The research problem and subsequent research questions were posed, and the study was justified in light of gaps which were discovered in the existing literature. The methodology was explained, and the delimitations and key assumptions discussed. An outline of the thesis structure was then provided.

Chapter 2 will provide contextual information for a better understanding of the study.
CHAPTER 2: THE BRAZILIAN CONTEXT

2.1 Introduction

Brazil is the fifth-largest country in the world, both in area and population, having a total of 191 million inhabitants in 2009 (IBGE 2010). Its GDP of US$1.61 trillion (World Bank 2008), consistently ranks it as one of the ten most important economies in the world over the past 20 years, and accounts for nearly 50% of the South American economy. Surrounded by Spanish-speaking countries, it is the only nation in the Americas where Portuguese is spoken. Brazil has a unique history, shaped by different ethnic influences, such as European, African and Indigenous, which has generated significant regional and cultural diversity. As practised in Brazil, CSR mirrors the uniqueness of its historical context, reflecting its particular social, economic and political reality. For example, it is frequently noted in the literature (Griesse 2007; Scharf 2009; Young 2004) that Brazil has had considerable experience with CSR because of its long standing tradition of philanthropy. This can be seen as a function of the social inequities that have historically characterised that country. As pointed out by Young (2004, p.292), in Brazil ‘vast opportunities co-exist with deep inequalities’, and the roots of these problems are deeply entrenched in the history of that nation (Griesse 2007).

In order to delineate the contextual background of this investigation, this chapter provides relevant information on Brazilian society. This will enhance the reader’s understanding of the findings of the study, which will be presented in Chapter 5. Two types of information are therefore offered here, the first is information that is not directly related to these findings, but which creates the ‘texture’ needed for a good grasp of contemporary CSR phenomena in Brazil, for example, the broad processes of political and economic change observed in the country over the past four decades, and the legacy of the military dictatorship. The second type is information directly relevant to the specific issues analysed in the research, such as the roots of poverty and inequality in Brazil, phenomena that are closely associated with the emergence of CSR in the country. The remainder of this chapter is structured as follows: firstly, economic, political and social events and issues are discussed; secondly, the impact of the growing internationalisation of Brazil on national corporations is described; and thirdly, the sui generis characteristics of the media sector in Brazil are explored, given that the company examined in the case study belongs to the media sector.
2.2 Economic and political context issues in Brazil

Throughout the past 40 years, Brazil and other Latin American countries have faced broad processes of social, political and economic change (Oliveira 2006). In 1985, the military dictatorship handed over to the newly formed civil government a country immersed in high foreign debt and chronic hyperinflation. The crisis sunk the country into recession due to the economic model chosen by the military, who, despite two oil crises in the 1970s, opted not to raise petrol prices internally and accumulate deficits (Almeida 2007). During this period, the country was highly dependent on imported oil. Thus, the government decided to equalise the balance of payments with foreign financing in order to keep the strong growth rate.

However, this strategy ceased to work when the international banks discontinued provision of resources to developing nations, including Brazil. The need for additional financing to cover the gap in the balance of payments meant the country had to follow the strict economic dictates of the International Monetary Fund (IMF) (Almeida 2007). By the beginning of the 1980s, the response was an endless cycle of: i) currency devaluation (to stimulate exports in an attempt to re-equilibrate the balance of payments); and ii) public expenditure reduction (especially in the areas of social assistance and infrastructure). The measures caused inflation and unemployment, which affected mainly the lower and middle classes.

From a political perspective, the replacement of the military dictatorship by a democratic regime in 1986 contributed to organise and strengthen civil society (Fernandes 1994). However, during the transition period, the country also faced a traumatic episode. Tancredo Neves, the civilian candidate who won the indirect presidential election in the House of Commons against the military regime candidate Paulo Maluf, died some few days before assuming power (Fortes 2006). Thus, the Vice-President, Jose Sarney, unexpectedly became President to millions of Brazilians. In order to control the growing inflation, the new civil government attempted several types of heterodox economic approaches, which were ineffective and consequently led to an unstable regulatory environment, and even more inflation. With very low growth rates, the opposite of the previous years, the 1980s were known in Brazil as the ‘lost decade’, encompassing a period of economic and social frustration (Franco 2000).

The first Brazilian poll after more than 20 years elected Fernando Collor de Melo, who implemented several neoliberal measures, quite popular in Latin America in the 1990s (Lenardao 2008). He aimed to reduce the role of the State in the economy, open trade to imports, privatise public companies, and improve national productivity. However, only two years after the election, Collor de Melo was accused of taking bribes, and impeached in
As a result, the vice president, Itamar Franco, became President, demonstrating the strength of the Brazilian young democratic institutions (Griesse 2007). It is important to note that the military did not interfere during this unusual transition period. Itamar Franco chose Fernando Henrique Cardoso, an internationally well-renowned sociologist, as the Economy Minister. Cardoso and his team developed an economic plan, called Plano Real, which controlled the hyperinflation and stabilised the economy. As a consequence of his popularity, Cardoso was elected president in 1994 and then re-elected in 1998. Throughout this period, the country experienced ups and downs, going through economic booms, but also facing an international crisis that firstly hit Russia in 1998, leading the government to request international funds from the IMF again in 2002 (Hombeeck 2006).

Another important political event was the emergence of Partido dos Trabalhadores (PT), the Workers’ party, as a major force in the national political scenario. PT was founded on 10th February 1980 by a mix of different and heterogeneous political groups, including syndicalists, left-wing sympathisers, rural workers, and artists. While PT experienced a very fast growth in several Brazilian medium sized cities, such as Vitória, Goiania, and Porto Alegre in the 1980s and 1990s (Larangeira 2005), the presidential election was finally only won in 2002.

After losing three consecutive presidential elections in 1989, 1994 and 1998, the most important exponent of the party, Luis Inacio Lula da Silva, commonly known as Lula, understood that the main reason for his recurrent defeats was the fear by the Brazilian middle class of the radical leftist program of PT. The party shifted its discourse, migrating towards a more centrist political stance. This allowed for alliances with other parties from the central and even right-wing parties. As a result, Lula won the elections in 2002 and 2006.

Luis Inacio Lula da Silva unexpectedly continued the orthodox economic policy of his predecessor, Fernando Henrique. The country benefited from the continuous growth of China and its strong demand for natural resources. Brazil accumulated more than US$200 billion in reserves and repaid all its debts to IMF, which represented an important step in recovering the self-esteem of a country accustomed for so long to being dependent on international institutions.

Finally, the changing Brazilian economic and political environment of the past 40 years importantly affected NGO sector and private social investment in the country. During the military regime, NGOs were demobilised as they were frequently seen as shelters for communist activity (Fernandes 1994). Similarly, corporate philanthropy was also negatively
impacted in this period, as business leaders avoided engaging in these initiatives, concerned about Government reprisals. After the military regime, a boom in civil participation occurred within the country, and many previously informal social initiatives were formalised. As will be seen in Chapter 3, corporate social involvement advanced strongly in Brazil in the 1990s and 2000s. Chapter 5 will also highlight how two important economic and political events, the Russian crisis in 1998, and the Brazilian presidential election in 2002, significantly affected Mediacom’s CSR investments and shaped its CSR strategy.

2.3 The internationalisation of the Brazilian economy

Brazil has experienced many structural economic changes since 1990. The country gradually replaced the strategy of economic development based on import substitution and strong state intervention in the economy with a model much more open to international trade, investments and competition (Rabelo & Vasconcelos 2002). Brazil’s market oriented reforms had a strong impact on the attraction of foreign direct investment (FDI), increasing its share of global FDI from 0.7% in the early 1990s to 4.5% at the beginning of the 2000s. As a result, the sales of multinational corporations (MNCs) in Brazil rose from 35.4% in 1978 to 45.6% of total Brazilian sales in 2000, while in the same period, state-owned companies shrank from 29.7% to 18.7%. To a large extent, the figures reflect the takeover of domestic companies by MNCs, with more than 1,000 takeovers occurring between 1994 and 2000 (Gouvea 2004).

In this new context, Brazilian private companies have been under pressure to retain their share in the national market. The competition with international companies is complicated because usually Brazilian national companies do not have access to the same cheap financial resources, modern technology and managerial techniques as are commonly used by their multinational counterparts (Blomstrom 1986). As a consequence of the increasing competition and growing openness of the economy, national companies have become more receptive to utilising new organisational processes and international frameworks, such as downsizing, quality and environmental metrics, in an attempt to remain competitive. In addition, fruit of this new and much more globalised context, the executives of large national corporations were forced to engage in international debates of not only economic, but also social and environmental issues (IPEA 2010). As will be detailed later, these patterns of competition are likely to have influenced, at least partially, the adoption of CSR practices by some Brazilian corporations.
2.4 Contemporary social issues in Brazil

In Brazil, poverty and inequality are chronic issues that have long been a challenge to governments of different ideological views, from the military to the Workers’ Party. The Gini index, a coefficient that measures the level of inequality in a country, has been over 0.50 since the 1960s, which means that Brazil is one of the most inequitable countries in the world (Matins-Bekat & Kulkarni 2009; Ferreira et al. 2008; Hoffman & Kageyama 1986). Income distribution disparities are also expressed regionally, for example, the income level in the south and southeast is twice as big as the northeast region (IBGE 2007). Poverty is a visible aspect of Brazilian social reality, epitomised by the slums of large cities such as Rio de Janeiro and Sao Paulo. Unlike inequality rates, poverty has been reduced over time. According to the IPEA, a Brazilian economic governmental agency, the percentage of people considered to be poor was reduced from 39% of the population in 2003 to 25% in 2008. The institution established the poverty line at R$187.50 a month (AU$125), which is sufficient for an individual’s basic food needs, according to Brazilian regional standards. Among other factors, the recent economic growth experienced by Brazil, focused on the economic empowerment of low income earners, the drop in inflation rates, and more comprehensive government income transfer programs, strongly contributed to reduce the rates (IPEA 2009).

From the 1980s on, in addition to the ever present issues of poverty and inequality, other social problems arose, of which violence has probably most drawn the attention of society. The numbers are illustrative of the problems faced by Brazilians. The rate of homicides per 100,000 inhabitants rose from 13.3 in 1980 to 28.6 in 2003 and then experienced a slight decline to 25.4 in 2006 (Ministerio da Saude 2008). In Australia by comparison the rate was 1.3 in 2007 (UNDP 2008). The reasons for the endemic problem of violence in Brazil are diverse, but among the most commonly cited are the lack of job opportunities, poverty, the drugs trade, social inequity, and the freedom to operate with impunity (Macedo et al. 2001; Gusmao 2007).

Another important social problem in Brazil is child labour. Recent figures show a decrease in use of child labour of 50% in the past 15 years, from 8.42 million children and adolescents aged between 7 and 15 years old in 1992 to 4.85 million in 2007 (OIT 2009). While representing a sharp reduction during this period, the figures are still alarming, and highlight the difficult situation faced by many young Brazilians. The roots of child labour in Brazil are diverse and date as far back as the slavery period of the nineteenth century. Since then, labour legislation has been enacted to increase the minimum working age from 12 years old in 1943 to 16 in 1998 (Rocha & Freitas 2004). Social movements have also played an
important role in changing these conditions, with strong protests in the 1980s resulting in the approval of the Children and Adolescents Statute in 1990 (Schwartzman 2001). This piece of legislation represented an important achievement in the fight against child labour, and significantly enhanced the rights of this segment of the population. In Brazil, child labour exists for many different reasons, including economic and cultural origins. Oftentimes, the poverty faced by many families led parents to encourage their children to work in order to supplement the family income. In other cases, many descendents of European immigrants, who settled in the south of Brazil in the first half of the 20th century, see no problem in taking their children to help with the crop harvest. The culturally accepted concept of pride in working hard is one of the reasons it is so difficult to combat the use of child labour, as has been pointed out by child labour experts (Ilha 2009). This all means that child labour in Brazil is a complex and multifaceted phenomenon with no simple solution.

As can be determined from the above outline, the magnitude and complexity of these various social problems requires efforts not only from the government of Brazil, but also from different actors within Brazilian society. This will be further explored in Chapter 5, where it will be seen that it is an important reason for the growing involvement of Brazilian corporations in CSR, especially through community investments.

2.5 The media sector in Brazil

The media in Brazil is largely monopolised due essentially to the military government system of licence distribution, which benefited only a few hundred owners. Another important aspect of the media architecture created by the military regime policy makers, was the stimulus applied to the formation of a sistema de redes (or network system), which led over time to the entire Brazilian mass media belonging to only a few corporations (Amaral & Guimaraes 1994). This concentration of media ownership was particularly evident in television. Through the sistema de redes, national networks rebroadcast programs to their own stations or regional affiliates. In addition to this, Neto (1997) explains that the ruling elite also took part in this process. During the 1960s, it was in the interests of the Brazilian elite to allow communication empires to be built, in order to bring distant regions closer to the central decision making areas. In a country such as Brazil, where there is so much cultural diversity, national integration and the construction of a national identity was considered to be of major importance (Neto 1997).
Nowadays, the most important national networks are Globo, SBT, Record and Bandeirantes. However, of these, Globo is the unquestionable leader within the Brazilian television market. It can be claimed that Globo accounts for 50% of Brazilian advertising and 77% of television revenues (Dolan 2000). According to Neto (1997), the reason for this monopoly, is that while the other networks invested in a regional approach, Globo followed the American model, aiming for a national market. Neto (1997) argues that Globo’s prioritisation of professionalism, indigenous production capability, and local technology development dramatically increased its audience.

On the other hand, segments of Brazilian society, such as left-wing movements, have long criticised Globo. They accuse the company and its affiliates of monopoly and ‘moving toward...all branches of the cultural industry’ (Amaral & Guimaraes 1994, p.29). The national presence of Globo, and its large audience, suggests its influence over Brazilian culture and politics. For example, the media corporation is charged with supporting the military regime and deliberately influencing more than one election, granting or denying legitimacy to candidates (Amaral & Guimaraes 1994). In one famous example, Globo is said to have benefited the liberal candidate Fernando Collor during the presidential election in 1989, by allocating more time to him than to other candidates in the political news (Amaral & Guimaraes 1994; Neto 1997; Dolan 2000).

Amaral and Neto (1994) also cite Globo as having a ‘tentacular’ or ‘metastic’ characteristic, due to the reproduction of its national concentration at the state level through its affiliated media companies. These affiliates not only rebroadcast Globo’s programs through several local television stations, but usually also have many correlated media businesses such as newspapers, radio stations, and even internet portals. Hence, the dominance of regional communications extends far beyond simply Globo’s powerful audience numbers.

### 2.6 Summary and conclusions

This chapter examined the contemporary economic, political and social reality of Brazil, the country wherein this research was undertaken. It outlined the major social problems of the country, such as poverty, violence, and major inequalities (Macedo et al. 2001; Gusmao 2007). It also looked at the growing political openness since 1985, all of which are possible drivers of the emergent participation of businesses in civil matters. In addition, the gradual inclusion of Brazil in globalised processes, not only from an economic, but also from a social
perceptive, may have put corporations in contact with new themes and concepts, including CSR. This aspect will be further explored in the literature review chapter.

It was also highlighted that the media sector emerged as an important actor in Brazil, not only because of its role in drawing the attention of Brazilian society to social problems and global discussions, but also because the industry itself is under strong criticism from left-wing movements about monopolistic concentrations and undue political influence (Amaral & Guimaraes 1994).

Chapter 5 will describe these and other environmental factors that have contributed to shape the CSR strategy of a particular Brazilian media corporation. Having explored the general socio-economic and historic contexts of the case under investigation, the next chapter will discuss existing works on the main theories and concepts relevant to this thesis.
CHAPTER 3: LITERATURE REVIEW

3.1 Introduction

This chapter outlines the theoretical framework underpinning this research, which focuses on three major fields of particular relevance to the current research, namely, corporate social responsibility, stakeholders and strategy.

The concept of CSR will be discussed, in order to position the reader within the historical debate and determine a generally accepted definition of CSR. Subsequently, macroenvironmental factors will be examined, to better understand their potential impact on CSR behaviour. Next, managerial values and managers’ own interests in behaving in a socially responsible manner will be analysed. Finally, CSR within the specific context of Brazil will be investigated, in order to understand the role of CSR in that country.

This chapter also examines stakeholder theory and its foundational roots. Important works related to stakeholder identification and prioritisation will be examined, and finally, the influence of stakeholders over organisations will be analysed.

The subsequent section draws on resource perspective and strategy formation theories to explain the reasons why CSR strategies are formed and how they evolve over time. It highlights the importance of resources in defining the configuration of a given strategy, and the effect of planned as well as unpredicted environmental or organisational events on the process of strategy formation. The chapter concludes with a conceptual proposition of CSR strategy, which has not previously been undertaken in the literature.

3.2 Understanding Corporate Social Responsibility

Over the past two decades, CSR has increasingly attracted attention from society. For example, the influential British newspaper The Financial Times has intensified its coverage of the CSR topic from just a few articles between 1988 and 1998 to more than one hundred in 2002 (Hond et al. 2007). Scholars have also contributed to not simply highlight, but also to deepen the understanding of the field. A wide range of CSR related studies such as conceptualisation (Marrewijk & Werre 2003; Armstrong & Francis 2003), CSR performance
(Wood 1991), customer awareness of social and environmental issues (Simon 1995; Smith & Alcorn 1991), workplace diversity (Brickson 2000; Jehn & Bezrukova 2005), business ethics (Le Jeune & Webley 1998; Goran & Wood 2008), and corporate social investment (Redmond 2005) have been carried out. The growing interest in the theme may be linked to emerging factors such as the increasing customer awareness on social and environmental issues, and the legitimacy of NGOs, which are changing the business environment and the way companies interact with society.

The following subsections offer a theoretical basis and links with the topic under investigation. Firstly, a review of CSR concepts and associated terms is carried out. This lends support to the articulation of a customised CSR definition for the purposes of this thesis. Secondly, important macroenvironmental forces that drive CSR strategic decisions are discussed. This point represents a core aspect of the current study, because business environmental scanning is required to identify key driving events and map out stakeholders and their influences over time. Next, the role of managers in influencing corporate strategies is examined, and then the role of CSR in Brazil concludes the section.

### 3.2.1 The long evolution of CSR and associated concepts

The CSR construct has been under intense debate over the past 50 years. Several scholars pointed out the difficulty of providing a widely accepted definition (Davis 1973; Carroll 1979 and 1999; Windsor 2006; Waddock 2004; Sethi 1975, McWilliams et al. 2006). For Carroll (1999), the term has been coined based on a mutable notion of what it means in a dynamic social context over time. As Carroll (1999, p.292) observed: ‘As theory is developed and research is conducted, scholars may revise and adapt existing definitions of CSR or new definitions may come into the literature’. This is the reason the quest for a definite and long lasting definition may be an endless task.

The various definitions of CSR identified in the literature review have helped the author to conceptualise a definition which resonates more closely with the purpose of this research. In order to customise it, 11 concepts developed since Bowen’s seminal 1953 work were selected, and analysed for their consistency and stability over time. Subsequently, essential elements were identified and compared, as shown in Table 3.1. While not representative in quantitative statistical terms, this procedure offered a qualitative and insightful analysis of the core concept of CSR.
<table>
<thead>
<tr>
<th>Author (s)</th>
<th>Definition</th>
<th>Most important elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bowen, H (1953, p.6)</td>
<td>‘It refers to the social obligations of businessmen to pursue those policies, to make those decisions, or to follow lines of action which are desirable in terms of the objectives and values or our society’.</td>
<td>Respect for social contract</td>
</tr>
<tr>
<td>Frederick, W.C (1960, p.60)</td>
<td>‘All of this suggests strongly that when we invoke the phrase “the social responsibility of the businessman”, we mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public. And this means in turn that the economy’s means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare’.</td>
<td>Respect for social contract; General welfare</td>
</tr>
<tr>
<td>Davis (1973, p.312)</td>
<td>‘The firm’s consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks’.</td>
<td>Actions beyond legal requirements; General welfare</td>
</tr>
<tr>
<td>Sethi (1975, p.62)</td>
<td>‘Social responsibility implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance’.</td>
<td>Respect for social contract</td>
</tr>
<tr>
<td>Fitch, H.G. (1976, p.38)</td>
<td>‘Corporate Social Responsibility is defined as the serious attempt to solve social problems caused wholly or in part by the corporation’.</td>
<td>Correction of business externalities</td>
</tr>
<tr>
<td>Carroll (1979, p.500)</td>
<td>‘The social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time’.</td>
<td>First responsibility is economic; Actions beyond legal requirements; Ethical and discretionary responsibilities show respect for social contract</td>
</tr>
<tr>
<td>Jones (1980, p.59-60)</td>
<td>‘Corporate Social Responsibility is the notion that corporations have an obligation to constituent groups other than stockholders’.</td>
<td>Stakeholders’ expectations</td>
</tr>
<tr>
<td>Marrewijk &amp; Werre (2003, p.107)</td>
<td>‘Corporate Sustainability, and also CSR, refers to a company’s activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interaction with stakeholders’.</td>
<td>Voluntary action; Stakeholders’ expectations; Social and environmental concerns</td>
</tr>
<tr>
<td>Juholin (2004, p.22)</td>
<td>‘The concept of CSR includes openness or transparency of companies as well as taking into consideration the will and expectations of stakeholders’.</td>
<td>Transparency; Stakeholders’ expectations</td>
</tr>
<tr>
<td>McWilliams et al. (2006, p.1)</td>
<td>‘Situations where the firms go beyond compliance and engage in actions that appear to further some social good, beyond the interests of the firm and that which is required by law’.</td>
<td>Actions beyond legal requirements; General welfare</td>
</tr>
<tr>
<td>Windsor (2006, p.93)</td>
<td>‘Corporate Social Responsibility (CSR) is, regardless of specific labelling, any concept concerning how managers should handle public policy and social issues’.</td>
<td>General welfare; Public policies</td>
</tr>
</tbody>
</table>
The most common core elements of the CSR definitions outlined above were ‘general welfare’ and ‘respect to social contract’, followed by ‘actions beyond the law’ and ‘to consider stakeholders’ expectations’. It is interesting to note that ‘respect for social contract’ was frequently used by scholars up until 1980. From this point onwards, ‘stakeholders’ expectations’ was more regularly used, while ‘general welfare’ remained constant throughout the entire period observed. This may be explained by the conceptual evolution of the term CSR. New concepts, reflections and practices have arisen over time, including the consolidation of stakeholder perspective, the notion of triple bottom line, the environmental and sustainable development debate, all of which have been incorporated into the CSR construct. More recent scholars such as Marrewijk and Werre (2003) have included some of these considerations within the CSR definition.

For the purpose of this thesis, CSR is defined as those voluntary actions undertaken by businesses, which go beyond the requirements of the law, in order to promote social, economic and environmental benefits to overall society, respecting social norms and values, and considering the impacts over its stakeholders. This definition combines important core elements cited in previous definitions and will be used from this point on, unless otherwise stated.

The CSR concept does not continue to be contestable merely due to its own definitional confusion, but also because new associated concepts have arisen over the past few years. The literature is replete with terms and concepts that provide similar definitions. It is also to be observed that scholars have spent a great deal of effort in finding specific niches for these terms, trying to clarify differences that are hardly distinguishable at times. Corporate philanthropy, corporate citizenship, corporate sustainability, corporate social performance, and corporate responsiveness are just some of the several constructs competing for essentially the same definitional niche. In the long term, this effort may bring interesting and more refined concepts, mirroring organisational reality, or it could have the opposite effect and bring confusion to those who work in this field.

Rather than providing a purely academic discussion, the debate also reflects practitioners’ confusing use of terminology within this field. For example, a manager interviewed in the course of this study constantly used other terms as synonyms for CSR, such as social investment, or corporate philanthropy. Thus, a clear conceptualisation of CSR and related constructs, such as that provided above, is an intermediate step towards reaching the aims of
This research. Table 3.2 summarises some of the most important CSR-related terms identified in the literature review, and their respective definitions.

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Definition</th>
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<tr>
<td>Corporate Citizenship</td>
<td>‘The role of the corporation in administering citizenship rights for individuals’ (Matten &amp; Crane 2005, p. 173).</td>
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<tr>
<td>Corporate Social Responsiveness (CSR2)</td>
<td>This refers to the capacity of a corporation to respond to social pressures (Frederick 1978/1994).</td>
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<td>Corporate Social Rectitude (CSR3)</td>
<td>Corporate social rectitude embodies the following notions: 1) ethics must be at the core of corporate actions; 2) managers must use ethics as a basic tool in their everyday work; 3) companies must develop analytic tools for detecting and coping with ethical problems; and 4) also align their current and future plans considering the culture of ethics (Frederick 1986).</td>
</tr>
<tr>
<td>Corporate Social Performance</td>
<td>‘... principles of social responsibility, processes of social responsiveness and policies, programs and observable outcomes as they relate to the firm’s societal relationship’ (Wood 1991, p.693).</td>
</tr>
<tr>
<td>Corporate Responsibility</td>
<td>This is the ‘degree of (ir) responsibility manifested in a company’s strategies and operating practices as they impact stakeholders and the natural environment day to day’ (Waddock 2004, p.10).</td>
</tr>
<tr>
<td>Corporate philanthropy</td>
<td>This is the firm’s strategic investment in the community. The concept incorporates the notion of altruism, but also aims for greater social impact and usually corporate image enhancement (Shaw &amp; Post 1993; Porter &amp; Kramer 2002; McAlister &amp; Ferrell 2002).</td>
</tr>
<tr>
<td>Corporate Sustainability</td>
<td>To a great extent, scholars have been using corporate sustainability as a current discourse about achieving the triple bottom line by taking into account social and environmental in addition to economic performance. Corporate sustainability can be considered as a higher objective, while CSR is an intermediate step to balance economic, environmental and social issues (Kaptein &amp; Wempe, cited in Marrewijk 2003).</td>
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3.2.1.1 The critique on CSR: an overview

Perhaps Milton Friedman is the theorist who crafted the most emblematic criticism ever made on CSR. Friedman’s (1970) polemic article in The New York Times, contends that ‘the business of business is business’ and that the social responsibility of companies should be exclusively to produce goods to customers and be profitable. Under this view, since companies respect the ‘rules of the game’, i.e., operate in a free-enterprise system, without deception or fraud, and provide society with goods and services required, wages to employees and maximize profits to stockholders, they are being socially responsible.
For example, whether the manager – with the objective of improving the environment – decides for investing to prevent pollution that is beyond what is required by legislation, he or she is jeopardizing shareholders, employees or customers’ interests. Friedman (1970) says that by deciding for such an action, the manager would be diverting resources from these groups (especially stockholders), for a general social interest, what should not be acceptable. The central concern of the economic argument is that managers misappropriate corporate resources from their rightful claimants and misallocate resources by diverting them from profitable and productive allocation (Margolis and Walsh, 2003). These scholars argue that the result of such action could negatively affect society as a whole by reducing overall corporate productivity:

‘Corporate involvement may well make problems worse, or even create new ones, while reducing companies’ effectiveness as economic instruments’ (Margolis and Walsh, 2003, p.296).

Conversely, scholars from many CSR branches understand that businesses necessarily should commit themselves to ethical, environmental and socially responsible matters. One of these branches, the enlightened self interest approach, believes that firms should try to minimize societal problems because in the long run the betterment in the social context will benefit them (Fitch, 1976). Others, based on social contract theory, defend that, as businesses are inherently part of society, they must conform with social norms (Rawls1971; Dunfee 1991), and respect certain values and expectations to operate within – otherwise they might fail to survive in this environment.

In the same vein, Davis (1973) coined the term ‘The Iron Law of Social Responsibility’, which states that, in the long term, companies who want to retain their social role and social power must respond to society’s needs and expectations, if not they will have their power eroded over time. Davis also recognizes the mutant nature of social norms, and explains that they drive corporate behaviour. For him, society has been redrafting the social contract with companies and demanding higher levels of CSR, in a sort of new social agreement: ‘If society moves towards norms of social responsibility as it is now doing, then the businessman is subtly and inevitably guided by these same norms’ (Davis, 1973, p.315).

The debate on whether or not CSR should be the object of corporate involvement is yet to be consolidated in the literature. This section does not aim to extend the discussion on this complex issue, nevertheless it provides in Table 3.3 a summary of the main arguments pro and against CSR as part of the theoretical framework of this investigation.
Table 3.3: The CSR debate – arguments for and against CSR

<table>
<thead>
<tr>
<th>Against CSR</th>
<th>Pro CSR</th>
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<td>“The economic model works only if the corporation accepts the primacy of stakeholder interests; this model assures an optimal use of society’s resources” (Jones, 1980, p.61)</td>
<td>“The economic model does not work now. Oligopolistic industries abound; owners do not control firms; government is deeply involved in the economy. Further, the “optimal use of resources” claim rests on the dubious assumption that optimality equals efficiency; surely equity also plays a role” (Jones, 1980, p.61).</td>
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<td>“The successful functioning of our society depends on the role specialization of institutions. The corporation is an economic institution and should operate only in the economic sphere to best serve society; profit implies socially preferred behaviour” (Jones, 1980, p.61).</td>
<td>“Role specialization, while perhaps desirable, does not and cannot exist in our modern industrial economy. Corporations play a political role, governments play an economic role. Profit alone no longer implies socially preferred behaviour” (Jones, 1980, p.61).</td>
</tr>
<tr>
<td>“The law prevents corporations from engaging in socially responsible behaviour; corporate charters limit corporate behaviour. Further, managers are the employees of stockholders and, therefore, must serve only them” (Jones, 1980, p.61).</td>
<td>“The law sanctions a wide range of corporate behaviour modes. Corporate charters frequently are very broad, and the courts have upheld managerial actions which deviated considerably from pure profit maximization. Further, legal arrangements often accommodate reality rather than creating it; the law sometimes trails, rather than leads society” (Jones, 1980, p.61).</td>
</tr>
<tr>
<td>“Managers are not trained to pursue social goals; serious inefficiencies and inequities will result if they are forced to do so” (Jones, 1980, p.61).</td>
<td>“Managers may not be trained to pursue social goals, but the social and political impact of their action is inevitable, it is too late to claim incompetence. Social responsibility need not to be thought as theft; the corporation which acts in a responsible manner may simply be paying society back for the social costs of doing business, costs for which the firm rarely receives an invoice” (Jones, 1980, p.61).</td>
</tr>
<tr>
<td>“Social responsibility, when it reduces stockholder equity amounts to theft; managers are appropriating and then giving away money which belongs to shareholders” (Jones, 1980, p.61).</td>
<td>“Political pluralism (relatively dispersed decision-making power in society) could be well enhanced by the adoption of corporate social responsibility, especially if the alternative is a greater concentration of power in the hands of central government. Political democracy is already threatened by the existence of large corporations, which make important social and political decisions in a distinctly and undemocratic manner” (Jones, 1980, p.61).</td>
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Business has enough power in our lives. Allowing them to be highly involved in social issues would be give business an undesired concentration of power that could threaten free society (Davis, 1973).

Social responsibility need not to be thought as theft; the corporation which acts in a responsible manner may simply be paying society back for the social costs of doing business, costs for which the firm rarely receives an invoice” (Jones, 1980, p.61)

Lack of accountability. Businessmen have no line of accountability to the people, therefore it would be unwise go give businessmen responsibilities for areas where they are not accountable. Accountability should always go with responsibility, and it is poor social control to allow any other kind of arrangement (Davis, 1973).

“Political pluralism (relatively dispersed decision-making power in society) could be well enhanced by the adoption of corporate social responsibility, especially if the alternative is a greater concentration of power in the hands of central government. Political democracy is already threatened by the existence of large corporations, which make important social and political decisions in a distinctly and undemocratic manner” (Jones, 1980, p.61).

Costs of social involvement. Many social goals do not pay their own way in an economic sense, therefore, someone must pay for them. Business has very substantial economic resources, but it cannot really commit major resources otherwise additional social costs will drive out marginal firms in various industries. In addition, corporate resources diverted from shareholders are misallocated from profitable and productive allocation (Davis, 1973)

“Political pluralism (relatively dispersed decision-making power in society) could be well enhanced by the adoption of corporate social responsibility, especially if the alternative is a greater concentration of power in the hands of central government. Political democracy is already threatened by the existence of large corporations, which make important social and political decisions in a distinctly and undemocratic manner” (Jones, 1980, p.61).

Business has valuable resources that may lack in government. Not only capital, but human and managerial resources that may be invested to help fighting social problems (Davis, 1973).
3.2.2 Macroenvironmental influences on CSR

Since CSR is a business practice, this research takes for granted that the typical macroenvironmental factors used in business environmental scanning would also impact on socially responsible action. Environmental analysis is not only of major importance to understand the context in which stakeholders exert pressure over corporations, but is also a key methodological approach in this investigation.

For Thompson and Strickland (2003, p.100), ‘environmental scanning methods are highly qualitative and subjective’, but help managers to scan the horizon and translate vague opportunities and threats into clearer strategic issues. While there is a general agreement that environmental scanning is an important tool in understanding the macro-influences affecting business context, environmental factors may vary slightly. Wheelen and Hunger (2004) cite the economic, technological, political-legal and sociocultural as key environmental forces. Thompson and Strickland (2003), and Hanson et al. (2002), respectively add an ecological and a demographic perspective to those already mentioned. Despite some variation in the framework, in general terms, macroenvironmental forces seem to be fairly consistent throughout the literature (Fahey & King 1977; Jain 1984; Ginter & Duncan 1990). While the most commonly cited forces are economic, social, political, legal and technological, for the purposes of this investigation, only the first four are analysed. Technological forces were excluded because the literature does not show clear ties with CSR issues. The following sections explain in greater detail how these forces impact on CSR levels.

3.2.2.1 Economic forces

Economic forces supply a wide set of influences that can impact on business activities in many ways. Globalisation and economic competition are not the only drivers, but from an economic perspective, they are major aspects affecting CSR issues. In the first part of this section, globalisation is presented as a mega-discourse, with CSR being one of its sub-categories. Both discourses have potentially influenced companies around the world, including the company under investigation, towards notions of efficiency and a pro-active posture of CSR. In Chapter 5, it will be seen how participating managers used global business jargon such as indicators, quality, impact, and performance, among others, to refer to CSR projects. In addition, global crises affected the company’s growth and profits, and as a result, CSR investments. The second part of the section examines the circumstances in which economic competition might boost or negatively impact on CSR, hence contributing
to a better grasp of the role that potential stakeholders, such as competitors, might have in the formation of CSR strategies.

On 31st January 1999, in his speech to the World Economic Forum in Davos, Switzerland, Secretary-General Kofi Annan summarised the impact of globalisation on people’s lives, saying: ‘Globalization is a fact of life’ (Annan 1999). The modern face of the phenomenon arose in the last quarter of the 20th century, as a force capable of drawing the attention of all segments of society, from politicians to activists, and it is still in progress. It has motivated strong debates between those who support the idea of free markets, and its detractors, who see globalisation as causing severe impacts on people’s lives.

Globalisation means different things to different people (Nayyar 2006). In simple terms, it can be described as the expansion of economic activities across national boundaries. Nayyar (2006) cites three manifestations of the phenomenon: international trade; international investment; and international finance. However, the scholar also acknowledges the interdependent and integrative nature of globalisation:

It’s about the expansion of economic transactions and the organization of economic activities across the political boundaries of nation states. More precisely, it can be defined as a process associated with increasing economic openness, growing economic interdependence and deepening economic integration in the world economy (Nayyar 2006, p.137).

Gaburro and O’Boyle (2003) note that globalisation has a value-free perspective, although its premises are based on the philosophies of individualism and utilitarianism. The authors also highlight the very transnational nature of the phenomenon. ‘It is the practice of economic agents...working in different countries serving the world market without a prevailing national base’ (Gaburro & O’Boyle 2003, p.97).

For some authors, such as Therborn (2000), globalisation is seen as a contemporary discourse. Building on this, and borrowing from Alvesson and Karreman (2000), Duarte (2006) examines the notion of Mega-Discourses. For her, globalisation is not a monolithic discourse, but includes sub-categories of discourses such as competitiveness, expansion, and entrepreneurship, which sustain and reproduce the main strand. While CSR is not specifically mentioned in Therborn or Duarte’s works, it can be understood as being one of these subcategories. CSR produces a common discourse that urges corporations to contribute to the overall effort to reduce inequalities or externalities, such as environmental impacts.
(Banerjee 2005). The discourse is also followed by other assumptions, such as the positive correlation between CSR and Corporate Financial Performance (CFP), or CSR and image enhancement. As will be seen in Chapter 5, the ‘CSR discourse’ seems to have partially influenced the company under investigation towards more professional CSR practices.

Globalisation and CSR are themes widely discussed in the literature by scholars such as Zsolnai (2003) and Welford (2002), who believe that the global power of transnational corporations should be accompanied by global responsibilities. Zsolnai (2003, p.95) states, ‘Since the impact of today’s business is global, business has global responsibility’. According to this author, companies operate in different countries and regions, affecting ecosystems, cultures and people. Major economic and financial scandals, such as Enron, Worldcom, Barings, Parmalat, Daiwa Bank and, more recently, the mortgage financial crisis in the United States of America, show how the acts of irresponsible corporations can have devastating consequences for millions of people.

In the same vein, Welford (2002) sees the large size of global companies as a key threat, which can become an opportunity if they can be persuaded to be socially responsible. For example, in a capitalist system, global corporations can represent an important ally by encouraging their supply chains around the world to respect social and environmental standards, thus contributing to improvements in quality of life in those areas. It should be taken into account that several MNC’s economies are larger than many national economies, thus their potential to influence either positive or negative impacts extend far beyond geographical boundaries. For example, according to 2006 figures (World Bank 2010; Fortune Global 500), if Exxon Mobil were a country it would be the 22nd largest economy in the world, ahead of both Poland and Portugal.

As globalisation intensifies, companies become larger, and spread across the planet, with inevitable impacts on the environment, local life standards and culture – both positive and negative. For example, multinational corporations can positively impact work conditions and pay better salaries in developing countries, however, they are also in a position to transfer polluting operations from developed to less developed regions of the world, due to more relaxed legislation in these areas. O’Higgins (2003) believes that the phenomenon has an amoral nature, which can lead to benefits or harm depending on how it is practised and the contexts of the host countries. He notes, nevertheless that ‘moral objectives and corporate social responsibility can become an inherent part of a globalization strategy if these social goods also satisfy corporate economic aims’ (O’Higgins 2003, p.52). Thus, O’Higgins’
comments reinforce the idea that globalisation and CSR discourses are interconnected, although CSR is treated in instrumental terms.

More and more businesses appear to be assuming this discourse to be true and are developing CSR practices, in an attempt to be recognised as good corporate citizens. For example, in Brazil over the past 15 years, several CSR awards have been created to highlight good CSR practices, including Eco Awards and Exame CSR Awards. As will be seen in Chapter 5, the Tangara State Legislature created a CSR award, which rapidly increased from only 21 participating companies in 2000 to nearly 200 in 2006. Ibase, one of the organisations that pioneered the mobilization of Brazilian companies to implement CSR reports, noted that the number of businesses embracing its own model (the Ibase Social Balance Report) jumped from four in 1999 to almost three hundred in 2004 (Nascimento 2010). Such signs indicate that Corporate Brazil has been growingly adopting the CSR discourse.

Another important attribute of globalised markets, international capital flows, may also impact on CSR levels. These financial resources are thought to reduce poverty due to direct investment in developing countries (O’Higgins 2003). However, they are equally capable of producing a globalised financial crisis, as seen in the 1998 Russian international financial crisis and the 2008 North-American mortgage crisis. The drop in international trade and national currency devaluations can affect corporate sales and profits, resulting in lower CSR levels. The negative consequences of global flows will be demonstrated in greater detail in Chapters 5 and 6.

The second economic driving force is economic competition. For the purposes of this thesis, the most important point to understand here is what kind of competitive conditions would lead to higher or lower levels of CSR activity. In order to answer this question, a brief overview of the basic aspects of economic theory will be necessary.

According to neoclassical economists, competition and profitability are key drivers when determining the existence of CSR in an industry (Cotrill 1990; Ven & Jeurissen 2005). This argument is based on the assumption that with intense market competition, companies would not be able to invest in CSR given that their costs would increase and consequently they would lose competitiveness. According to Ven and Jeurissen (2005, p.302): ‘Standard economic theory says that, under the condition of perfect competition, firms do not have the financial means to bear costs that are unilateral, or that cannot be recovered by means of setting a premium price’. A similar view is shared by Stanwick and Stanwick (1998), Cotrill
(1990), and Sethi and Sama (1998). Stanwick and Stanwick suggest that a trade-off occurs between profits and social responsibility. In a study of corporate social and financial performance, these authors supported the view that the costs of being socially responsible forced firms into an unfavourable financial position compared to firms that were not socially responsive. Similarly, Cotrill (1990) highlights that most economists claim CSR cannot exist without profits, and profits cannot exist without market power. From this perspective, CSR and market power are correlated. It is also suggested that the level of competition can determine CSR potential. Cotrill’s view (1990, p.725) also implies a trade-off: ‘You can have CSR or competition, but not both’. In the same vein, Sethi and Sama (1998) explain that under tough market-competitive conditions, voluntary action to enhance corporate ethical behaviour is unlikely to occur.

However, the ideal world of perfect competition – where each economic agent alone does not possess the power to change the terms of exchange - seems rarely to exist in this latter phase of global capitalism. Conversely, the most common market structures are far from perfect. For Ven and Jeurissen (2005), the classical view of competition fails to recognise that companies operate in imperfect markets and that MNCs are powerful players capable of highly influencing their surrounding conditions to achieve profits above the average. This observation leads to the assumption that CSR may be a valid strategy in most markets. That is, CSR may contribute to produce differentiation via product premium price or brand identity. Hence, CSR seems to be a practice more likely to be found in industries that allow for above average profits than those, like commodities, where competition based on price is the main driver. According to Ven and Jeurissen (2005, p.300): ‘Competitive conditions are an intervening variable, influencing the relationship between CSR and business success, and even deciding over whether this relationship is positive or negative’.

To a great extent, CSR strategies appear to often be implemented in an attempt to create or consolidate a first-mover advantage. According to Liberman and Montgomery (1988), first-mover advantage occurs when pioneering companies make profits through unique valuable resources (such as superior technology or reputation), which they were the first to acquire or develop in a given market. In an attempt to seek market differentiation, it is possible that companies are becoming more socially responsible in order to be the first to introduce responsible practices into their products and processes. The example of Toyota, with its hybrid-energy car, the Prius, may be a useful illustration. The company targeted environmentally sensitive early adopters in Japan in 1997, and three years later launched the car on the United States market. According to the company, today the car is ‘the unquestioned leader among hybrid motor vehicles’ (Toyota 2008), with a total of 430,000
vehicles sold in the United States alone. Following the success of the Prius, the company has launched three Lexus hybrid versions and development is underway to produce hybrid versions of the sport utility vehicle the Highlander, as well as the Camry.

Competition within the industry can also produce better, safer and ‘greener’ products in order to gain customer’s preference. The International Organization for Standardization, an organisation that produces standards for business, governments and society, advised that in global terms the number of ISO 9001 (for quality management) and ISO 14001 (for environmental management) certified companies have grown 16% between 2005 and 2006 (ISO 2007). The increase represented more than 123,999 ISO 9001 and 18,037 ISO14001 certifications in the world and appears to demonstrate an interest by companies in differentiating their products via quality and environmental standards. In line with the literature, Chapter 5 will investigate the quest for brand differentiation through CSR activities by the company studied, which resulted in greater alignment between corporate objectives and CSR operations.

3.2.2.2 Social forces

The previous section examined works that argued economic forces may be determinants in establishing CSR levels. The current section shows that social forces can be as important as economic forces, contributing strongly to influence socially responsible behaviour. ‘Society’ is a broad and vague term encompassing a myriad of actors and stakeholders, which somehow influence businesses to undertake CSR activities. While many social forces, such as the media, are said to influence CSR behaviour, only a few have been frequently researched by scholars. Among those studied, two have an extensive literature dedicated to the topic. They are: non-governmental organisations (NGOs); and customers. This section discusses how these actors put pressure on companies to operate in a socially responsible manner.

The NGO sector is not inexpressive. Since the 1990s, it has experienced an explosive growth rate (Kamat 2003). According to Salamon and Sokolowski (2004), if the NGO sector were a country it would be the 5th largest economy in the world, having the equivalent of the French GDP, with US$1.9 trillion. The sector is highly atomised, and represents organised interest groups that defend a wide range of causes, from human rights to gender issues. Its scope varies widely. NGOs can be a local community group, or an international billion dollar environmental organisation such as the World Wildlife Fund (WWF).
NGOs have been given a number of definitions in the literature, in part due to the broad scope of their initiatives, from poverty relief to advocacy (Schepers 2006). While for some NGOs are a product of global capitalism and can represent a danger to democracy (Kamat 2003), for others they work based on ideals (Schepers 2006) and epitomise the genuine voice of civil society. The social imagery of ordinary people fighting against dominant vested interests for a better world is a powerful image, which produces adherence to the NGO’s causes by other audiences. It may also partially explain why NGOs are recognised as being reliable. For example, in a study conducted in Australia, Europe and the USA, Wootliff and Deri (2001) showed that NGOs are held in more trust by the public than governments, corporations, and the media on themes such as the environment, human rights and health – over 50% trust for NGOs within these three themes versus less than 20% of trust in the other institutions.

Due to the growing political importance of NGOs, there is little chance for the business sector to ignore them. Pagan (1989) contends that a new era of activism has begun. He argues that: ‘Activists are becoming increasingly influential in their efforts to force corporations to cooperate in their vision of social change’ (Pagan 1989, p.12). This view is shared by Schepers (2006), for whom NGOs hold power over MNCs. In his words:

To wit, NNGO (Northern NGO’s) action, with its consequent reputation damage to the corporation followed by investor or customer action, might be sufficient to alter an MNC’s business policy if the cost-benefit ratio favours altering rather than facing extended NNGO action, unfavourable media, and sales and stock losses. The vulnerability of the MNC is through the equity and sales markets of the developed economies, making NNGO threat palpable (Schepers 2006, p.287).

Given the trust people have in them, NGOs can have a strong influence over corporations, particularly because of their ability to mobilise other stakeholders, such as customers or the media, according to their interest. Several boycotts or public campaigns have made corporations change their behaviour in order to preserve their image. For example, in 1987 the environmental NGO Rainforest Action Network organised a boycott against Burger King to force fast food chains to stop buying beef raised in Central American rainforests. A year and half later, the company announced they would cease buying ‘rainforest’ beef, concerned about the persistent damage to its corporate image (Pagan1989). In the recent case of the BP oil spill in the Gulf of Mexico in 2010, the website Google showed 2,590,000 links from the search term ‘boycott BP’ on the 28th of August of this year (Google 28 August 2010).
Hundreds of these links were NGO webpages, individual blogs, YouTube, Facebook and Twitter posts, urging internet users to take action against BP by not buying products from the company.

Nevertheless, boycotts are not the only weapon with which NGOs can press companies for more social disclosure. According to Danastas and Gadenne (2006), most NGOs prefer lobbying governments (69.6%), using media campaigns (64.5%), exposing the company (49.1%), lobbying the company (45.7%), reporting on the company (42.4%), or customer boycotts (35.6%). Schepers (2006) also highlights the importance of lobbying governments. For him, an important tactic utilised by NGOs is to press governments to reassert CSR levels through stricter regulations. NGOs cannot create public policies, but they have a special ability to influence them. Usually they do this by creating public adherence - through customers, investors, media, voters, or a community – to their causes (Schepers 2006). The case analysed in the current research also provided evidence of NGO lobbying. Chapter 5 will show that NGOs had an important role in pressuring the Brazilian Government and Congress in the 1980s to create new legislation related to children’s and adolescents’ rights.

Another important aspect of this research is to analyse the role, if it exists, which customers play in influencing CSR strategies. Customers appear in the literature as a major stakeholder, who can potentially exert strong influence on corporations to adopt socially responsible practices. The connection between customers and reputational capital is a key element to understanding this process. Therefore, an overview of the concepts of reputational capital and the role of customers in influencing corporations through their ethical purchasing behaviour, are presented in this section.

Reputational capital appears in the literature as a controversial concept, with several different definitions being developed by scholars. It is said that it may: attract employees (Rose & Thomsen 2004; Fombrun et al. 2000; Dolphin 2004); positively impact corporate financial performance (Roberts & Dowling 2002; Eberl & Schwaiger 2005); work as a strategic defence against competitors (Rose and Thomsen 2004); and build community ties and develop potential customers (Fombrun et al. 2000). Shapiro (1983) also underlines the fact that good reputation is related to higher customer retention, increased sales, and premium product prices.

Reputational capital may also be defined on the basis of sustaining competitive advantage (Fombrun 2000; Suh & Amine 2007; Barney 1991), and value creation. For instance, Roberts and Dowling (2002) explain that the intangible nature of reputational capital makes
mimicking very difficult for competitors. In the same vein, Barney (1991) shows that Reputational capital can be imperfectly imitable, because it is a very complex social phenomenon, which includes aspects such as the historical settings of a given firm, and its informal relations with stakeholders. This complexity significantly constrains the ability to imitate such a resource.

Reputational capital has become one of the most, perhaps the most, important asset companies have nowadays. For example, in 2007, the Coca-Cola brand was valued at US$65 billion (Interbrand 2007). Such figures demonstrate why large companies are so vigilant about the risks of reputational capital damage. As noted by Suh and Amine (2007, p.205), ‘a reputation can be irreparably damaged in a short period of time, as seen in the fall from grace of Enron and Arthur Andersen’. It is a ‘fragile resource, it takes time to create, it cannot be bought and it can be damaged easily’ (Hall 1993, p.616). Additionally, Chauvin and Hirschey (1994), and Dolphin (2004), posit that a superior reputation increases the market value of corporations and the perception of institutional investors. Consequently, companies that invest in CSR could expect reputation enhancement (McWilliams et al. 2006) assuming that particular marketplace values socially responsible behaviour.

In relation to the role played by customers in influencing business’ ethical posture, extensive surveys show many customers are willing to purchase goods from socially responsible companies. In a study done by Cone & Roper, which was cited in Simon (1995), it is revealed that 85% of North American respondents claimed to have a positive image of cause-supporting companies, and 64% believed that corporate philanthropy should be a standard part of a firm’s activities. However, the study also found that while 51% would pay more for a cause-related product or service, only 20% confirmed they had really done this. Smith and Alcorn (1991) conducted a survey in which 46% of the respondents said they were likely to switch brands to support a company that made donations to charitable causes, and 30% stated they were inclined to buy a product because a company supported a cause. In another study, Creyer and Ross (1997) found that a firm's behaviour is an important consideration during the purchasing decision, and that customers reward ethical behaviour by paying higher prices for that firm's product.

Other scholars also point out the effects of CSR practices on price. Mohr and Webb (2005) concluded that when customers are given reliable information on a company’s social responsibility practices, this positively affects their evaluation of that company. The study also found that CSR can affect purchase intentions more strongly than price, but in all cases customers are dependent on valid information, which could be provided by reliable
institutions such as NGOs or specialised magazines. Auger et al. (2003) also cited a study from Marymount University revealing that 75% of customers would pay $5 more for a $20 item if they were assured the product was not produced in a sweatshop.

Nevertheless, the effect of socially responsible behaviour over customer purchase decisions remains controversial. Auger and Devinney (2007) argue that the traditional survey methods used by most researchers are likely to overstate the importance of ethical issues. Other authors have found no relationship between these two variables. For example, Carrigan and Atalla (2001), and Mohr et al. (2001), suggest that most customers pay little heed to corporate ethical considerations, and that the percentage of customers valuing CSR practices is still low. Thus, the current debate on customer’s socially responsible behaviour remains open, and there is still a long way to go to consolidate a more accurate view on the influence customers exert over a company’s reputation and CSR decision making.

3.2.2.3 Political and legal forces

This section discusses the range of actions that governments have used to ensure a more favourable environment for CSR practice, beginning with a brief discussion of whether or not a business’ compliance with regulation should be considered part of its social responsibilities. Following this, recent forms of business’ engagement in CSR practices as a result of government induction are explored.

Scholars have disagreed over whether or not compliance with legislation can be considered any part of a business’ social responsibility. Carroll (1979, 1991) acknowledges that legal responsibility is one of the four types of responsibilities (economic, legal, ethical, and discretionary or philanthropic) that comprise the concept of CSR. Other scholars, such as Davis (1973) and McWilliams et al. (2006), believe that to be considered socially responsible, a company must go beyond legal requirements. Thus, these views diverge on one point: while Carroll says that legal requirements are part of the CSR spectrum, Davis and McWilliams et al. suggest that CSR is only achievable starting away from legal requirements. In a broader perspective, Fox et al. (2002) believe that the role of governments in CSR induction goes well beyond compliance. They suggest that governments have four roles to play in enhancing CSR practices: mandating; facilitating; partnering; and endorsing.

In the mandating role (or compliance), governments set minimum standards within a legal framework, thus enforcing acquiescence by businesses (Fox et al. 2002). In this area, history
has shown a growing intervention by the State in societal matters. During Britain’s early industrialisation, the free trade in slaves, the use of child labour, the poor working conditions, and the long hours of work for subsistence wages, prompted strong reaction against businesses (Woodward 2005). In the second half of the nineteenth century, social reformers succeeded in having legislation enacted to redress some of these ills. In so doing, the role of the State had been transformed from laissez faire to some intervention in economic and social matters’ (Woodward 2005, p.34).

Scholars such as Fox et al. (2002) and Albareda et al. (2007) stress the role of governments in putting in place legislation that demands higher levels of CSR in the industry. The Customer Product Safety Act is an example. Enacted in the USA in 1972, after strong customer movement mobilisation, the law created new standards of product safety, which impacted the whole industry, especially small businesses. According to Harrison, manufacturers then experienced significant costs because of the need to redesign not only their products, but also the packaging, and they additionally ‘instituted more stringent quality control procedures, and initiated safety programs and registration card systems in response to regulatory action’ (Harrison 1976, p.34). These actions resulted in better and safer products for customers.

In their role of facilitator, governments stimulate businesses to engage with a CSR agenda by: stimulating business sectors to undertake voluntary CSR agreements; providing fiscal incentives for CSR investments; establishing regulations to stimulate CSR information disclosure; facilitating access to regulatory information; and enhancing industry competitiveness through tougher CSR legislation (Fox et al. 2002).

As an example, in the area of environmental regulation, Porter and Linde (1995) argue that properly designed environmental standards can trigger innovation and even outstrip the costs of complying with them. Well crafted and strictly enforced environmental regulations can actually enhance competitiveness and lead to material advantages when compared to those competitors located in countries with more relaxed environmental legislation. Porter and Linde (1995) cite the case of the German government, who early adopted tougher green regulation, which led to national companies being more competitive in this growing new market.

Another example of the facilitating role of governments in encouraging higher levels of CSR, is the collaborative approach of public policy development through processes of stakeholder dialogue (Abbot 2005; Fox et al. 2002). Abbot outlined two case-studies on
regulatory enforcement of pollution control laws in Australia. In the first study, the enforcement approach of the NSW state government increased the number of prosecutions from 15 for the period 1984/85 to 150 in 2002/03. In the second study, conversely in Victoria the figures dropped from a peak of 71 prosecutions in 1986/87 to 34 in 2003/04, due to a greater emphasis on more collaborative approaches, such as providing support to companies in order to enable them to reach the regulatory standards through specific programs, thereby ensuring they complied with the law.

As part of their partnering role, governments stimulate strategic partnerships with private sector and civil society in order to complement their different skills and examine complex social or environmental issues (Fox et al. 2002). For Albareda et al. (2007), partnership among government, the business sector, and civil society is seen not only as an innovative response, but also as an essential one when seeking to solve difficult social problems. In their work on the role governments have played in inducing CSR in Europe, the authors claim that the partnership model is very present in Denmark, Finland, the Netherlands and Sweden, particularly when meeting socio-employment challenges.

The government undertakes its endorsing role by stimulating CSR through various forms, such as the recognition of CSR behaviour via awards or labelling schemes. Governments use the ‘demonstration effect’ to provide incentives for corporations to engage in, or enhance, their CSR practices (Fox et al. 2002). For instance, Taiwan’s Environmental Protection Agency (EPA) has been undertaking an Annual Business Award since 1992, in which the practices of award-winning companies are exhibited to promote a demonstration effect for the others. It is believed by the EPA that the high number of ISO 14000 certification in Taiwan can be partially explained by this Award (Fox et al. 2002).

As will be seen later, the mandating, partnering and endorsing roles of government are themes that emerged in the current study, suggesting government policies might induce or shape CSR practices.

3.2.3 Manager’s values and their influence on CSR strategies

While macroenvironmental forces represent the background for strategic decision making, the role played by managers’ discretionary moral action is an aspect that should not be neglected in this investigation. Organisational theorists have long studied the importance of corporate values in shaping business behaviour. One important discussion concerns whether
or not either corporate values or personal morals drive organisational decisions. Studies focused on customer (Deshpande et al. 1993) and planning (Cleland 1974) oriented cultures posited how organisations might be affected by these subsystems of values and beliefs. In her work on managers’ perceptions of CSR in Brazilian companies, Duarte (2010) emphasises the role of managers in creating organisational identity through the development of ‘CSR cultures’

Scholars such as Hemingway and MacIagan (2004) counter the concept of CSR as a corporate value. For them, decisions that shape CSR represent an individual’s personal morals rather than corporate ideals. In the same vein, Aguilera et al. (2007, p.846), claim that ‘moral motives to pressure companies to engage in social change via CSR initiatives may come from organisational actors whose deontic motives are particularly salient’. Managers with these ‘moral profiles’ find an opportunity to institute their values through their discretionary powers (Hemingway & MacIagan 2004). While they experience external pressures from stakeholders such as owners and customers to undertake a socially responsible behaviour, they also have their own motives for engaging in CSR activities (Aguilera et al. 2007). Other works (Hemingway & MacIagan 2004; Bansal & Roth 2000; and Anderson & Bateman 2000) have demonstrated CSR initiatives that are instigated as a result of managers championing these actions, even at the risk of incurring sanctions. The literature thus suggests that, in some situations, managers’ altruistic motives are an important driver in the alignment between personal and corporate goals. In addition, CSR championing can project managers not only as corporate, but eventually as social leaders in their communities. As will be demonstrated later, this aspect of CSR was highlighted in the interviews.

Other scholars also contend that managers’ values may influence CSR or environmental practices. For example, Bansal and Roth (2000) posit that individuals or owners with concerns about environmental issues might be motivated to implement corporate ecologically responsible practices. Aguilera et al. (2007) also emphasise the ability of management to influence CSR. They argue that senior executives have the most direct influence in shaping CSR behaviour because of their discretionary power to validate corporate strategies, and allocate resources to their implementation (Aguilera et al. 2007). Similarly, Werbel and Carter (2002) point out that CEOs have the authority to influence decision making due to their involvement with corporate foundations and participation on their boards. They tend to be more open to outside influences such as public policies and community institutions, an issue that was also observed in the current investigation.
However, it has also been acknowledged that the process of accommodating CSR as a relevant issue in the corporate agenda can result in conflicts. Managers who are sympathetic to CSR need to have the power to emphasise its importance against other concurrent organisational priorities. Naturally, this process can result in points of tension between those who want to undertake CSR and others who do not (Hemingway & Maclagan 2004). The work of Guth and MacMillan (1986), and Mintzberg (1983), are a good example of this potential conflict. Guth and MacMillan (1986) developed an empirical study which showed that managers can stand in opposition to a strategy if they feel their own interests are at risk. In a complementary perspective, Mintzberg (1983) states that firms’ economic goals are often in opposition to managers’ altruistic values, because of the economic nature of corporations. In this way, potential conflicts between CSR-oriented managers and profit-maximising departments may arise as a result of a lack of connection between CSR and corporate financial performance, or if other managers perceive CSR as a threat to their own interests.

A final aspect that deserves consideration concerns the openness to criticism from other organisational thinkers with respect to value-oriented behaviour. For agency theorists, when managers’ time is used in ways other than to increase shareholders’ wealth, they are actually diverting from their primary goal (Friedman 1970; Jennings 1998; Coelho et al. 2003; Charron 2007). Thus, Aguilera et al.’s (2007) claims about the use of managers’ discretionary powers to allocate resources according to their personal morals, offer extensive ammunition to scholars who criticise the role of managers as stewards of stakeholders’ interests. On the other hand, as noted by Hemingway and Maclagan (2004), there may be zones of mutual interest between companies and individuals, when corporate goals are also aligned to personal moral discretion. CSR alignment to corporate goals and managers’ values will be explored in greater depth in Chapter 5.

3.2.4 CSR in Brazil

There is a common perception within Brazilian society that the State is not able to provide even the basic conditions to ensure a reasonable quality of life for its citizens (Griesse 2007). As a consequence, civil organisations and businesses play an important role in the Brazilian context, in order to fill the vacuum left by the government. While a comprehensive study of institutions that mobilised businesses to adopt socially responsible behaviour is not the object of this research, due to the influence of these institutions on the CSR movement in Brazil, their histories are briefly outlined below. Subsequently, the characteristics of CSR in
Brazil are examined, in order to offer an overview of the peculiarities found within this local context.

3.2.4.1 Key organisations that shape CSR in Brazil

Early business initiatives aimed at alleviating poverty, and humanising business’ relationships with society, can be traced back to the 1960s in Brazil. These include associations of Christian entrepreneurs such as Associacao de Dirigentes Cristaos de Empresas (ADCE, Association of Christian Company Leaders), which was founded in 1961, and Fundacao de Desenvolvimento Empresarial e Social (FIDES, Foundation for the Development of Business and Society), which started in 1986. However, the most comprehensive and organised initiatives were only developed in the 1990s. During this period, the NGO Instituto Brasileiro de Analises Sociais e Econômicas (Ibase), founded in 1981 by the sociologist Herbert de Souza, instituted a countrywide protest against hunger that mobilised the general population and businesses to donate funds and food to the poorest sections of society. While this was a philanthropic action, the movement contributed to shed light on the difficult reality faced by many Brazilians, thereby increasing the awareness of businesses to social problems.

The 1990s was a decade characterised by a number of CSR initiatives, boosted by the increasing levels of poverty and inequality in the country, and influenced by the worldwide CSR movement. Two of the most important initiatives, Grupo de Institutos Fundacoes e Empresas (GIFE; Group of Institutes, Foundations and Enterprises) and Instituto Ethos, were initially funded by international NGOs, such as Ford and the Kellogg Foundation, as part of their programs to develop better CSR practices in Latin American countries. GIFE (henceforth this will be written as 'Gife' within general text for more fluid reading) is an institution formed by various enterprises, institutes and foundations, which was created in 1995 with the aim of providing private voluntary funds in a planned, monitored and systematic manner for social projects of public interest (GIFE 2009), or put simply, private social investment. Thus, the institution attempts to create a new philanthropic culture in Brazil, not based on charity, but rather on a social strategic approach. According to Gife (2009), in 2008, the total investment of its associates reached US$500 million, or 20% of the total investment in social issues carried out by the Brazilian private sector.
While Gife occupied the niche of community based investments, the main organisation that influenced CSR in the country was Instituto Ethos\(^2\). Founded in 1998, the institution developed a very successful strategy of sensitising, mobilising, and providing education on CSR issues for businesses. The general acceptance by businesses of Ethos’ proposal meant that the number of members rose from only a few in 1998 to more than 1,000 in 2008 (Instituto Ethos 2009). Together, they contribute 35% of the Brazilian GDP and employ more than 2 million workers (Instituto Ethos 2009). It would only be fair to credit Instituto Ethos with the introduction of the modern concept of CSR to many large Brazilian companies. However, this task would not have been as easy without the support of regional CSR centres that were created by regional federations of industry associations, such as Federacao das Industrias do Estado de Sao Paulo (FIESP), Federacao das Industrias de Minas Gerais (FIEMG), Federacao das Industrias do Estado do Rio de Janeiro (FIRJAN) and Federacao das Industrias do Estado do Rio Grande do Sul (FIERGS). These institutions played a pivotal role in the spread of CSR to the Brazilian countryside and also to SMEs (small and medium enterprises).

3.2.4.2 Characteristics of Brazilian CSR

While CSR is widely practised around the world, CSR in Brazil has its own specificities. Brazilian CSR reflects the emerging nature of the country. While it comprises world-class CSR initiatives, these actions are more likely to be concentrated on social, rather than environmental issues due to the chronic poverty problems outlined above. As an inherent part of contemporary CSR, the government’s role in stimulating business CSR activities is also discussed in this section. It is suggested that Brazilian business’ civil participation might be well below its potential because the legislation provides little inducement to stimulate these practices. To a great extent, this could explain some of the important choices made by the corporation studied in this investigation.

A survey conducted in Brazil by the federal government agency IPEA in 2004 and 2005 suggests that Brazilian companies prefer to invest in the community, rather than the environment, chiefly because of social concerns. While 41% and 23% of Brazilian businesses claimed to have engaged in actions for poverty alleviation and education respectively, only 9% declared they had developed environmental actions (IPEA 2006). These figures appear to be in line with another survey conducted by Instituto Ethos, in which

\(^2\) The mission of Instituto Ethos is to mobilise and help companies to manage their businesses in a socially responsible manner (Instituto Ethos 2010).
68% of Brazilian customers expect that companies should contribute to solve social problems, such as criminality, poverty and low education rates (Instituto Ethos & Instituto Akatu 2005). Thus, in the Brazilian context, business investments in social issues appear to be mirroring society’s expectations. This same trend has been noted in other developing countries. For example, in Africa, ‘the motivations for CSR come from the failures of governments to do right for its people’ (Phillips 2006, p.24). In Nigeria, a survey conducted in 2004 indicated that the three main concerns of people were: education; health; and poverty alleviation. Similarly, in Latin America, CSR has been focused more on social than environmental issues, because the former has been more acute. For Schmidheiny (2006, p.21): ‘Wealthy Northerners look southwards and see rainforests and biodiversity; thoughtful Southerners look around and see poverty, poor education, bad housing, scarce healthcare, and all the rest of that grim list’. The focus of developed nations is usually different to this trend. Frost et al. (2005) explain that the importance given to environmental issues in Australia tends to be higher than that given to social issues. In the same vein, Fukukawa and Moon (2004), in a study on CSR in Japan, also found that environmental responsibility is stronger than community involvement in the Japanese model of business. Thus, an important difference between CSR in poor and rich nations emerge: while businesses in rich nations are pressed by their customers and environmental NGOs to act on environmental issues, in the developing world – and by extension in Brazil – they are pressed to attend to more primary unresolved issues, namely, poverty reduction. This focus on social issues will be explored in greater detail in Chapter 5.

CSR in Brazil has also been encouraged by the State, but with restrictions. Two main streams of action to stimulate CSR practice have been taken by governments, with limited impact. Firstly, some states, such as Rio Grande do Sul, have created laws to stimulate the publication of social activities through recognition of specific standards (ALRS 2009). The idea is to encourage companies with good economic, social and environmental performance, by awarding certificates that attest to their social responsibility. The participation is voluntary and has an educative rather than mandatory purpose. Other awards for CSR or related issues exist in the states of Amapa and Sao Paulo.

Secondly, governments also stimulate CSR through fiscal exemptions. While in some countries, such as the United States, a donation to a social institution is easily deducted from income tax, in Brazil this mechanism is bureaucratic and limited to culture, and child and adolescent issues. In the case of children and adolescents, Brazilian individuals and firms usually cannot donate directly to a social institution, but rather to funds known as Child and Adolescent Funds. These Funds share control equally between municipal and civilian
organisations. The Fund is responsible for: 1) analysing the projects that social institutions submit; 2) approving and prioritising these projects according to specific criteria defined by the Fund; 3) distributing the resources to those approved; and 4) ensuring that the resources were invested appropriately (Cedica 2010). Because there are usually more projects than there are resources available, the first to receive funding will be those most aligned to the criteria prioritised by the Fund.

As highlighted by Herculano (2003), just 3.4% of the potential donations to NGOs via exemptions were made by the business sector in Brazil. These figures support the theory that the legal and fiscal environment for corporate community investment in Brazil is inadequate, and discourages the act of giving. One of the reasons for this may be that governments are not willing to use part of their already scarce resources to ‘outsource’ social investments to the business sector. Thus, the State at all levels is a player that provides both businesses and individuals with only limited inducements to alleviate social issues in Brazil.

Even though receiving little incentive from government sources, nevertheless, CSR in Brazil appears to be a powerful movement, particularly within the context of Latin America. According to Scharf (2008), a study undertaken by a Spanish consulting firm, which used a combination of models such as the Dow Jones Sustainability Index and Global Reporting Initiative, found that seven of the ten highest ranked companies were Brazilian. The strength of CSR in Brazil is also reflected in the significant number of certification standards found in this country. Scharf (2008) points out that the country holds 50% of all ISO 14000 certificates in Latin America, and also leads the Americas, including the United States and Canada, with regard to SA8000 certificates. These certifications attest to the appropriate standards being met respectively on environmental, and health, safety and human rights issues. The International Organization for Standardization chose a Swedish (SIS) and a Brazilian organisation (ABNT) to lead the ISO 26000 working group, the first certification ever to attempt to comprehensively approach the wide array of topics that constitute CSR. This is expected to be concluded in 2010 (ISO 2009). Brazilian large corporations publish not only more sustainability reports than Argentine, Chilean and Mexican corporations combined (Scharf 2008), but also reach similar rates of social reporting to their counterparts in the USA and Europe. Some Brazilian branches of large corporations have published their own CSR reports before their headquarters’ reports are published (Oliveira 2006). However, in a survey of 500 Brazilian executives conducted by Ibope institute, only one third stated that CSR is part of the corporate strategy (Scharf 2008). Thus, figures suggest that the non-strategic approach to CSR issues is still the standard approach in Corporate Brazil.
3.3 Mapping out stakeholders and their influence over time

The Stakeholder view is considered to be one of the most important pillars of CSR, which explains its high level of coverage in CSR studies (Jones 1980; Marrewikj & Werre 2003; Juholin 2004). Most importantly, as seen in Chapter 1, stakeholder identification and analysis is imperative in studies that aim to examine the processes by which strategies are influenced by stakeholders.

This section is divided into three parts. The first provides an overview of stakeholder theory assumptions, criticisms and definitions. The second discusses how stakeholders can be identified and prioritised. The third section analyses the influence of stakeholders on firms.

3.3.1 Stakeholders: in search of a definitional framework

The notion of stakeholders has now become commonplace among CSR practitioners and academics (Donaldson & Preston 1995). However, stakeholder theory still seeks a higher level of recognition in order to be positioned among the major organisational theories. While the understanding of stakeholder related issues has greatly expanded in the past three decades, it still comes under severe criticism, especially from neoclassical economists, who charge the theory with important deficiencies, such as definitional vagueness, lack of clarity in the pursuit of corporate goals, and managerial difficulties in balancing different stakeholders interests (Argentini 1997; Coelho et al. 2003; Charron 2007).

Stakeholder theory emphasises the very important task of companies to balance the different interests of various groups such as employees, customers, the community, government, and shareholders. The basis of a conceptual discussion on stakeholder theory is Freeman’s (1984) influential work Strategic Management: A Stakeholder Approach. In this book, Freeman defines stakeholders as ‘any group or individual who can affect or is affected by the achievement of the organization’s objectives’ (1984, p. 46). While there are other authors such as Ansoff (1965), who had previously used the concept, it was Freeman who drew the attention of scholars to stakeholder theory, with his hub-and-spoke model, and an instrumental view of the topic. Since then, stakeholder theory has attracted the attention of academics from several different streams of thought.

Nevertheless, some scholars have pointed to important weaknesses in the theory. For example, Jones and Wicks (1999) argue that the term stakeholder is relatively vague and provides little direction for managers. The broadness of the concept has also been criticised
by some academics, including Jennings (1998), Coelho et al. (2003), and Charron (2007), for whom its core constituency is indeterminate and therefore allows for the identification of an unmanageable number of actors. An example of this is Clarkson’s (1995, p.106) extended definition of stakeholders, which is ‘persons or groups who have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future’. In the same vein, Post et al (2002) also embrace a wide definition, reinforcing the importance of those who are potentially affected by the organisation, be they beneficiaries or risk bearers. For them, stakeholders ‘are individuals and constituencies that contribute either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers’ (Post et al 2002, p.8). For the purpose of this thesis, Clarkson’s definition of stakeholders will be used from this point onwards, unless otherwise stated.

Another point of debate is the framework of stakeholder theory itself. While it is understandable that stakeholder theory may come under strong criticism from agency theorists, even stakeholder theory defendants recognise some of its fragilities. Clarke (1998) contends that the framework is fragmented and has never been explained as fully as shareholder theory.

In order to organise the growing amount of research on stakeholders, Donaldson and Preston (1995) proposed to categorise the field into three types of use: descriptive; instrumental; and normative, as portrayed in Figure 3.1. The descriptive approach is used to describe or explain the firm’s characteristics and behaviour, that is, ‘it attempts to show that the concepts embedded in the theory correspond to observed reality’ (Donaldson & Preston 1995, p.74). The instrumental approach identifies connections between corporate performance and stakeholder management within organisations, and the normative ‘is used to interpret the function of the corporations, including the identification of moral or philosophical guidelines for the operation and management of the corporation’ (Donaldson & Preston 1995, p.71).
Donaldson and Preston (1995, p.87) conclude that while stakeholder theory can be understood as managerial because it ‘recommends attitudes, structures and practices that…constitute a stakeholder management philosophy’, its foundation is mostly normative. This means that it utilises a moral base from which to justify why firms should use a pluralistic management perspective, rather than the shareholder control model.

This framework is useful to understand how the company studied appears to have migrated from a normative view at the beginning of CSR practices, to both instrumental and normative perspectives after the 1990s.

### 3.3.2 Identification, categorisation and prioritisation of stakeholders

Despite the difficulties inherent in providing an accurate definitional framework for stakeholder theory, it is also undeniable that progress has been made, particularly in attempts to classify, identify and prioritise stakeholders. For example, there is a substantial consensus among scholars about who constitute the main corporate stakeholders. Freeman (1984), Schmidheiny et al. (2002), Atkinson et al (1997), and Donaldson and Preston (1995) list shareholders, investors, employees, customers, and suppliers as the core stakeholders of an
organisation. Extended stakeholders can also include governments, NGOs, communities, trade associations, and political groups. Figure 3.2 shows a graphic representation of the dyadic model presented by Donaldson and Preston (1995), in which the firm is at the centre, directly interconnected with other stakeholders through a dual resource flow.

![Figure 3.2 Dyadic stakeholder model of the corporation](image)

**Figure 3.2 Dyadic stakeholder model of the corporation**  
*Source: Donaldson & Preston (1995, p.69)*

Scholars have also developed different ways to categorise stakeholders, such as: market and non-market (Yongqiang 2007); environmental and process (Atkinson et al 1997); and primary and secondary stakeholders (Clarkson 1995; Savage et al. 1991). Clarkson (1995) highlights the need for companies to consider socio-political actors when analysing the environment, given that these actors can severely impact business strategies, especially in the case of governments and NGOs. Atkinson et al. (1997) explain that organisations have different groups of stakeholders inasmuch as each business balances a different ‘blend’ of relationships. This blend of relationships can vary widely depending on the industry to which a company belongs. For example, NGOs and governments often exert much more pressure on energy and mining industries than service industries. According to Atkinson et al. (1997), there are five common stakeholder groups across different environments. They are: customers; employees; suppliers; owners; and communities. These groups can be categorised into two main types: environmental stakeholders; and process stakeholders. The first group constitutes customers, owners, and communities. These stakeholders define the companies’ external environment and the critical elements of the organisation’s competitive strategy. The second group, employees and suppliers, operate within the environment defined by the first group, through processes of planning and implementation, in order to deliver products to customers.
Another way of categorising stakeholders is to define those who are considered primary and secondary stakeholders. For Clarkson (1995), the group of primary stakeholder is comprised of shareholders, investors, employees, customers, suppliers, governments, and communities. These players have strong interdependence with the corporation. This view is shared by Savage et al (1991), for whom primary stakeholders have formal or contractual relationships, as well as a direct economic impact on the firm. If any of these stakeholders withdraw from the company they can put it at risk (Clarkson 1995). Secondary stakeholders are defined as those who affect or are affected by the corporation, but who are not engaged in direct transactional relationships, and neither are they essential for its survival. However, they may be capable of influencing its activities (Clarkson 1995; Savage et al. 1991).

While the categorisation of stakeholders in general terms allows managers to build up a more precise picture of the business environment, it is not a customised tool that can be used at managerial discretion. Mitchell et al. (1997) contributed to fill in this gap. They proposed a theory of salience, an instrumental model for managers that would allow them to identify and prioritise stakeholders, by considering three key attributes: power; legitimacy; and urgency. Power is considered to be the extent to which a group can impose its will in a given relationship. Legitimacy refers to a socially accepted set of behaviours; and urgency is the time pressures against the organisation to attend to a stakeholder claim. Mitchell et al.’s (1997) contribution is to offer an operational model that helps corporations to prioritise the several stakeholders’ needs.

Stakeholder identification and prioritisation is a key element in understanding and mapping out the CSR environment, which is an important aspect of this investigation. As will be seen in the chapter on methodology, due to its wide acceptance in the literature, and its ease of application, Mitchell et al.’s (1997) template was used in my questionnaires as part of the process to identify the most relevant stakeholders associated with the company studied.

3.3.3 Stakeholder influence on the corporation

A central theme in this investigation is stakeholder’s influence over organisations, which provides essential theoretical basis for the understanding of how internal and external stakeholders trigger actions that affect strategy formation behaviour. This section provides a detailed description of important works on two streams of stakeholder theory. They are: i) the influence of stakeholders on a focal organisation; and ii) the network of stakeholder influences. It is worth noting that corporate response to stakeholder influences is also a
salient characteristic present in both themes. The intention here is not only to map out the
eexisting literature, but also to contrast it with the theoretical choices made by this researcher
in the next chapters.

To a large extent, the key works on stakeholder influence build on the notions of resource
dependence and power. Savage et al. (1991, p.63) state that: ‘Power is a function of the
organization’s dependence on the stakeholder’. In an insightful article on stakeholder
management, these scholars developed a framework clearly acknowledging the binomial
power-resource dependence. Table 3.3 outlines this framework, and lists factors affecting
stakeholder’s potential threat or cooperation. Most of these factors refer to a source of power
or a strategic resource able to pose a real threat to the organisation. Corporate responses will
therefore depend on the intention and potential threat of stakeholders.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Increases or decreases stakeholder’s potential for threat?</th>
<th>Increases or decreases stakeholder’s potential for cooperation?</th>
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<tbody>
<tr>
<td>Stakeholder controls key resources (needed by the organisation)</td>
<td>Increases</td>
<td>Increases</td>
</tr>
<tr>
<td>Stakeholder does not control key resources</td>
<td>Decreases</td>
<td>Either</td>
</tr>
<tr>
<td>Stakeholder more powerful than organisation</td>
<td>Increases</td>
<td>Either</td>
</tr>
<tr>
<td>Stakeholder as powerful as organisation</td>
<td>Either</td>
<td>Either</td>
</tr>
<tr>
<td>Stakeholder less powerful than organisation</td>
<td>Decreases</td>
<td>Increases</td>
</tr>
<tr>
<td>Stakeholder likely to take action (supportive of the organisation)</td>
<td>Decreases</td>
<td>Increases</td>
</tr>
<tr>
<td>Stakeholder likely to take nonsupportive action</td>
<td>Increases</td>
<td>Decreases</td>
</tr>
<tr>
<td>Stakeholder unlikely to take any action</td>
<td>Decreases</td>
<td>Decreases</td>
</tr>
<tr>
<td>Stakeholder likely to form coalition with other stakeholders</td>
<td>Increases</td>
<td>Either</td>
</tr>
<tr>
<td>Stakeholder likely to form coalition with organisation</td>
<td>Decreases</td>
<td>Increases</td>
</tr>
<tr>
<td>Stakeholders unlikely to form any coalition</td>
<td>Decreases</td>
<td>Decreases</td>
</tr>
</tbody>
</table>

Frooman (1999) also used resource dependence theory to analyse the influence of
stakeholders over firms, and their determinants. He developed a widely accepted typology of
four influencing strategies that, similar to other scholar’s findings (Savage et al. 1991;
Rowley 1997), recommends strategic postures according to a given situation, as detailed in
Figure 3.3. This figure relates two simple questions in a matrix: whether or not the stakeholder is dependent on the firm; and whether or not the firm is dependent on the stakeholder. Depending on the combination of responses, the determinants and strategic postures vary. For Frooman (1999), the determinants are the balance of power between the stakeholder and the organisation, which in turn will determine the strategy selected by the stakeholder when confronting the firm.

As an example, if a stakeholder holds power over an organisation, but the organisation does not hold power over the stakeholder, it means that in a conflicting situation probably the stakeholder would adopt a direct/withholding strategy, as highlighted in Figure 3.3. Drawing on resource dependence theory, Frooman (1999) explains that this type of strategy is used when the stakeholder blocks resources directly provided to the organisation in order to press it for the adoption of a particular behaviour. Other combinations of power balance and strategy responses can be seen in this same Figure.

<table>
<thead>
<tr>
<th>Is the stakeholder dependent on the firm?</th>
<th>Is the firm dependent on the stakeholder?</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Indirect/withholding (low interdependence)</td>
<td>Direct/withholding Stakeholder power</td>
</tr>
<tr>
<td>Indirect/usage Firm power</td>
<td>Direct/usage High interdependence</td>
</tr>
</tbody>
</table>

Figure 3.3 Typology of influence strategies
Source: Frooman (1999, p.200)

In another study, Frooman and Murrell (2005) analysed how demographic and structural factors affect strategies used by stakeholders to exert influence over companies. They suggest that stakeholders define a strategy in two phases. Firstly, they use demographic variables to define the repertoire of strategies within the universe of strategies available. According to the scholars, demographic variables may be the size of the targeted organisation, or its geographic distribution, among others. For example, the environmental NGO Greenpeace may choose to target only billionaire multinational pollutant corporations, preferably in developed countries, where the sensitivity to environmental issues is higher. Utilising the definition provided by the demographic variables, the repertoire of strategies becomes automatically constrained to a limited number of options.
The second phase occurs when stakeholders use a structural approach to determine the final strategy out of the options remaining after the demographic cut. Similarly to Frooman’s (1999) previous work, structural variables are related to the type of dependence between the organisation and the stakeholder, as can be observed in Figure 3.4. The selected strategy depends again on the balance of power between the stakeholder and the organisation.

Frooman and Murrell (2005) suggest that this model reflects a stakeholder’s rational strategic choice when confrontational situations occur. For example, it is expected that a stakeholder would select a ‘direct compromise’ strategy if both the organisation and the stakeholder are dependent on one another, as highlighted in Figure 3.4.

Similarly, Jawahar and McLaughlin (2001) build on resource dependence, stakeholder theory and organisational lifecycle models to study the impact of stakeholders on organisational lifecycle stages. They suggest that corporate strategies vary, in order to accommodate critical stakeholders over time. An essential insight from their investigation is the expansion of the static view of primary stakeholders, such as that found in the works of Clarkson (1995) and Atkinson et al. (1997). Jawahar and McLaughlin (2001) believe that the determination of a stakeholder’s priority depends on the organisational lifecycle: formation; growth; maturity; and decline or revival. Each stage shows particularities in terms of organisational needs, that is, they work as drivers for stakeholder prioritisation. Therefore, a key role for managers is to identify stakeholders that will provide critical resources to the organisation according to the specific period, and respond to those identified as more important. Jawahar and McLaughlin (2001, p.410) believe ‘organizations are likely not only to use different strategies to deal with different stakeholders at a given time but to use different strategies to deal with the same stakeholder over time’.

<table>
<thead>
<tr>
<th>Is the stakeholder dependent on the firm?</th>
<th>Is the firm dependent on the stakeholder?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Direct compromise (high interdependence)</td>
</tr>
<tr>
<td>No</td>
<td>Indirect compromise (firm power)</td>
</tr>
</tbody>
</table>

Figure 3.4 Typology of relationships and strategies

Source: Frooman & Murrell (2005, p.8)
Savage et al. (1991), Frooman (1999), Frooman and Murrell (2005), and Jawahar and McLaughlin (2001) provide important contributions to the research field, by expanding the understanding of stakeholder-organisation influence strategies. Their instrumental view of stakeholder management contributes to shed light not only for members of the academia, but also for the practitioners, particularly in the development of prescriptive models of strategy response. Another aspect of the research to be noted across these works is the regular use of resource dependence as one of the supporting theories. While there is a general consensus among scholars in relation to the use of resource dependence, the link between this theory and others, such as strategy emergence, offers the opportunity to study different perspectives on stakeholder influence. This will be further explored in Chapter 6.

The occurrence of conflicting episodes between stakeholders and organisations is a premise of the works by Frooman (1999) and consequently the joint works of Frooman and Murrell (2005). In Frooman’s view, conflict is an implicit characteristic of stakeholder theory:

I suggest, then, that if the potential for conflict did not exist – that is, if the firm and all its stakeholders were largely in agreement – managers would have no need to concern themselves with stakeholders and stakeholder theory. In short, conflict, resulting from the opposition of firm and stakeholder interests, is an unstated premise of the theory (Frooman p.193-194).

Hence, Frooman (1999) takes for granted that there will be conflicting episodes in specific contexts of power and resource concentration, which allows him to prescribe specific strategic responses to stakeholder influence. Frooman’s premise appears to fit well in most circumstances. However, one could wonder whether or not the only situations in which stakeholder influence occurs are necessarily those involving conflict, as he suggests. Chapter 5 discusses findings of this research, which demonstrate stakeholder influence on the corporation studied that do not necessarily involve conflicting situations.

The timeframe of the episodes is also object of examination. Examples provided by Frooman (1999), and Frooman and Murrell (2005), suggest that the models are more suitable to the analysis of short-term episodes, rather than long standing periods. In contrast, Jawahar and McLaughlin’s (2001) study tends to focus on longer periods, which is an underlying assumption of organisational lifecycle investigations. The current research, which examines the influence of stakeholders on CSR strategies over a 50-year period, is then more aligned to Jawahar and McLaughlin’s (2001) research.
Another stream of research that has attracted great interest among scholars is the network of stakeholder influences. Rowley’s (1997) seminal work laid the foundations for this topic, which has also been incorporated by other scholars of stakeholder theory, such as Post et al. (2002). Rowley’s (1997) assumption is that stakeholder relationships do not occur in a vacuum of dyadic ties, as proposed by Freeman (1984) in his hub-and-spoke model, rather it is organised as a network of stakeholder influences. The model, shown in Figure 3.5, graph 2, consists of a network of players interconnected with one another through different stakeholder arrangements in which there is no single central point, but instead a focal organisation. Rather than simply being a different terminology, the notion of a focal organisation introduces another concept to the theory. In a hub-and-spoke model (Figure 3.5, graph 1), the corporation is at the centre, where all the stakeholders are then connected. In contrast, in the network model the focal organisation is another actor that might be primarily linked to its closer stakeholders, but in fact is connected to a much larger ‘stakeholder constellation’, and it is also not necessarily positioned at the centre. Thus, while the first offers a more strategic-oriented, business centric view, the second shows, at least in the stakeholder map, a more democratic, flat hierarchical relationship among its participants (Wayne 2008).

![Figure 3.5: Dyadic and network ties between the focal organisation and its stakeholders](source: Rowley (1997, p.891))
In this more complex system, the corporation might be affected not simply by one direct tie, but by a collection of stakeholders, who have interdependent relationships, in a much closer representation of reality. Thus, not only can clear coalitions against the focal organisation emerge from these relationships – this is also seen in Frooman’s (1999) triadic proposal – but they may also be ignited far away from the main circle of constituencies, possibly even in another stakeholder cluster.

In order then to grasp the complexities of the stakeholder network, its structure and distribution must be examined. As a means of describing the characteristics of the stakeholder network, Rowley (1997) developed two important constructs: the density of the stakeholder network; and the centrality of the focal organisation within the web.

Rowley (1997) defines density as the structure of the network. It measures the stakeholder environment’s interconnectedness. In other words, it constitutes the number of ties that link the network actors together. An essential aspect of networks is the diffusion of norms and values among its actors. The more dense the network, the more information exchange and diffusion of norms occur in all regions of the web. Institutionalised norms may be a constraint when organisations behave in a way that goes against these norms because stakeholders share expectations that once broken will lead them to oppose the organisation’s actions (Rowley 1997). When the network density increases, so does the capacity of stakeholders to resist the organisation’s actions. For example, a large mining corporation aiming to develop a potentially polluting project in a rural area, may have to back off if many different local actors exchange information, form closer ties and unite to protest against the project. Conversely, if the same actors do not take any action, the project is likely to be implemented.

The second concept, centrality, refers to the ‘individual actor’s position in the network relative to others’ (Rowley 1997, p.898). Centrality implies a position of status within the network that could also be understood to be a form of power over the other participants. The more central the organisation becomes, the greater its resistance to stakeholder pressures. Utilising the same example of the mining project in a rural area to clarify this concept, if the local community were highly dependent on jobs and facilities provided by the corporation, it could be expected that this corporation experienced a high degree of centrality within the local community network. Consequently, the dependence of local actors on the company means the company’s degree of resistance to protests would be high. In the end, the company could impose its will even if important segments of the local community were against the
project. In contrast, if the corporation’s position in the network was not as important, then the local actors would be in a position to put more pressure on the company, which in turn may ease its resistance and consider abandoning the project.

Centrality can also have different properties according to the specific concept used. Rowley argues that the literature discusses three types of centrality, ‘degree’, ‘closeness’ and ‘betweenness’, with each one defining the positional status of the focal organisation within the web and in relation to other actors in a different way. Therefore, it should be acknowledged that there is no single view about this concept. There is even scope for other variations on this construct, for example, by linking different theories such as strategy emergence and stakeholder networks, which might lead to other perspectives.

Similarly to Frooman (1999), Rowley (1997) is conscious that the response of focal organisations depends on the existing environment. He notes it is difficult to predict a firm’s behaviour because:

...each firm faces a different set of stakeholders, which aggregate into unique patterns of influence. Firms do not simply respond to each stakeholder individually; they respond, rather, to the interaction of multiple influences from the entire stakeholder set (Rowley 1997, p.890).

![Figure 3.6: Organisational responses to stakeholder pressures](Image)

**Figure 3.6: Organisational responses to stakeholder pressures**

*Source: Rowley (1997, p.901)*

Network density and focal organisation centrality are vital characteristics of the stakeholder environment. The interaction of these two aspects generates singular network structures. Each arrangement influences the organisation’s degree of resistance to stakeholder demands differently and, as a consequence, its strategic responses are varied. Rowley (1997) combined both characteristics and developed a prescriptive four-type model of organisational responses, similar to Frooman’s (1999) and Savage et al.’s (1991). These are demonstrated in Figure 3.6 and Table 3.4.
### Table 3.5 Characteristics of organisational responses to stakeholder pressures

*Source: Rowley (1997)*

<table>
<thead>
<tr>
<th>Response to stakeholder pressures</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compromiser</td>
<td>Focal organisation attempts to negotiate with stakeholders</td>
</tr>
<tr>
<td>Subordinate</td>
<td>Focal organisation attempts to comply with stakeholders’ expectations</td>
</tr>
<tr>
<td>Commander</td>
<td>Focal organisation attempts to control stakeholder behaviours and expectations</td>
</tr>
<tr>
<td>Solitarian</td>
<td>Focal organisation attempts to avoid stakeholder pressures</td>
</tr>
</tbody>
</table>

Prescriptive models are largely used in all fields of research. They synthesise large amounts of data into a manageable number of explicit alternatives, and reduce the uncertainties of decision making in complex situations. On the other hand, a criticism of prescriptive models is that they reduce the multitude of possibilities to only those presented in the model (Corner et al. 2001). Variations in the expected results, therefore, are not captured or even forcibly translated into one of the standard categories provided by the modelling. Although recognising the importance that prescriptive models play in research, this investigation opts to develop a descriptive analysis in order to ensure a more thorough portrait of strategy formation behaviour.

To conclude, stakeholder theory offers countless contributions to the field of management, upon some of which this research builds. The growing body of literature on stakeholder identification is used as a starting point for the prioritisation of the most important organisational actors who have shaped CSR strategy over time. More specifically, Mitchell et al.’s (1997) template appears particularly suitable for this task. Secondly, the research signposts power as an important part of the stakeholder relationship process (Savage et al. 1991; Mitchell et al. 1997; Frooman 1999; Kochan & Rubinstein 2000; Frooman & Murrell 2005) and, a result, must be considered within the scope of this investigation. Thirdly, as will be seen in Chapter 6, even though this research uses mostly the traditional principles of Freeman’s hub-and-spoke model, it also utilises notions of stakeholder network theory (Rowley 1997) to demonstrate the influence of stakeholders on CSR strategy over a long period of time. The next section will discuss strategy and its implications for CSR.
3.4 Strategy and its implications for CSR

The vast field of business strategy has considerably evolved over the past 70 years. In the interim, several important contributions, such as Porter’s generic strategies (1980), population ecology of organisations (Hannan & Freeman 1977), stakeholder theory (Freeman 1984), and resource based view (RBV) (Barney 1991; Wernerfelt 1984), to list a few, were developed. These allowed both corporate players and scholars to understand the competitive dynamics and business behaviour in its attempts to pursue long term goals.

Despite extensive scholarly efforts, there have been more divergences than convergences in finding a widely acceptable definition of strategy. One reason for such variance is that the nature of the firm and its environment can widely affect one single approach to the meaning of strategy. Hax wisely states this point as follows:

There are some elements of strategy that have universal validity and can be applied to any institution. However, other elements are heavily dependent on the nature of the firm, its constituencies, its structure, and its culture (Hax 1990, p.34).

In the same vein, Mintzberg and Lampel (1999) conclude that there is no single perspective on strategy formation process. In their writings, these authors see different views as complementary parts of a complex process. Thus, both Hax (1990), and Mintzberg and Lampel (1999) argue that strategy is multifaceted and has different approaches.

A pluralistic approach towards strategy ensures the universe of possibilities is not constrained to only one view. For the purposes of the thesis, three perspectives are drawn on to assist in understanding the CSR strategy formation process. They are: resource perspective; deliberate; and emergent strategies. The explanatory power of these theories offers a suitable framework to better understand how strategies are formed and evolve over time. This section concludes that: i) internal resources play an important role in driving the organisation towards a specific strategy configuration; ii) some organisations intuitively learn and then shape a strategy according to internal or environmental changes; and iii) organisations also attempt to control the environment and seize opportunities through formal planning.
3.4.1 Resource perspective and CSR

The resource perspective can be traced back as far as Penrose’s 1959 work, which cited the firm as being a ‘collection of resources’, and also to Selznick, in 1957, for whom leadership has an important role in defining ‘distinctive competences’. However, later resource scholars such as Pfeffer and Salancik (1978), Wernerfelt (1984), and Barney (1991), have brought the discussion about binomial resources and competitive advantage to a higher level. While Pfeffer and Salancik laid the foundations of resource dependence theory, Wernerfelt (1984) and Barney (1991) consolidated the well-known Resource Based View, or simply RBV. There are differences between these two viewpoints. On the one hand, RBV suggests that companies compete with one another using different combinations of organisational resources and capabilities in order to obtain above average returns. The more difficult it is for these bundles of resources to be imitated by competitors, the more chance a company has to achieve a sustained competitive advantage (Lloyds & Han 2007). On the other hand, resource dependence claims that because organisations are not entirely self-sufficient in terms of the resources used for their operations, they must adopt strategies to ensure the flow of these critical resources from the external environment. The more dependent they are on resources transacted from the environment, the less autonomy and bargaining power they have (Pfeffer & Salancik 1978; Lloyds & Han 2007). As they belong to the same theoretical branch and share important premises, resource dependence and RBV will be treated jointly as ‘resource perspective’.

In general terms, proponents of the RBV argue that it is not the environment that defines above normal profits, but the ability of a firm to acquire and manage valuable resources in a way that does not allow competitors to imitate, transfer or substitute them (Barney 1991). RBV, in contrast to neoclassic economics, assumes that firms operate in highly imperfect markets and are heterogeneous in terms of the resources they pursue. This heterogeneity and low mobility of assets inter-firms creates different competitive attributes and performance among them (Barney 1991). Therefore, according to RBV theorists, the development of different sets of resources, for example, the ability of a company to adopt CSR practices in a unique way, which enhances the corporate brand, should be considered a valuable resource.

Throughout the years, RBV has developed into a comprehensive field of strategy theory, which lends theoretical support to many other streams of research, from innovation to outsourcing. It can also explain an important component of CSR strategy formation, wherein the configuration of a strategy tends to be highly dependent on corporate resources or capabilities. As will be seen later, the case presented here not only demonstrates this
connection, but also associates resources with capabilities, as an inherent part of CSR strategy formation.

While some works linking RBV and CSR, such as Russo and Fouts’ (1997) can be traced back to the 1990s, it is only recently that there has been a greater prominence achieved by studies analysing this connection. For Smith (2007), CSR is inherently attuned to RBV because it contributes to build intangible assets that are difficult to be replicated, such as good reputation, social skills, and competence in managing different stakeholders. Taken one step further, it is conceivable that a firm which develops a CSR based culture is able to generate a very strong asset position, given that it would be difficult for competitors to mimic. This perspective is supported by Hall (1993). In an adaptation of Coyne’s (1986) study, Hall proposes that cultural capabilities should be a source of sustainable competitive advantage. For him, the system of habits, attitudes, beliefs and values that permeate an organisation might be a cornerstone on which to create competences and produce sustained competitive advantages, such as zero defect policy, or commitment to being socially responsible.

According to Russo and Fouts (1997), RBV offers CSR researchers an important tool, by linking corporate social policy and corporate performance. Two reasons are given for this: firstly, RBV has a strong focus on performance; and secondly it recognises the importance of intangible assets, such as reputation, to the bottom line. Similarly, Bowen (2007) argues that capabilities can be created through the development of corporate social strategies and thus generate a source of sustained competitive advantage. Building on a CSR environmental perspective, Hart (1995) proposes a natural-resource-based view of the firm, in which he urges the development of a theory of competitive advantage, which considers the natural environment as a basic condition for developing sustained competitive strategies.

Barnett (2007) also borrowed an interesting point from resource perspective, which considers how stakeholder influence on firms might be path-dependant on ‘CSR stock’ (the accumulated perceptions about CSR) unique histories. Barnett (2007, p.803) states:

The actions of a firm and the responses by its stakeholders in regards to CSR are path dependent such that different firms obtain different results from CSR, depending on their unique histories.

Therefore, the way a stakeholder will perceive and react to a firm is dependent on the historic stakeholder relationship with the firm, because stakeholders compare previous and new information on a firm’s CSR to decide their attitude towards the company. Barnett
(2007) also explains that stakeholder reaction is based on its own unique cognitive representation of the firm over time. Thus, ‘CSR may provoke different stakeholder reactions and yield different financial results for different companies at different points in time’ (Barnett 2007, p.803). It is also suggested by the author that stakeholder relations as well as corporate reputation are both cumulative assets over time. Both are intangible assets and contribute indirectly to CFP. Strong stakeholder relationships can only be built over ‘layers of trust’ and this is not rapidly achieved. Its benefits go well beyond short-term financial measures and are said to reduce stakeholder risk, enhance corporate image, social legitimacy (Fombrun 2000), and promote imitability barriers (Barney 1991).

Stakeholder theorists also use resource perspective to build on and solidify stakeholder theory. Frooman (1999), and Frooman and Murrell (2005), employed resource dependence theory and power – an attribute that emerges from the relationship between actors who exchange resources – to explain the strategies stakeholders use in order to influence organisations according to their interest. They proposed a resource relationship model (i.e., who is dependent on whom), which determines the types of strategies used by stakeholders to establish their influence. Similarly, Pfeffer and Salancik (1978), and Rodgers and Gago (2004), suggest that a firm will give more priority to those stakeholders who control resources critical to its survival, than to others who do not.

Oliver (2001) and Rowley (1997) draw on resource dependence, institutional theory, and network analysis to discuss organisational resistance to stakeholder influences. Both explain how external actors shape institutional behaviour, and how and in what conditions organisations establish resistance strategies to stakeholder influences. While Oliver compared and identified convergences between resource dependence and institutional theory, Rowley focused more on network analysis, using resource dependence and institutional theory as supportive theories.

Post et al. (2002a) developed an analytical framework for stakeholder management that includes RBV as one of the three key dimensions of analysis (the others being the industry structure, and social political arena). They stress that the large corporation has become an ‘extended enterprise’, and needs to address uncountable stakeholder relationships in different locations. To manage this complex net of relationships, the scholars developed a framework that attempted to integrate both internal resources and external environment, including social and political issues, which are not acknowledged by the first two views. A diagram of the model proposed by Post et al. (2002a) is shown in Figure 3.7.
As can be observed throughout this section, there are several tangential works concerning CSR asset development and sustained competitive advantage, or CFP (Coyne 1986; Hall 1993; Hart 1995). This is closely related to the idea that organisations can build intangible assets through strong relationships with their stakeholders. As seen in this and the previous section, the focal organisation or its stakeholders can use power or their critical resources as an essential asset in an attempt to influence one another according to their particular interests.

While some specific literature connecting CSR or stakeholders with resource perspective can be found, none of the works examined attempted to use resource perspective and strategy formation theory within the context of CSR. This provides an opportunity to further explore this theme. In a relevant example, Gife, the Brazilian association with the most important corporate donors in Brazil, recommends that its associates make decisions about their social investments based on their business activities. Here, the idea is to utilise natural expertise and resources from within the organisation to develop consistent CSR programs. Thus, as pointed out by Priem and Butler (2001), and Post et al. (2002a), not only macroenvironmental factors drive corporate behaviour, but also internal resources and capabilities play an important role in shaping strategic choices over time. As will be seen later, this complementary perspective allows for a more in-depth understanding of the contours promoted by external influences and internal resources on CSR strategy formation.
3.4.2 Deliberate strategies

The concept of deliberate (or formal) strategies was first coined by Mintzberg (1987) to refer to those strategies formulated through the use of analytical techniques and strategic planning processes. For defendants of this view, formal strategies must be explicit and are essential to define the conduct of the organisation. Strategies are ‘designed’, following a rational and ritualistic process involving top management, as those who have the responsibility to ‘think’ the company. A clear separation between formulation and implementation, or ‘thinkers’ and ‘doers’, is necessary in order to optimise such activities (Mintzberg, Ahlstrand & Lampel 1998). The strategy formation is a deliberate and conscious process guided by the leaders and then disseminated to lower levels in the hierarchy. The terms commonly used within this perspective, largely known as Design School, is to define ‘objectives’, ‘goals’, and ‘programs’ in order to materialise strategies that were formulated through a highly formalised process.

From this perspective, theorists see strategy as a consciously carried out process. For example, Chandler, one of the earliest scholars who attempted to conceptualise strategy, defines it as ‘the determination of the basic, long-term goals and objectives of an enterprise, the adoption of courses of action and the allocation of measures necessary for those goals’ (Chandler 1962, p.13).

Ansoff (1965), another early strategy writer and a prominent author on strategic planning, was one of the first to develop techniques and models to support strategic decision making. While not providing a specific definition of strategy, the scholar identified four strategic dimensions. They are: product-market scope; growth vector; competitive advantage; and synergy. Within the context of expanding markets and diversification, Ansoff (1965) proposed a product-market matrix in which four corporate growth strategies are portrayed. Figure 3.8 outlines the matrix and respective strategies.
Andrews (1971) is conceivably the most prominent representative of the Design School. In his seminal work, the book Corporate Strategy, this scholar detailed the core ideas of the school. Andrews (1971) highlighted the following points: the connection between the firm and its environment; the separation between strategy formulation and implementation; and the importance of the CEO as the architect of corporate strategy. He also explained that strategy results from the firm’s distinctive competences, and that it should remain as simple and explicit as possible within the organisation. Andrews (1971) also provided one of the earliest definitions of strategy. In his own words:

Corporate strategy is the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities (p.13).

Andrews’ concept of strategy is comprehensive and not only does it emphasise the basic aspects of the Design School, namely objectives, purposes, goals, and plans, but it also underlines the non-economic nature of strategy referring to its contribution to stakeholders other than shareholders. While some of his ideas have been questioned by scholars such as Mintzberg and Lampel (1999), it must be acknowledged that Andrews has contributed significantly to the expansion of the field of study on strategy, and introduced ideas that were ahead of his time.

Other scholars, such as Learned, Christensen, Andrews and Guth (1973), developed one of the most recognised strategic planning tools, known as SWOT analysis. This model aims to help managers determine the strategic fit between the organisation’s internal capabilities and

![Figure 3.8 Product market growth matrix](image-url)
external environmental conditions. By using internal (strengths, weaknesses) and external (opportunities, threats) factors, managers can visualise their options more precisely, in order to make the best strategic decisions, and establish corporate objectives. The tool is a rationalist approach largely used in strategic planning that contributes to categorise information in order to provide logical strategic responses to competitive contexts.

In another study, Chaffee (1985) identified three models of strategy that are, according to her, implicit in the strategy literature. These models are termed linear, adaptive, and interpretive. Similarly to Mintzberg’s (1987) deliberate strategy, linear is described as being the methodical, directed and sequential action involved in planning.

Another major strategy scholar, the economist Michael Porter, defined strategy in a positioning perspective, and developed analytical techniques to analyse the industry and its competitors. Porter’s (1996, p.68) definition of strategy as ‘the creation of a unique valuable position, involving a different set of activities’, implies a purposive, deliberate process of strategy formation. For him, sustainable competitive advantage depends on selecting the right strategy – one that is consistent with the competitive strengths (resources and capabilities) of the company and the industry to which it belongs. Highly prescriptive, Porter posits that to achieve a sustainable competitive advantage, a firm must choose among three types of generic strategies: cost leadership; differentiation; or focus on niche markets using these strategic approaches. Porter’s generic strategies are shown below in Figure 3.9:
Other authors highlight the importance of the corporate planner (Steiner 1970), strategic planning systems (Lorange & Vancil 1976), and methods for strategy formulation (Gilmore 1971). Gilmore (1971) appears to caricature the criticism made by those who defend strategy as a process and not a designed formulation process. He suggests that mathematical programming and simulation could be a useful, while limited, approach to strategy formulation. Gilmore (1971) notes that this system would be applicable in those situations where relationships are linear and there is no uncertainty in the markets. One could question what industry the author relied upon to make his proposition, given that the characteristics mentioned by him are practically non-existent in competitive environments, even back in the 1970s.

The attacks on the Design and Positioning Schools increased in the late 1980s and reached their peak during the 1990s. One of the most virulent critics was Mintzberg, who defended a more unstructured view of strategy formulation as opposed to the logical-deductive view of the Design School. This perspective is outlined below in the emergent strategy subsection.

In summary, the literature on deliberate strategies demonstrates a continuous attempt by planners to control the environment, through identification of opportunities and threats (Learned et al. 1973), by prescribing standard strategic alternatives (Ansoff 1965; Porter 1980), or by programming a route with clear goals and activities linked to one another (Chandler 1962; Andrews 1971). This formula has long been instilled in the corporate mindset, and represents the common approach for managers who need to sell their ideas and request budget for their projects. The planning culture is also present in the organisation studied in this research. At two different points, managers and higher level management gathered to develop strategic plans in order to provide a formal direction to CSR. The
increasing use of formal metrics to measure CSR performance also indicates the growing importance of CSR over time. These aspects are further analysed in Chapter 5.

3.4.3 Emergent strategies

While an extensive literature on emergent strategies exists, the focus on functional types of strategy such as manufacturing (Barnes 2002) or logistics strategies (Bourlakis & Bourlakis 2001) is limited. Rather, the generic term ‘strategy’ or ‘corporate strategy’ are used more frequently by scholars in their research on strategy formation. This aspect is of critical relevance to this study, given that the current research offers the opportunity to analyse strategy formation behaviour in the specific context of CSR, which may emphasise similarities or differences to the existing literature. As no works were found connecting CSR with emergent strategies, this section focuses on strategy formation generically, and draws on seminal works throughout. These works explain the unplanned, collectively oriented, and learning nature of emergent strategies in contrast to the articulated, top-down and rigid culture of formal planning.

The first insights into the split between planning and process approaches date back to 1959, in Charles Lindblom’s article Muddling Through. The scholar highlights that decision making based on rational-scientific analysis is not particularly feasible, and a less structured and evolutionary decision-making process appears to be a valid alternative. However, it was only in the late 1970s and the 1980s that several works challenged the dominance of the Design School. Quinn (1981), Bower and Doz (1979), Burgelman (1983), Pascale (1984), and Mintzberg (1987) were the most influential researchers to challenge this dominance. Pascale’s 1984 work on the ‘real story’ of Honda had a notorious impact on the field. The scholar, through interviews with executives of the company, showed how the entrance of Honda into the North American motorcycle market occurred in a quite different way than the formal Boston Consulting Group (BCG) report suggested. While the report explained the success of Honda as being due to scale advantages, Pascale (1984) found that the company succeeded because of its ability to experiment and learn in a new market.

Mintzberg, the main critic of the Design School often used the Honda case in his articles to demonstrate how strategic planning and rational techniques might deceive companies. This scholar was very keen to point out that practitioners and several scholars had misinterpreted important concepts concerning strategy. Mintzberg (1994) noted that strategic planning is not strategic thinking. He criticised the ritualistic and rational approach utilised by scholars
and practitioners to ‘produce’ strategy. Strategic planning, as currently practised, is more correctly called ‘strategic programming’, given that it simply organises, in an articulated manner, strategies that already exist. Mintzberg characterises the difference between strategy and strategic planning as follows: ‘One is analysis, and the other is synthesis’ (Mintzberg 1994, p.107).

For Mintzberg (1987), strategies can emerge as well as be formulated. They need not be deliberately defined in strategic planning, rather, they can be created anywhere in the organisation and become ‘a pattern in a stream of decisions’ (Minzberg & Waters 1985, p. 257). This definition of strategy posits that the identification of streams of behaviour, patterns and consistencies in organisations over time can better provide the exact idea of what a strategy is, than can prescriptions and extrapolations from the reality, which is usually what strategic planning produces. Mintzberg (1994) contends that rarely do things go as expected after a strategic plan concludes. Additionally, many unexpected events such as competitors’ reactions, economic, legal and technological changes, can affect a planned strategy. As with Mintzberg, Quinn (1981) also highlights the unpredictable nature of the environment and its impacts upon corporate strategy:

> Often, events over which managements had essentially no control would precipitate urgent, piecemeal, interim decisions which inexorably shaped the company’s future strategic posture (p.47).

It can therefore be concluded from these works that realised strategies can be quite different from those originally intended.

Emergent strategies do not, however, indicate chaos or lack of control over the firm’s direction, rather it might indicate a culture of openness, flexibility and learning (Mintzberg & Waters 1985). In fact, a deliberate (or realised) strategy may be an emergent strategy that at some stage in the past was recognised and then formalised. Similarly, it is possible that a given organisation follows an emergent strategy but is not aware of it because, for example, the intended strategy was completely reshaped by new events, which made managers take distinctly different strategic approaches to those originally planned. Figure 3.10 shows Mintzberg’s (1985) view of this process.
Quinn (1981) is also critical of formal processes of strategy thinking. He claims that rational-analytical approaches have little similarity with the intuitive and incremental strategy processes that usually occur in companies. In his own words:

Instead of stimulating creative options, innovation, or entrepreneurship, formal planning often become just another aspect of controllership – and another weapon in organizational politics (p.42).

Quinn (1981) argues that strategies tend to emerge from several strategy formulation subsystems, each of them with their own players, demands and time imperatives. According to him, strategies emerge from each of these subsystems in order to address specific issues. Managers tend to use incremental, experimental and opportunistic processes to nurture such strategies within the organisation. Good managers, he says, are those who have the ability to foresee the main forces that will impact the organisation, and then try to establish a base of resources and a strategic posture that will allow the organisation to survive these events and prosper in the new environment. Managers purposely make only vague decisions at the beginning of the strategic process, avoiding rigidities and stimulating creativity. In this way they can accommodate different ideas and offer a direction to the team without compromising themselves with one specific approach.

Other theorists acknowledge the role of unplanned events in the strategy formation process. For example, Burgelman (1983) observed the emergence of new initiatives within the companies he studied and, based on his observations, proposed two kinds of strategic behaviour: induced; and autonomous. Induced strategic behaviour, he explains, uses formal procedures of strategic planning systems, and is driven by internal selective mechanisms that direct allocation of resources and determine the structure of incentives. Autonomous
strategic behaviour, on the other hand, emerges more informally from product development projects and capital investments that are defined by intermediate and lower level managers. These employees are able to identify business opportunities and mobilise corporate resources to develop them, demonstrating that strategies are not initiated exclusively in upper organisational echelons.

Echoing Burgelman (1983), Mintzberg (1994) acknowledges that this pattern can emerge from both formal and informal processes. That is, strategies can be formulated by top management, but can also be pursued and realised in a completely unplanned way by lower level employees. While deliberate strategies tend to emphasise a more defined and hierarchical direction, emergent strategies occur in a more convergent and collective way (Mintzberg & Waters 1985).

Similarly, Bower and Doz (1979) note that strategies can either emerge spontaneously or be induced more formally by top management through reward systems for managers and other administrative mechanisms. Bower and Doz (1979) identify two kinds of influence: the influence of top managers on intermediate managers through the establishment of strategic goals and rewards; and the influence of lower-level managers in defining the options for investment projects, which are then selected by the intermediate managers, and approved by higher-level managers. Thus, a larger number of participants are recognised as being part of the strategy formation process. Mariotto (2003) agrees with Bower and Doz’s (1979) view, pointing out that there are so many people and areas involved in the formation of a strategy that it is almost impossible to refer to any particular individual or area as being responsible for the strategy’s entire development.

Barnes (2002) goes a step further in the strategy debate. In a study of six small companies, he contends that manufacturing strategies are formed through an interpretative process by the individuals involved. Building on Mintzberg and Quinn (1991), the scholar acknowledges that organisational culture, internal politics, and powerful individuals, as seen in Table 3.5, are key drivers that impact on managerial interpretation and uniquely affect the process of strategy decision making and formation. The virtue of Barnes’ work is that it describes the complexities of the involvement of corporate individuals in the process of strategy formation in much more detail than previous scholars.
### Table 3.6 Factors impacting managerial interpretive process

*Source: Barnes (2002, p.1102)*

<table>
<thead>
<tr>
<th>Factors</th>
<th>Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>Managers all are individuals, with personalities, levels of knowledge, and expertise etc, presumably influenced by their backgrounds, education, work experience and so on.</td>
</tr>
<tr>
<td>Cultural</td>
<td>Organisational culture, and particularly any strongly held collective beliefs about the role of manufacturing, play a part here.</td>
</tr>
<tr>
<td>Political</td>
<td>Whilst there is no evidence of a Machiavellian type of power politics within these organisations, it seems clear that the exercise of managerial power does play a part in the process.</td>
</tr>
</tbody>
</table>

While empirical works such as Barnes’ (2002) usually focus on internal actors and their impact on strategy formation, Booth and Segon (2008) have more recently expanded this approach to include the broad notion of stakeholders. Based on the study of two Australian companies, they concluded that stakeholder considerations represent a core aspect of the strategy making process. Booth and Segon (2008) noted that in one of the companies investigated, the number of external financial stakeholders increased markedly when the company was listed on the Australian Stock Exchange (ASX). The organisation then felt under pressure to manage the new demands from a variety of different actors, which resulted in a rapid reorientation of its overall corporate strategy.

This type of rapid strategic reorientation is not likely to occur in organisations with rigid strategic planning mechanisms. Mintzberg (1994), and Markides (1999), believe that excessive rigidity can lead a firm to cultural and structural inertia and an inability to foresee a crisis. For Mintzberg (1994, p.111), ‘formal procedures will never be able to forecast discontinuities’. Most companies fail to recognise periods of instability or change and consequently do not make the alterations that are necessary to ensure their survival in the long term. Mintzberg (1994) further emphasises that usually strategic planners within large corporations see the world as a comfortable and incremental environment. This conventional view insists on utilising the same strategies that led the company to a successful market position, with little change to its distinctive competencies. When discontinuities occur, the stable environment is disrupted, and the company is often unprepared and unable to adapt. In such revolutionary periods, current strategies disintegrate and emergent ones are created, to form a new model. In order to survive, companies must rapidly establish new standards of strategy, structure and organisational culture (Mintzberg 1994).
For Mintzberg and Lampel (1999), learning organisations are those best prepared to face environmental change. According to McGrath (2001, p.118), ‘exploratory learning is critical to the capacity of an organization to create variety, and hence, to adapt’. This is the type of organisation in which emergent strategies are more likely to grow and become the dominant pattern. Thus, as Mintzberg (1994) points out, the role of managers is central to recognising and stimulating emergent patterns, helping to craft them, or intervening to block those that are least likely to contribute to benefit the organisation. A strategy that was previously emergent can become deliberate and be incorporated into formal strategic planning. During this process, the emergent strategy may partially influence or revolutionise the corporate strategy.

While Mintzberg and other scholars have criticised strategic planning methods and many schools of thought, they also have attracted strong criticism as well. Ansoff (1991), makes a tough condemnation of the emergent strategy theory and Learning School. In a direct response to one of Mintzberg’s (1990) articles, Ansoff (1991) criticised him for providing contradictory factual evidence, of theoretical failure for not placing importance on the business environment, and for proclaiming the learning process as the only alternative for businesses. Goold (1992), who prepared the BCG report on Honda, which was criticised by Mintzberg, disparaged the author’s simplistic approach to the Honda case, stating:

> What would a Mintzberg learning approach recommend?... presumably it would be ‘try something, see if it works and learn from the experience’... for the manager, such advice would be unhelpful, even irritating... of course, we should learn … but we have neither the time nor the money to experiment with endless, fruitless nonstarters (p.169).

The debate between scholars from the Process and Design Schools has been insightful. They have clarified important aspects of strategic thought that had previously been neglected. The need for organisations to experience and learn, as well as to formally articulate strategies in order to provide a clear sense of direction, are both important and not contradictory. For example, the works of Barnes (2002), and Booth and Segon (2008), both used empirical evidence to show that strategies are complex phenomena, which involve the combination of deliberate and emergent practises. Thus, rather than competing views, they appear in fact to be complementary.
3.4.4 CSR strategy – a proposed definition

The study of the CSR strategy process suffers from a chronic problem: there are no known works that offer clear definitions of CSR strategy. However, without a clear concept, this investigation runs the risk of providing an analysis that is based on vague assumptions, leading to ambiguous results. In the absence of works on this particular issue, and as this study focuses on CSR strategies, a definition is needed in order to close this gap.

One possible starting point to define CSR strategy is to position it in relation to the hierarchical levels of strategy. Several authors, (Flavel & Williams 1996; Varadarajan & Jayachandran 1999; Steyn 2003; Thompson & Strickland 2003; Wheelen & Hunger 2004; Chakravarthy & Henderson 2007, Thompson et al. 2005) have used the notion of strategy hierarchy, which classifies strategies by corporate, business unit, and functional levels. Corporate strategies are those that coordinate the business portfolio in order to maximise major performance goals and competitive advantage through harmonising aspects such as diversification, synergy, and growth. Business unit strategy is the competitive approach of a single business unit or a firm to its market/product/industry segment (Steyn 2003). Functional strategy refers to specific approaches, initiatives and processes in areas such as human resources (HR), marketing, and others that provide support to achieve the corporate and business unit objectives. All types of strategy cited above complement each other and contribute to the competitive success of the firm (Chakravarthy & Henderson 2007). Thus, with this approach in mind, CSR strategy should be categorised as a functional strategy, because it contributes to the business success through image enhancement (Fombrun et al. 2000; Davis 1973) or by improving relationships with the firm’s stakeholders and overall society (Savage et al. 1991; Barnett 2007).

Conceptualising specific functional strategies can help scholars to map out a particular field and thereby accomplish more accurate research analysis. Some strategies related to marketing (Dickson & Ginter 1987; Wheelen & Hunger 2004; El-Ansary 2006), HR (Lengnick & Hall 1988; Dyer 1984), and manufacturing (Barnes 2002) have long been conceptualised. In the specific case of CSR strategy, a reasonable number of studies mention CSR strategy or associated terms (Haigh & Jones 2006; Miles et al. 2006; Perrini et al. 2007; Galbreath 2006; Bowen 2007; Husted & Allen 2007; Maxfield 2008; Smith 2007), but no attempt has been made to define it nor to explain what it means.
For the purposes of this thesis, I propose the following definition of CSR strategy, which will be used from this section on. CSR strategy can be thought as a process formed by both intentional planning and unintended practises, which contributes to building organisational capabilities and creating competitive advantages through ethical considerations in relation to economic, social and environmental issues, while appropriately balancing the interests of different stakeholders.

The concept borrows important constructs from different theories, which contribute to enhance its consistency. Theoretical support and rationale for the use of these core elements are summarised in Table 3.6.

Table 3.7 Origins of constructs used to the creation of CSR strategy concept

<table>
<thead>
<tr>
<th>Core elements</th>
<th>Theoretical Support</th>
<th>Rationale</th>
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<tbody>
<tr>
<td>Intentional planning and unintended</td>
<td>Emergent and deliberate strategies (Mintzberg 1985;</td>
<td>Strategists cannot ignore the consideration that strategies might come from not only planned processes of strategy formulation, but also emergent initiatives. Both need to be considered for a more comprehensive approach to CSR strategy.</td>
</tr>
<tr>
<td>practises</td>
<td>1994)</td>
<td></td>
</tr>
<tr>
<td>Organisational capabilities</td>
<td>Resource Based View (Richardson 1972; Warren 2000;</td>
<td>To a great extent, strategy is driven by resources and capabilities developed within organisations. Different strategy configurations may therefore reflect the different blend of resources and capabilities available.</td>
</tr>
<tr>
<td></td>
<td>Makadok 2001; Bowen 2007)</td>
<td></td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>Industrial organisation (Porter 1980)</td>
<td>CSR here is not treated as an action lacking intentionality, i.e. just to promote goodness, rather it is assumed that CSR is a business strategy that aims to create some kind of competitive advantage for corporations, be they image enhancement, social legitimacy or financial returns.</td>
</tr>
<tr>
<td>Triple bottom line (TBL)</td>
<td>CSR and sustainable development (Elkington 1998;</td>
<td>TBL is an essential part of CSR strategy because it represents the ‘content’ of the strategy. TBL, which is a measure of social, environmental and economic organisational performance, is a relatively recent concept that has been widely used to summarise the responsibility of corporations to their stakeholders.</td>
</tr>
<tr>
<td></td>
<td>Marrewijk 2003)</td>
<td></td>
</tr>
<tr>
<td>Balanced view of stakeholder interests</td>
<td>Stakeholder theory (Hill &amp; Jones 1992; Donaldson &amp;</td>
<td>The notion of a balanced view of stakeholder interests is a basic assumption of stakeholder theory and CSR, as seen in Sections 3.2.1 and 3.3.1. As a consequence, it is commonly used in constructs related to these two themes.</td>
</tr>
<tr>
<td></td>
<td>Preston 1995; Post et al. 2002)</td>
<td></td>
</tr>
</tbody>
</table>
Building on Mintzberg’s work (1985, 1994), it can be said that CSR strategy is formed by all CSR related decisions made over time. Some are closer, others more distant from the main stream of the strategy, but all contribute to some extent in the process of strategy formation. Along this path, resources and capabilities might be used or created, contributing to shape the contours of the strategy (Richardson 1972; Warren 2000; Makadok 2001; Bowen 2007). For instance, if a software company, which usually grants NGOs financial resources, modifies the scope of its CSR program and starts using its IT and network resources to develop a new CSR program, such as volunteering online, existing resources would have contributed significantly to shape the CSR strategy.

Unsuspected actions may trigger several other activities which together contribute to give consistency to the whole strategy or even create a new and more robust strategy stream within the corporation. However, it is also possible for some CSR actions to be totally disconnected from the main stream and therefore end up without any consequences in terms of new actions or impacts on the strategy itself. It should be noted, however, that this does not mean these actions are not part of the strategy formation process. Therefore, any one action could either: (i) contribute to the development of (or a change in) the CSR strategy; or (ii) be an action performed pursuant to the CSR strategy. In either case, no outlying CSR actions will be completely disconnected from the CSR strategy.

### 3.5 Summary and conclusions

This chapter has been divided into three sections, which covered the core themes of the thesis: CSR, stakeholders, and strategy. The first section discussed CSR terminology and associated concepts. The difficulties inherent in finding a single widely accepted definition for CSR (Davis 1973; Carroll 1979 and 1999; Windsor 2006; Waddock 2004; Sethi 1975; McWilliams et al. 2006), and the conceptual confusion created by associated concepts such as corporate citizenship and corporate sustainability, meant there was a strong competition for the same definitional niche. One possible reason is stated by Carroll (1999), for whom constructs created by scholars have necessarily reflected a dynamic social context that changes over time. In this work, my intention was not to develop ‘the ultimate definition’, but rather to build on CSR scholars’ existing contributions, in order to provide parameters for this particular investigation. However, as a result of this undertaking, it is conceivable that this additional view has added new layers of reflection to this mutable construct, thereby contributing to the debate within this field.
Drawing on the PEST forces model (Thompson & Strickland 2003; Wheelen & Hunger 2004; Hanson et al. 2002), this investigation highlighted political, economic, social and legal factors that can potentially drive CSR strategic decision making. While the model offers a reasonable coverage in terms of possible CSR driving events, the literature is still expanding. This provides an opportunity for the development of broad models of CSR environmental drivers. Within this research, the existing literature offers background context from which events that propel CSR initiatives and their respective stakeholders can be mapped out, and, as a result, influences over the focal organisation identified.

From a micro level perspective, the morally guided action of managers is an aspect to which attention has been drawn in this study. While works on CSR-oriented managers are not extensive, there is a growing body of literature (Hemingway & MacIagan 2004; Bansal & Roth 2000; Anderson & Bateman 2000) that shows a connection between CSR initiatives and individual championing. In addition, it is suggested that, in some situations, managers’ altruistic motives are an important driver in the alignment between personal and corporate goals (Hemingway & MacIagan 2004). The works of Guth and MacMillan (1986), and Mintzberg (1983), position corporate CSR defendants and CFP areas on opposing sides, due to CSR investments’ potential to jeopardise corporate profit. Conflicting situations between stakeholders must also be given consideration within this investigation, since they affect the process of strategy formation. Hence, empirical works describing the nature of stakeholders contribute to expand the knowledge in this field.

Finally, the historical context of CSR in Brazil and its atavistic characteristics were explained. It was pointed out that the growing political openness and the consolidation of democratic institutions over the past 25 years in Brazil has allowed for the rise of a strong civil society, which demanded higher business involvement in social issues (Griesse 2007). Therefore, Brazilian corporations tend to strategically align their CSR practices as a result of the increasing public sensitiveness to social issues such as poverty, inequality, and child labour (Schmidheiny 2006). Interestingly, strategic CSR and philanthropic actions coexist in corporate Brazil, reflecting both new and old paradigms of business’ civil participation.

The section on stakeholder theory firstly explored the definitional framework of stakeholder theory and the scholarly criticisms of the existing definitions (Jennings 1998; Coelho et al. 2003; Charron 2007). Next, different works on stakeholder identification were highlighted (Clarkson 1995; Atkinson et al. 1997; Mitchell et al. 1997) and power was recognised as a core aspect by which to identify stakeholder influence over organisational behaviour. Consequently, a study of power is central to understanding how stakeholders influence CSR
strategies over time. While some scholars (Savage et al. 1991; Frooman 1999; Frooman & Murrell 2005) demonstrated how resource concentration between stakeholders and the organisation influenced strategic responses, Rowley (1997) described the very important concept of the stakeholder network. These works contribute to this thesis in three ways: firstly, Mitchell et al.’s (1997) template is used as part of the process of stakeholder identification within the context of strategy emergence. Secondly, power is recognised as a potentially key driver for CSR strategy formation; and thirdly, the notion of stakeholder networks is utilised to explain this evolutionary process.

The section on strategy examined three important strands within the strategy field, namely, resource perspective, deliberate, and emergent strategies. While all three are well established theories in the literature, their explanatory power has long been overlooked as a powerful framework by which to understand how strategies are formed and evolve over time. Deliberate and emergent strategic processes have been well recognised components of strategy formation since the 1980s. However, the inclusion of resource perspective with the other two processes, as an inherent part of strategy formation, represents a genuine advancement within this topic, particularly in the CSR context.

Scholars such as Russo and Fouts (1997), Barnett (2007), and Smith (2007), have attempted to make connections between CSR and resource perspective, arguing that CSR can be understood as a form of organisational asset. In addition to simply recognising CSR as an asset, resource perspective also offers the possibility of understanding CSR strategy as being a result of managers’ choices made with respect to the set of internal resources available over time.

In the same vein, deliberate and emergent strategies were highlighted as complementary sides of the strategy formation process. While deliberate strategy scholars point out the importance of strategic planning (Ansoff 1965; Chandler 1962; Andrews 1971), strategy emergence theorists emphasise the unplanned and learning nature of strategies (Mintzberg 1994; Quinn 1981). While works on strategy formation in the specific contexts of manufacturing (Barnes 2002) and logistics (Bourlakis & Bourlakis 2001) have been developed, no similar studies on CSR were found. Thus, not only does the analysis of strategy formation in the specific context of CSR expand the current knowledge within this field, but it also highlights similarities or differences in the existing literature.

After summarizing chapter 3, we are left with three fields of study that offer strong background for the study of CSR strategy formation. Important to say that it is the
combination of these three sets of theory that provides the basis and originality for the research being undertaken. Figure 3.11 shows a diagrammatic representation of the research platform, which is illustrated by the interconnections between these research fields, and the intersection in the middle. Each theory offers different insights into the universe of CSR strategy formation, however it is the multi-disciplinary approach across them that, in fact, generates an original contribution in the understanding of this research niche.

**Figure 3.11: Research platform**

Essentially, CSR studies establish the limits of this research in terms of strategy type and broadness, a vital aspect considering the aim of the investigation, which is the study of CSR strategies over time. As seen in section 3.2.2, it is the new CSR environmental context that provides the basis for a complex interaction system from which environmental forces influence stakeholders, which, in turn, also influence the environment. This dynamic process of interaction and influence has major effects on how corporate strategies are formed and evolve. From a strategy perspective, CSR is seen here as an intangible organizational asset (Smith 2007) that generates a sort of competitive advantage (Barney 1991; Fombrun 2005; Suh & Amine 2007;), contributing to improve reputational capital (Rose & Thomsen 2004; Fombrun 2005; Suh & Amine 2007), social and stakeholder management skills (Smith
As described by Hall (1993) it is assumed here that corporations operate in a new environmental context where they are willing to pursue CSR practices as a form of sustained competitive advantage. As can be observed in Figure 3.11, the focus of this research resides in-between these three sets of theory, and the effort will be to identify and explain key stakeholders, stakeholder cluster formations, corporate resources and environmental events, with special attention to the reasons and consequences of these influences in the evolution of CSR strategy. By providing and integrating all theoretical elements mentioned above, the research platform enables this author to justify the set of theories used in this study and to step ahead, detailing methodological decisions in Chapter 4 and presenting research results in Chapters 5 and 6.

A research is a piece of work widely guided by the researcher’s background, choices and theoretical preferences, which become the lenses that contribute to sharpen and provide focus for the investigation. In line with Mintzberg and Lampel (1999), this researcher understands strategy formation as a complex phenomenon that is not only the product of one, but several processes. The study provides a theoretical basis through which to examine CSR strategy formation as a process extensively influenced by endogenous and exogenous variables. As will be seen in Chapters 5 and 6, environmental events, stakeholders, and internal resources play a particular role in explaining this behaviour over time. While certainly not the only ones, these are the lenses that will be used in this research. In the same way that lenses help us more precisely to see the images around us, it is expected that this investigation will also contribute to help clarify some gaps in the existing literature of CSR, strategy and stakeholders. The next chapter will discuss the methodological aspects of this investigation.
CHAPTER 4: PARADIGMS, DESIGN AND DATA COLLECTION TECHNIQUES

4.1 Introduction

The previous chapters focused on the contextualisation of this investigation and a review of the existing literature. This chapter describes how the study was conducted. The chapter is divided into six sections. The first section provides an overview of the chapter, while the second situates the reader within the researcher’s paradigmatic orientation. Having established the paradigm and the nature of the research, the third section details the research design, units of analysis, and all methodological procedures used to collect and analyse data. The fourth section outlines aspects related to methodological rigour, the fifth section discusses ethical issues related to this research, and the sixth section explains the limitations.

Another important aspect relates to the personal context utilised throughout the study. While mostly conducted in the third person, there are times when the first person is used because it was more appropriate, or to bring my own voice in the analysis. This aspect is further discussed in Sub-section 4.3.6.

4.2 Methodological paradigms

Prior to any discussion of methodologies, it is important to acknowledge the theoretical perspective that underpins this research. It is from the researcher’s own theoretical perspective that all methodological choices guiding the investigation arise. Scholars have used many different terms to refer to the researcher’s perspective, including: ‘paradigms’ (Guba & Lincoln 1994), ‘philosophical assumptions’ (Creswell 2007), ‘approaches’ (Neuman 1997) or ‘worldviews’ (Guba & Lincoln 1994; Creswell 2007). According to Guba and Lincoln (1994), paradigms are basic beliefs that deal with our first principles. For Cresswell (2007), these assumptions reflect a particular attitude made by researchers prior to methodological choices. Guba and Lincoln (1994) describe four basic paradigms. They are: positivism; postpositivism; critical theory; and constructivism.

It should be acknowledged that the debate between formal and emergent strategic thinking represents ultimately the views of competing philosophical assumptions or epistemological branches. In general terms it can be said that the Design and Positioning Schools, from
which stems the foundations of formal strategic thinking, is highly influenced by positivistic and rationalist precepts. As observed by Mintzberg (2000, p.107), “Planning systems were expected to produce the best strategies as well as step-by-step instructions for carrying out those strategies so that the doers, the managers of businesses, could not get them wrong”. This view seems to assume a Kantian perspective of causal reflection and deduction (Stroud 1976), in which strategies are a product of a ritualistic process of strategy construction, including a range of strategic planning techniques such as SWOT analysis or Porter’s Generic strategy matrix, which establish causal relationships between the strategy itself and certain internal and external environmental analyses. For example, according to Porter’s generic strategies, if planning specialists identify the cost as the source of a company’s competitive advantage and the scope of its product as being the broad market, the natural strategy to be followed should be cost leadership. Any other strategies would work. SWOT analysis, still largely used in strategic planning nowadays, is also a good example. It is essentially a tool that enlists organizational strengthens, weaknesses as well as environmental threats and opportunities in an organized manner so that to facilitate the process of strategy formulation on a deductive basis. Hence, positivism and rationalism are deeply rooted in formal strategic thinking.

Conversely, this researcher is more aligned to a constructivist paradigm, believing that to understand this world of meanings one must first interpret it (Schwandt 1994). As seen in section 3.4.3, this paradigmatic view arises from many emergent strategy scholars such as Mintzberg (1985) and Quinn (1981), who, in opposition to formal strategic thinking, highlight the complex, interpretive and learning nature of the strategy phenomenon. Other scholars also highlight the importance of comprehending meanings within the research process. According to Creswell (2007, p.20), “meanings are variable and multiple, leading the researcher to look for the complexity of things”.

Constructivism is almost the paradigmatic opposite of positivism. Positivists defend a structural-functional and rational choice. They demand total objectivity from scientists in order to avoid influencing the results (Lincoln & Denzin 2003; Lincoln & Guba 1985). By contrast, this research is a much more interactive process, contributing to establish meanings that were extracted from several participants; thus, constructing the knowledge with the object and then studying it. In short, the topic under investigation – the understanding of the complex array of meanings that describe stakeholder influence on CSR strategy over time – as well as the researcher’s own beliefs on an interpretive approach led this study to engage in a constructivist perspective as the most suitable epistemological frame for this investigation.
Given the nature of this investigation, qualitative research is the most suitable research approach. When the study requires inquiry, it is the usual approach to analyse data that is inductive, and from this, establish new patterns or themes (Creswell 2007). Qualitative research is defined by Strauss and Corbin (1998, pp.10-11) as the ‘type of research that produce findings not arrived at by statistical procedures or means of quantification’. The scholars explain that this can refer to people’s lives, lived experiences, behaviours, and feelings about organisational functioning. This was the case in the current investigation, in which personal experiences were explored to understand their influence on corporate behaviour.

Although qualitative research has been recognized as a legitimate method of investigation, it also attracts criticism. Some would argue that qualitative research is influenced by the researcher’s values, and that such freedom in the social sciences is undesirable or impossible (Silverman 2005). Nevertheless, what is understood as excessive flexibility for some may alternately be seen as a stimulus to innovation for others.

Qualitative research may be either exploratory or explanatory. According to Neuman (1997), exploratory research is the more commonly used when the issue to be investigated is either new or when there is little existing research on the subject. This scholar also points out that exploratory research does not provide definitive answers, and usually addresses the ‘what’ form of questioning. Yin (1989) also highlights that exploratory research is more appropriate when the research questions focus on ‘what’ and ‘who’ inquiries. While ‘how’ and ‘why’ may be acceptable, they are more likely to be used in explanatory research. The research objective and questions for this study, presented in Table 4.1, and the researcher’s constructivist theoretical perspective, pointed more naturally to a qualitative-oriented, exploratory, and explanatory investigation.

**Table 4.1 – Research objective and questions**

<table>
<thead>
<tr>
<th>Research Objective</th>
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<tr>
<td><strong>Research Objective</strong></td>
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<tr>
<td>Based on a qualitative study of a large Brazilian media corporation, this thesis examines the role stakeholders exert in shaping CSR strategy over time, from unrealised initiatives into formalised strategic plans. It addresses three core questions:</td>
</tr>
<tr>
<td><strong>Research Question one</strong></td>
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<tr>
<td><strong>Research Question two</strong></td>
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<td><strong>Research Question three</strong></td>
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As can be observed, the research questions have traces of both exploratory and explanatory research, because the current study answers ‘who’ and ‘how’ questions. It also presents a particularity: the ‘how’ questions are of themselves both exploratory and explanatory, because they produce new perspectives on and gain more familiarity with (exploratory) CSR strategy formation processes, as well as being descriptive of this phenomenon (explanatory).

4.3 Research design

Scholars use different terms when referring to methods of undertaking research in the social sciences. These include: research methods (Veal 2005; Patton 2002; Yin 1989); research strategies (Malhotra 2001); or research design types (de Vaus 2001). For the purposes of this investigation, design type is used as a general concept encompassing all others mentioned in the specialised literature.

According to de Vaus (2001), research design (Figure 4.1) is a logical structure of inquiry from which data collection methods stem, ensuring the research questions are answered as unambiguously as possible. This minimises the possibility of errors, bias, distortions, and also makes replication easier and more effective (Sarantakos 2005). Hence, aiming to develop a consistent approach, and following the methodological choices outlined above, a case study was selected as the most useful design type for this form of research.
The selection of a case study as the design type is well anchored in the strategy formation literature. For example, Mintzberg and McHugh (1985), in their work on adhocratic firms, utilised a case study to document strategy formation at the National Film Board of Canada (NFB) across a 37-year period. In another work, Pascale (1984) explained how Honda became the leader in the North-American motorcycle market through a case study design type. The scholar reconstructed this story through several interviews with former executives. McCarthy and Leavy (2000) undertook case studies to demonstrate a three-phase process of strategy formation in Irish small and medium firms. These scholars all commonly selected the same research method, the case study, and also used interviews and documents as data collection techniques – the same techniques as were used in this investigation.

Case study design is a particularly useful method when there is little existing information about the issue under investigation, because it allows a more in-depth and holistic view of the phenomenon. It permits a flexible approach to obtain information (Malhotra 2001; Gil 1993), because ideas and opinions concerning facts and qualitative aspects of the research topic can be more easily acquired from the respondents. This ready access to information is
essential in studies that investigate contemporary topics such as CSR, due to the constant stream of new data.

For Patton (2002), the purpose of case studies is to gather comprehensive, systematic and in-depth information about each case of interest. According to Yin (1989), cases studies contribute to our knowledge of individual, organisational, social and political phenomena. They aim to understand complex social issues, retaining the characteristics of real-life events such as individual life cycles, and organisational and managerial processes. In the same vein, Veal (2005) notes that case studies are particularly useful in business research because the focus is usually on a specific part of the organisation. In his own words:

Since an organization is complex, generally with a large number of stakeholders and with numerous internal and external factors at work, a study of one or a limited number of organizations, in-depth and ‘in the round’, will often be a suitable research approach (Veal 2005, p.170).

Thus, Veal’s (2005) and Yin’s (1989) approach validate the case study as a suitable research method for this investigation. However, the case study is at times criticised for its lack of scientific rigour, potential for biased views, and inability to make scientific generalisations (Yin 1989). While this approach may have its weaknesses, its virtues ensure this method is used extensively in social science disciplines such as sociology, public policy, anthropology, history, and economics (Yin 1989). Furthermore, case studies are acknowledged as being appropriate for in-depth studies. They use a wide variety of sources such as interviews, document analysis, and surveys to ensure the reliability of the data. Section 4.3.3 outlines how some of these sources were used to triangulate data, thus enhancing the consistency of this investigation.

The remainder of this subsection outlines the methodological steps and techniques used in the current research as a means by which to guarantee consistency and rigour throughout the investigation process. Firstly, the unit of analysis is defined in order to provide the research focus. Secondly, the selection process for the case study is detailed, which is followed by an outline of the insider perspective approach as used by this researcher. Following this, the data collection techniques are described, and subsequently, the process of data analysis is illustrated. Finally, aspects of the reporting format are described.
4.3.1 Defining the unit of analysis

While cases are units of analysis defined during the design stage, other units may emerge as subunits throughout the research process. As noted by Patton (2002):

The key issue in selecting and making decisions about the appropriate unit of analysis is to decide what it is you want to be able to say something about at the end of the study (p.229).

In the same vein, Yin (1989) points out that determining the unit of analysis means defining exactly what the case is. In this investigation, a Brazilian media corporation was the unit of analysis. CSR strategy and its main components can be understood to be subunits, because they are unique, minor entities within the organisation, and represent the most specific research elements of this study (Yin 1989).

4.3.2 Screening and selecting the case study

A theoretical sampling procedure was used to select the case study. Theoretical sampling is often referred to in the literature as being the same as purposive sampling. Patton (2002) notes that theoretical sampling has a strong emphasis on in-depth understanding and consequently requires the selection of information–rich cases for the study. Conversely, Silverman (2005) believes that theoretical and purposive samplings are not synonymous, although very similar, maintaining that the only difference between the two is whether or not the purpose behind purposive sampling is theoretically defined or not. According to this viewpoint, this investigation adopted a theoretical sampling rather than a purposive method, given that the case studied was delimited through theoretically defined criteria, as demonstrated later in this section. However, as these concepts are treated as being very similar in the literature, they will be considered as synonymous in this study.

This approach is useful because it can bring the best theoretical return when exploring new areas of knowledge (Strauss & Corbin 1998). For Denzin and Lincoln (2000, p.519), ‘the aim of this sampling is to refine ideas’. It helps to define the properties of categories, and strengthen emerging concepts (Denzin & Lincoln 2000; Strauss & Corbin 1998). Another core function of theoretical sampling is to select potential candidates that will enable the researcher to answer the research questions posed at the beginning of the study. Clear
research questions and theoretically customised criteria are therefore essential requisites for defining the case.

It is important initially to discuss the country in which the investigation was carried out. Brazil was selected for a number of reasons. Firstly, CSR in Brazil is particularly strong for a developing country, as discussed in the literature review. Secondly, the methodological choice had the potential to offer different perspectives of analysis, given that the empirical literature on strategy formation has been widely focused on developed countries. For example, Pascale’s (1984) work centred upon a Japanese company in the US market, while Mintzberg and McHugh’s (1985), and McCarthy and Leavy’s (2000) studies were undertaken in Canada and Ireland respectively. Thirdly, the increased chances of finding a suitable corporation in Brazil for the study was an additional consideration, given that this researcher is Brazilian and has extensive professional networks in that country.

The selection process utilised an approach known as criterion sampling, wherein certain highly desirable characteristics, or criteria, are chosen to help determine the case for investigation. According to Patton (2002), criterion sampling is one of the 16 types of purposive sampling. In this research, the criteria utilised in the sampling were:

1. A long trajectory for the CSR strategy formation.
2. Interaction with numerous stakeholders.
3. The complexity of the CSR environment.

The screening process led this researcher to a limited number of potential Brazilian companies, among them ‘Mediacom’, a pseudonym for a large Brazilian media corporation that operates in the southern states of Brazil. In the definition stage, this corporation was chosen because: i) the criteria cited above were suitably met; and ii) as will be explored in the next section, an insider perspective was applicable in this case, allowing an in-depth analysis of the phenomenon under investigation. The following demonstrates the extent of Mediacom’s fulfilment of the theoretical criteria cited above.

When considering criteria number one, it is important to note that an essential condition for the study of strategy formation processes is the period in which they occur. If the period is too short, patterns that form the strategy do not have enough time to gain consistency and fully emerge. In this instance, Mediacom’s CSR strategy was studied over a 50 year-period, although the most relevant periods of influence were within the last 30 years. In both cases the period was sufficiently long for this type of investigation. In relation to the second of the
criteria, the interaction with several stakeholders was also highly desirable, once it was assumed that the more connections there were between the stakeholders and the company, the richer the analysis would be. Since Mediacom is a leading media corporation in the south of Brazil, it was realistic to expect that one or more stakeholders could have potentially affected its course of action. This expectation was realised, as detailed in Chapter 5. The third criterion refers to the organisational environment. The suitability of the case was dependent upon the complexity of its environment. Complexity here meant the relevance of the environmental events that shaped the CSR strategy. These events should allow for the potential triggering of intricate reactions from stakeholders, thereby providing rich data for analysis. Mediacom presented the opportunity to study several macroenvironmental, organisational and individual events, which strongly contributed to influence the corporate strategy.

4.3.3 An insider perspective

I worked at Mediacom between 2000 and 2007 as a CSR coordinator, a factor that represented a decisive element in the final stages of defining the case study. While this approach might be criticised by some scholars on the grounds of potential personal bias, the literature presents many situations in which the relevance and usefulness of the insider approach is shown. For example, Kanuha (2000) highlights the importance of the insider perspective to help explain the complexities that arise when conducting social work research. While this scholar offers an anthropological analysis, there are also numerous examples of the insider perspective being used in the management field. For instance, Mehri (2006), who worked three years for a Toyota subcontractor, analysed the human cost of the Toyota production system. Sapienza (2005) studied the insider perspective of scientists in R&D with regard to leadership. Jong and Edelenbos (2007) used inside perspective to understand the policy transfer in transnational expert networks.

In the case of this research, there is an important difference in relation to the conventional insider approach. One central characteristic of this insider perspective is that the researcher is a participant observer who is socialised in a given organisation or community, allowing him or her to have contact with all experiences related to the object of study. However, I did not conduct my research during the period in which I worked in the organisation studied, but rather approximately two years later. It can be said nevertheless that the experience and knowledge arising from my previous employment with the organisation have endowed me retrospectively with a similar status as I understood most systems, processes, history, main
players in the CSR area, and had a good understanding of the organizational culture. Hence, for the purpose of this study, I shall refer to my particular approach as an ‘insider perspective’. It can be said that my insider perspective has the following benefits:

- An in-depth understanding of the industry in which Mediacom belongs;
- Knowledge of certain aspects of the company’s history, which allowed me to make connections and inferences that were unlikely to be available to other researchers;
- Knowledge of the company’s CSR practices and corporate strategies, which facilitated the process of strategic pattern reconstruction and analysis in light of the available strategy theory; and
- Access to networks formed while working for the company, which facilitated setting up interviews with both stakeholders and corporate representatives.

In addition, I have lived in the south of Brazil for 16 years, which is the main operational region for Mediacom. This acquaintance with the local culture and its idiosyncrasies contributed considerably to help analyse the cultural, political, and social aspects that influenced Mediacom’s CSR strategy, particularly during the 1990s and 2000s. Hence, as noted by Kanuha (2000, p. 444), ‘an insider researcher enhances the depth and breadth of understanding a population that may not be accessible to a non-native scientist’.

It should be acknowledged that criticism about theoretical sampling and insider perspective exists. There are concerns that they have the potential for bias, and do not provide statistical measures as a means of conclusion, so generalisations are not possible. Thus, despite taking care to ensure research validity and reliability, my objectivity may have been compromised, perhaps at a subconscious level, by positive or negative attitudes towards Mediacom. The possibility that my objectivity could potentially be influenced by these set of beliefs and past relationships was made by my supervisors prior to data collection being undertaken. There was potential for bias to incorporate data or analysis that might not be aligned to my expectations or beliefs about what occurred in the past, even unintentionally. It also might be possible that interviewees could have attempted to influence the researcher according to their personal views about the topic under study or that the researcher himself could be inclined to, at a subconscious level, drive the answers in line with his pre-conceived ideas.

The strategy to address these matters was to preparing myself to emotionally and intellectually separating me as most as possible from former associations with the organisation and interviewees. On-going critical reflection to continually question the decisions made throughout the data collection and data analysis was undertaken as a way of
being aware of the potential for bias and avoid preconceptions wherever possible. These procedures do not completely eliminate the possibility of bias, neither should it be expected from a research of qualitative nature. Angrosino (2005, p.730) says that ‘...it is impossible to consider postmodern discourse on the production and reproduction of knowledge without taking into account the field context from which so much of our presumed “data” are said to emerge’. That said, it is important to recognize the importance that the field context had in the current research. It not only contributed to form the background for the methodological choices but, to a great extent, defined the potential degree of bias and the type of data that emerged for analysis. Therefore, rather than denying potential bias, the fact that qualitative research cannot offer total objectiveness must be assumed as part of the methodological spectrum of this study.

Because this research was undertaken in a company that had previously been my employer, there were some ethical considerations. My employment relationship with Mediacom ceased approximately six months before beginning my PhD and was a voluntary departure on my part because my PhD application was approved by the University of Western Sydney. Since the beginning of the study, no further working relationships were established and no promises, offers or allusions of future work were made at any time by Mediacom after the termination of my contract. In addition, no previous arrangements had been made to enlist Mediacom as a potential future case study for my research. Rather, the choice of Mediacom was made through the normal research process of screening and selection, as outlined above. Other Brazilian corporations were considered, but then discarded for various reasons, notably the short period in which they had utilised CSR strategies, or difficulties obtaining access to higher levels of management to seek approval for the research.

4.3.4 Data collection

The constructionist perspective contends that reality is created through the interaction between the researcher and the data collected. Building on this assumption, the remainder of this section explains the techniques chosen for gathering data and subsequently interpreting them.

Given the existing criticisms about case study design, regarding its validity and reliability, it was imperative to develop a process of data collection that ensured rigorous standards. Methodological triangulation was therefore used in this research in order to provide a combination of various methods of data collection and, as a result, capture different
perspectives of CSR strategy formation. These methods were: document review; face-to-face interviews; and observations.

Methodological triangulation is widely accepted in the literature. For Creswell (2007), good case studies are characterised by the use of many different sources of information. The most important benefit from this approach is that it provides converging lines of inquiry, which allow the triangulation process to occur. This reduces misinterpretation by employing a form of multiple procedures that ensure reliability (Stake 1994) and which are used ‘to gain broader or more complete understanding of the issues being investigated’ (Veal 2005, p.39). As noted by Yin (1989), findings and conclusions tend to become more accurate, because the validity is constructed through a process of gathering multiple measures of the same phenomenon.

Both primary and secondary data were collected, thereby contributing to the reliability of this investigation. Primary data is new data collected during research, where the researcher is the primary user, while secondary data is already existing data produced from primary sources, but which can be used again by a second user (Veal 2005). According to this view, in this study, primary data were those collected from questionnaires, interviews, observations, and some original internal documents, such as strategic and operational plans. All were collected first-hand. Complementary, secondary data were collected from the corporation’s website, and consisted of institutional documents, and external sources such as books and theses. Table 4.2 summarises the research aims, techniques of data collection, and the rationale for their use.
Table 4.2 – Links between research questions, data collection methods, and rationale

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Data collection methods</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Who are Mediacom stakeholders?</td>
<td>Questionnaire, Face-to-face</td>
<td>Mediacom’s representatives filled out a questionnaire based on Mitchell et al.’s template (1997) as the first stage of the process of stakeholder identification (see Section 4.3.3.2.2).</td>
</tr>
<tr>
<td></td>
<td>interviews, Document review</td>
<td>Document analysis and my previous industry experience contributed to enlarge the first group of stakeholders to be interviewed.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Face-to-face interviews generated rich narratives that allowed the identification of a third group of stakeholders, thus complementing the questionnaire and document analysis.</td>
</tr>
<tr>
<td>2. How do stakeholders influence the CSR strategy formative process?</td>
<td>Face-to-face interviews,</td>
<td>Face-to-face interviews were the main source of information by which to establish connections between Mediacom and its stakeholders or even between stakeholders.</td>
</tr>
<tr>
<td></td>
<td>Observation, Document reviews</td>
<td>Observation allowed me to note individual behaviour during the interview process, gathering data to better understand specific episodes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Document analysis provided written evidence of events, which were then contrasted with the ones mentioned by interviewees.</td>
</tr>
<tr>
<td>3. How does the process of formalisation occur?</td>
<td>Document reviews, Face-to-face</td>
<td>Document analysis offered written evidence of CSR programs and strategy formalisation.</td>
</tr>
<tr>
<td></td>
<td>interviews</td>
<td>Interviews allowed the identification of important events that contributed to reconstruct the CSR strategy trajectory over time.</td>
</tr>
</tbody>
</table>

All documentary data was collected in Portuguese, the official language of Brazil, and later translated into English. Similarly, questionnaires were applied, and interviews conducted in the same language to ensure the communication was plainly understood by participants.

Following this explanation of the rationale behind the specific data collection techniques utilised, the next subsections detail the methodological procedures used to gather the data.

### 4.3.4.1 Document analysis

Written documents were an essential part of the data evidence used in this research. They provided concrete evidence of the period and context in which the CSR strategy...
formalisation occurred. Furthermore, complementary to the interviews, the documents contributed to the identification of both CSR strategy patterns and relevant stakeholders.

In line with Patton’s (2002) guidelines, access to potentially important documents needed to be negotiated with Mediacom. Some were very rare and indeed were unknown to many of the managers in the company. Amongst these were the philosophical premises of Nova Foundation, which was a document that had been produced after an important strategic planning workshop in 1995, in which the foundation realigned its entire organisational positioning. Other documents accessed were: strategic plans; descriptions of CSR programs; Mediacom’s human resources policies; financial reports from the Accounts Department; and other relevant historical reports. Some documents were publicly available, such as the CSR reports, the code of ethics, and the corporate values. The company provided all CSR report editions since the publication was first released in 2000.

Although corporate documents were able to provide a rich overview of several of the topics under investigation, special attention was paid to filtering aspects that could be understood as corporate ‘propaganda’. Denzin and Lincoln (1994, p.394) draw attention to the fact that: ‘There is no “original” and “true” meaning of a text outside specific historical contexts’. Patton (2002) also outlines some of the challenges to be found when analysing institutional documents. Amongst others, he highlights the following means of ensuring meaningful data is collected: i) understanding how and why the documents were produced; ii) determining the accuracy of documents; iii) linking documents with other sources, including interviews and observations; and iv) deconstructing and demystifying institutional texts. All of these steps were followed during data collection and analysis, in order to make certain, as far as possible, that only the most unbiased information was collected. A summary of the documents used in this research is presented in Table 4.3.
Table 4.3 Data collection - Documents

<table>
<thead>
<tr>
<th>Sources</th>
<th>Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents from Mediacom</td>
<td>• CSR reports from 2000 to 2008</td>
</tr>
<tr>
<td></td>
<td>• Nova Foundation strategic plans</td>
</tr>
<tr>
<td></td>
<td>• Nova Foundation operational plans</td>
</tr>
<tr>
<td></td>
<td>• Nova Foundation philosophical guidelines</td>
</tr>
<tr>
<td></td>
<td>• Mediacom human resources guide – includes corporate mission and values</td>
</tr>
<tr>
<td></td>
<td>• Mediacom code of ethics</td>
</tr>
<tr>
<td></td>
<td>• Several PowerPoint presentations concerning key CSR programmes</td>
</tr>
<tr>
<td></td>
<td>• Emails from Mediacom and Nova Foundation Accounts Departments</td>
</tr>
<tr>
<td>Documents from external sources</td>
<td>• 3 academic articles</td>
</tr>
<tr>
<td></td>
<td>• 1 PhD thesis</td>
</tr>
<tr>
<td></td>
<td>• 2 Non-academic books</td>
</tr>
</tbody>
</table>

4.3.4.2 Interviews

Interviews are one of the most common methods of data collection used in qualitative research (Sarantakos 2005). The purpose of interviewing is to allow us to enter another person’s perspective, and find out what is in their mind; to gather their stories (Patton 2002).

This section is divided into three parts. Firstly, the purpose and characteristics of the interviews undertaken are explained. Secondly, the processes by which stakeholders and individuals were identified are presented. Thirdly, the procedures and documents used initially for preparation and then during the interviewing process are detailed.

Purpose and basic methodological choices

In the case of Mediacom, interviews were face-to-face, semi-structured, standardised open-ended question. According to Malhotra (2001) and Gil (1993), face-to-face interviews permit more flexibility when obtaining knowledge. These interviews allowed important insights to be gained into the personal experience of the respondents and their perceptions with regard to CSR issues. They permitted the researcher to obtain information on the historic background of the CSR strategies, exploring connections between Mediacom’s CSR strategy and both internal and external stakeholders’ particular interests. In order to facilitate the
process of strategy pattern reconstruction, I used a chronological description approach. The procedures for implementing this approach consisted of interviewing individuals and gathering their stories, individual experiences, events, and facts, and then chronologically ordering them (Neuman 1997).

In this investigation, interviews were conducted with both company representatives and Mediacom’s stakeholders, in order to obtain a broader perspective of the phenomenon. Facts and events that influenced Mediacom’s CSR strategy were explored in order to enable the researcher to explore the different stages of development of such a strategy, and portray the process by which stakeholders influenced them. Therefore, not only were these narratives the main source of stakeholder mapping, but they also uniquely depicted the role that stakeholders played in influencing Mediacom’s CSR strategies.

Stakeholders and individuals’ identification

The interviews were conducted in Brazil, in the city of River Creek which is the capital of one of the southern states of the country called here ‘Tangara’. Participants were selected via a two-step process. Firstly, following Mitchell et al’s (1997) template of power, urgency and legitimacy, a questionnaire (Appendix 3 E, E-1) was sent by email to three Mediacom representatives so that they could rate stakeholders, both internal and external, who had potentially affected Mediacom’s CSR strategy over time. In the letter, the purpose of the research was explained in plain language. The respondents were asked to rank stakeholders in order of importance from one to ten, where ten is the most important for each category (Veal 2005). The questionnaire introduced the respondents to basic concepts such as stakeholders and the variables of Mitchell et al’s (1997) typology. Contact was subsequently made with the respondents by telephone in order to clarify any queries.

Having received the responses from participants, the second step was to add to the list of stakeholders who were not originally mentioned by Mediacom’s employees. This procedure was carried out based on document analysis, and my own previous industry experience. Later, participants were asked to suggest contact names for interviews in each stakeholder category previously identified. This was a negotiated process, in which the researcher participated, in order to ensure the interviewees were appropriate for the purpose of the investigation. In addition, using the snowball sampling method (O’Leary 2004), some names were added to the list of stakeholders.

3 Most documents used to communicate with research participants are available in both English and Portuguese versions. In the Appendices section, the English version is characterised by a letter of the alphabet, such as Appendix ‘E’. The Portuguese version of the same document shows the same letter followed by ‘–’ and the number ‘1’, such as Appendix E-1.
were indicated by external stakeholders during the interviews, which were then incorporated into the process of interviewing. The methodological procedures cited above aimed to achieve a more independent view from that of the researcher, minimising the possibility that the company directed attention only towards stakeholders or contacts that would espouse their company’s preferred rhetoric.

Mediacom’s internal participants were selected according to three criteria: (i) they needed to demonstrate a connection with CSR organisational issues; (ii) they should have been working or worked for a long period in the company, to ensure they could report on historical aspects; and (iii) they should come from different hierarchical levels, in order to supply a range of different perspectives on CSR strategy. All interviewees were working at Mediacom group at the time of data collection. The only exception was ‘Lee’, a former director of Nova Foundation, who had played a pivotal role in realigning the Foundation’s operations to Mediacom’s corporate objectives. He was working in another organisation at the time of the interview, but had previously worked for seven years at Mediacom, during a crucial period of strategy formalisation.

A total of sixteen interviews were carried out, nine representing Mediacom, and seven with external stakeholders. In order to reveal subjective meanings during the interview, it was essential to obtain the participants’ insights, feelings and cooperation (Neuman 1997). By interviewing both Mediacom staff and external stakeholders, contrasting perspectives were able to be obtained, by which to analyse the process of strategy formation. The interviewees and their respective position in the relevant organisation are shown in Tables 4.4 and 4.5.
### Table 4.4 Interview process – Mediacom participants

<table>
<thead>
<tr>
<th>Participant (Pseudonyms)</th>
<th>Position</th>
<th>Level</th>
<th>Organisation</th>
<th>Period at Mediacom</th>
</tr>
</thead>
<tbody>
<tr>
<td>James</td>
<td>President of the Board</td>
<td>Shareholder</td>
<td>Mediacom</td>
<td>53 years</td>
</tr>
<tr>
<td>Arnold</td>
<td>Management Vice-President</td>
<td>Top manager</td>
<td>Mediacom</td>
<td>18 years</td>
</tr>
<tr>
<td>Alfred</td>
<td>Broadcast Vice-President</td>
<td>Top manager</td>
<td>Mediacom</td>
<td>22 years</td>
</tr>
<tr>
<td>Lee</td>
<td>Former Nova Foundation director / Vonpar Institute director</td>
<td>Top manager</td>
<td>Mediacom / Vonpar Institute</td>
<td>7 years</td>
</tr>
<tr>
<td>Alex</td>
<td>Nova Foundation manager</td>
<td>Middle manager</td>
<td>Mediacom</td>
<td>14 years</td>
</tr>
<tr>
<td>Louis</td>
<td>Business unit manager</td>
<td>Middle manager</td>
<td>Mediacom</td>
<td>27 years</td>
</tr>
<tr>
<td>Nicholas</td>
<td>Opinion Editor</td>
<td>Middle manager</td>
<td>Mediacom</td>
<td>21 years</td>
</tr>
<tr>
<td>Jeff</td>
<td>Social Programs coordinator</td>
<td>Operational worker</td>
<td>Mediacom</td>
<td>13 years</td>
</tr>
<tr>
<td>Catherine</td>
<td>Secretary</td>
<td>Operational worker</td>
<td>Mediacom</td>
<td>21 years</td>
</tr>
</tbody>
</table>

### Table 4.5 Interview process – External stakeholder participants

<table>
<thead>
<tr>
<th>Participant (Pseudonyms)</th>
<th>Position</th>
<th>Stakeholder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack</td>
<td>Mayor</td>
<td>Worker’s Party (Left wing)</td>
</tr>
<tr>
<td>Frederick</td>
<td>Social Justice State Secretary</td>
<td>Government</td>
</tr>
<tr>
<td>Edwin</td>
<td>University lecturer</td>
<td>Community</td>
</tr>
<tr>
<td>Ira</td>
<td>NGO leader</td>
<td>Social movement</td>
</tr>
<tr>
<td>Eddie</td>
<td>NGO coordinator</td>
<td>NGOs</td>
</tr>
<tr>
<td>Martin</td>
<td>NGO coordinator</td>
<td>Social movements</td>
</tr>
<tr>
<td>Lucy</td>
<td>Children and Adolescents Council President</td>
<td>Children and adolescents</td>
</tr>
</tbody>
</table>
Preparation and interviewing process

The procedure by which interviews were carried out was as follows. As a first step, the participants were sent, by email, an invitation to participate in the research process. The message included the following documents:

- A formal letter of invitation (Appendices A, A-1 and B, B-1), written in plain Portuguese – the official language in the country – briefly explaining the reason for requesting the interview. The voluntary nature of the participation was also highlighted in the letter.
- An information sheet (Appendices C, C-1), which provided detailed explanations about the research and its purpose. Participants were ensured total confidentiality regarding any information provided in the interview, and the possibility of withdrawing at any time.
- A consent form (Appendices D, D-1), as a means of formalising their participation in the research. Participants were asked to sign the document at the time of the interview.

All the documents were firstly written in English and then translated into Portuguese. As this researcher and his main supervisor are native Brazilians, the accuracy of the translations was thus ensured. Soon after receiving these documents, participants were contacted by telephone in order to confirm their participation, and a convenient place and time for the interview were arranged. In the case of the company’s representatives, the location used was Mediacom’s main office. The external stakeholders’ participants in all instances opted for the interviews being held at the organisations where they worked. No withdrawals occurred. However, two important interviews were not able to be conducted. Ingrid, Mediacom’s main shareholder, was elderly and ill during the period of data collection, and Newman, Mediacom’s president, was away on an international trip.

The second stage consisted of conducting the interviews, and to this end an interview schedule (see Appendices\(^4\) F and G) was used, to outline the issues to be covered in the course of the meeting. The same basic lines of inquiry were pursued with each person interviewed (Patton 2002), in order to maintain consistency throughout the process. The order of these topics was not pre-determined, but decided upon during the procedure, to allow flexibility and thus a greater spontaneity in the responses.

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\(^4\) Appendices F and G refer to the interview schedule used with Mediacom’s and external stakeholder participants. As this was a guide used solely by this researcher, no translations were required.
The duration of the interviews ranged from thirty-five minutes to two hours, taking an average of one hour. Where participants demonstrated particular interest, more time was given to the discussion, and additional issues explored. At the end of the interview, participants were thanked and permission was sought to call again, should there be a need for further information or clarification of the issues discussed.

4.3.4.3 Observation

The other method used to collect data was informal observation. This occurred throughout the interview process. Notes were taken and the behaviour of participants observed in order to produce additional material for data analysis. According to Marshall and Rossman (2006), observation entails the systematic noting and recording of events and behaviours in the social setting. One of the aspects that make this procedure particularly useful during in-depth interviews is that it allows the researcher to observe the body language of the participant and determine the effect the issue being discussed has on them, in addition to his or her words. While scholars such as O’Leary (2004) warn that researchers need to be careful about their inherent bias, Patton (2002) explains that observation can be the best method by which to develop a complex and comprehensive view of the phenomenon under investigation.

Following the process outlined by Strauss and Corbin (1998), I used my insider experience and knowledge gained through the literature review to pay attention to significant aspects mentioned during the interviews, such as organisational turning points and relevant environmental events. For example, as will be seen later, information about an important internal dispute between Nova Foundation and some segments of Mediacom, including members of the management team and the Financial Vice President, emerged from the observation process. The observation of relevant items, such as the one cited above, contributed significantly to the researcher being able to delve more deeply into specific issues, and also brought to light additional relevant information not initially provided by the interviewee. It is also possible that an important amount of sensitive information was revealed or highlighted by corporate stakeholders only because of my previous working relationship with them.

The process of observation and debriefing was as follows: firstly, short notes were made during the interviews, to gather additional information. Following this, the notes were expanded, and ideas and connections made with other data or theoretical frameworks. As
reflection is required in this process, observation was in actual fact a very early stage of data analysis in this research.

4.3.5 Data analysis

Content analysis was the method used by this researcher to identify meanings and patterns within the available sources. Sarantakos (2005) sees this as a documentary method, which aims to produce a quantitative or qualitative analysis of the content accessed in texts and other forms of verbal, visual or written communication. Content analysis is used in qualitative data reduction, and also to identify core consistencies and meanings (Patton 2002). In the specific case of this research, data generated by interviews, documents and observations provided important and detailed information, which was used to establish similarities, differences and also infer contradictions and patterns about Mediacom and its stakeholders.

In this investigation, content analysis of documents and interview transcripts was undertaken through the creation of coding frames. According to Miles and Huberman (1994), codes are tags or labels used to assign units of meaning to the descriptive or inferential information compiled during a study. They also reduce large amounts of raw data into manageable information (Neuman 1997). In qualitative coding, the researcher organises the raw data into categories, and creates themes and concepts. These categories are constructed through inductive analysis, which is a bottom-up strategy that works back and forth between themes and data, until a comprehensive set of categories is established (Creswell 2007; Patton 2002).

Methodology scholars cite three types of coding, each with a different yet complementary function. In open coding, the researcher locates themes and assigns labels in a first attempt to condense the accumulated field notes, interviews and documents; looking for critical terms, key events and themes (Neuman 1997). The purpose of this is to identify first-order concepts (Sarantakos 2005). In the second stage, which is axial coding, connections are made among the assigned themes or categories, exploring new questions or sub-dimensions that might emerge. Axial coding interrelates concepts and combines them in order to provide a higher level of abstraction (Sarantakos 2005). Selective coding is the last stage and is where the researcher starts to organise the overall analysis around core ideas (Neuman 1997).

This investigation followed all these steps. First, interviews were transcribed and printed out along with information from Mediacom’s website and other documents, such as
sustainability reports, the code of ethics, and corporate statements. Relevant data was circulated and notes made on hard copies. During this process, broad patterns were identified using open coding. These patterns were called thematic categories and dimensions – the last one indicating a form of sub-category. They were then organised vertically, in order to obtain a first overview. A second read through of the documents was then undertaken, to identify more specific patterns, and relate them to these categories and dimensions. These new, specific patterns were called sub-dimensions. They were analysed through an axial coding process and refined. Selective coding was then used to frame the most important ideas, establish causal linkages, make inferences, and draw conclusions about central aspects of the research. The results of this process can be seen in Appendix H.

Matrices were used to support the process of coding. They were an important tool by which to organise and categorise information in order to facilitate readers’ understanding of the data collected and the analytical content arising from the investigation. Matrices also make the visualisation of concepts and the comparison process easier. They are useful tools because they contain information about, and explain aspects of, the research, allowing the researcher to get a quick overview of the data (Sarantakos 2005), and they also facilitate the process of drawing conclusions (Miles & Huberman 1994).

All works in the literature on strategy formation are theoretical or empirical qualitative investigations. On this basis, as long as this study is qualitative, qualitative measures, rather than quantitative, were applied to the analytical process. As will be seen in Chapter 6, to facilitate the process of data analysis, constructs named stakeholder intentionality, centrality and impact were created aiming to trace the historical paths of Mediacom’s CSR strategy patterns across a model called CSR stakeholder cluster, from 1960 to 2009. Each construct was given a definition from which the influence of stakeholders in terms of intentionality, centrality and impact was compared to and then categorized. Subsequently, stakeholders were plotted on the CSR stakeholder clusters. The clusters have enabled this researcher to understand the influence of stakeholders in comparative ways, so that the stakeholders’ relationships to the company were analysed relative to others over time.

The process of data categorization into a pre-defined set of constructs and cluster building ascribed graphical meaning and relevance to the qualitative data. This methodology, which positions or defines stakeholders in a given model or matrix according to the match between types of stakeholder behaviours and pre-defined constructs, is a qualitative approach extensively employed in the stakeholder literature. For example, Mitchell et al (1997) developed a model which categorises and positions stakeholders in nine classes derived from
a framework based on stakeholder power, urgency and legitimacy. Savage et al (1991) developed a typology of organizational stakeholders and Frooman (1999) a typology of resource relationships, both of them using qualitative constructs to categorise stakeholder behaviour in different matrix quadrants. Thus, the process of data categorization and cluster building developed in this research has its roots well anchored in the literature, providing significant benefits in terms of data analysis and synthesis.

4.3.6 Reporting

With regard to the writing style, this thesis was written mainly in the third person, but this was not followed too strictly, with the first person being used when it made the text flow more smoothly. Also, in the conclusions chapter, I deliberately opted to bring in my own voice, in order to reinforce my philosophic views and analysis. For Sarantakos (2005), in both cases the message is the same, although the convention is more supportive of the former than the latter. In the same vein, Miles and Huberman believe that the use of passive instead of active verbs ‘serve only to wrap the writer in the mantle of ‘science’, while mystifying and alienating the reader’ (Miles & Huberman 1994, p.301).

Tables, diagrams, displays and graphs were explored in this document. They were used in order to facilitate the understanding of the reader, and to focus his or her attention on data that needed to be interrelated and gathered together to be explicated. Veal (2005) highlights the importance of the use of other forms of representation beyond text. He states that when presenting the research results, an appropriate balance between graphs, tables and texts must be pursued (Veal 2005).

Reports are supposed to be written for specific audiences, to achieve specific effects (Miles & Huberman 1994). As the audience of this research document primarily consists of scholars, it follows an academic format. Thus, other theses from Australian universities, and also models provided by workshops at the University of Western Sydney were analysed prior to the study and contributed to define the thesis structure. However, academics are not the only audience for this research. Business and NGO managers are a secondary public to be reached. For them, a special report in plain English/Portuguese, summarising the findings of the research, was provided. All participants, including the company and its stakeholders received such a document. It is planned that a copy of the thesis will also be provided to Mediacom.
4.4 Methodological rigour

For the purpose of ensuring methodological rigour throughout the study, three conceptual aspects were addressed: validity; reliability; and generalisability. Validity is the extent to which the data collected reflect the phenomenon under investigation (Veal 2005). In order to provide valid results, many strategies were developed, most of them following Johnson’s (1997) approach. Firstly, methods were based on the methodological procedures of similar works, such as Pascale (1984), Mintzberg and McHugh (1985), McCarthy and Leavy (2000), Barnes (2002), and Booth and Segon (2008). Secondly, methodological triangulation strategies were employed, aiming to ensure consistency throughout the process. Thirdly, as this researcher had two supervisors, who followed a critical perspective on management theory, a peer review process was undertaken, in which discussions on the researcher’s interpretations and conclusions were challenged. Fourthly, the researcher worked out his own process of reflexivity, or in other words, his ‘critical self-reflection’ on bias and predispositions, which could possibly have affected the conclusions. In addition, data collection methods were clearly matched with the research questions and rationale, as shown in Table 4.2, in order to provide transparency on the process by which conclusions were drawn. All these measures together ensure that the methodology used was rigorous and that the findings were valid.

The purpose of reliability is to ensure that the research instruments are robust and not sensitive to changes in the researcher, the respondent, or the research conditions (Sarantakos 2005). Findings were presented in such a way that conclusions can be followed and tested in future studies. The methodological procedures used in this investigation were clearly explained in this chapter, in order to allow other researchers to track the steps and compare results. A detailed data record was also made available, so that other scholars may check information if they so desire (Drew 1996). Methodological triangulation also contributed, providing greater reliability by offering different views on the object of the study. With regard to the interviewing process, the researcher ensured that interview schedules were the same and were applied to all interviewees, so that participants’ responses could be compared. Following Drew’s (1996) recommendations on external reliability, the organisational position of the researcher and informants was made available, as well as the context of the research. Hence, the reader can make judgements about similar circumstances.

In relation to generalisability, the literature on qualitative research notes the impracticability of generalising findings because of the very specific conditions existing in case studies. For Sarantakos (2005), generalisability is the capacity of a study to extrapolate its findings
beyond the boundaries of the sample. He sees ‘fittingness’ as a form of generalisability. This relates to the degree of fit between the case study and other cases to which researchers want to generalise their findings. While generalisation of this study is limited due to its specific nature (i.e. longitudinal investigation of CSR strategy formation in a Brazilian corporation), cases with similar characteristics may have analogous findings (Sarantakos 2005). Thus, the possibility of similar results being obtained in comparable studies is not eliminated.

4.5 Ethical considerations

When conducting research, it is not uncommon to come across ethical dilemmas, or complex situations involving an apparent conflict between moral imperatives. Mason (1996, pp.29-30) points out that one way to address ethical dilemmas is to clarify the researcher’s intentions during the research process. There are three key points to consider: i) to decide the purpose of the research; ii) to examine which individuals or groups might be interested or affected by the research topic; and iii) to consider the implications for these parties in how the research topic was framed.

These items, among others, were scrutinised by the University of Western Sydney’s Human Resources Ethics Committee (HREC) during the process of ethics clearance. The Committee analyses proposed research studies in observance of the principles of the National Statement on Ethical Conduct in Human Research (NHMRC). These principles are: i) research merit and integrity; ii) justice; iii) beneficence; and iv) respect (NHMRC 2007). Thus, methodological aspects, benefits and risks for the participants and society, storage and disposal of information, and anonymity of the participants were topics investigated by the committee. With minor adjustments, ethics clearance was granted.

The company and participants were kept anonymous and pseudonyms were given to both the participants and their organisations in order to avoid the possibility of identification. Participants were required to sign a consent form, where the conditions of the research were explained in plain Portuguese, and it was confirmed that they understood and agreed with them. They were also told that they could withdraw at any time without being penalised. Access to the information produced from the data collection was restricted to the researcher and his two supervisors. Hard copies of the documents are stored in a locked cabinet at Building EQ, at the Parramatta campus, where they will be kept for five years, after which time they will be disposed of, in compliance with UWS guidelines. Confidentiality was guaranteed under the University of Western Sydney ethics policy.
4.6 Limitations

Although this investigation provides a rich qualitative source of information concerning how stakeholders influence CSR strategies, its limitations must be acknowledged. It can be said that the study has three limitations.

Firstly, in case study design, findings cannot be generalised, although similarities with studies that explore the same topic in large corporations cannot be discarded. Case study is also charged by some scholars with a lack of consistency, and potential bias by the researcher. To cope with these limitations, a great deal of effort was made to develop a consistent step-by-step methodological process, to ensure that the current research can not only be tested, but also replicated. As previously explained, methodological triangulation and reflexivity were used in an effort to maintain consistency. Other similar studies (Pascale 1984; Mintzberg & McHugh 1985; McCarthy & Leavy 2000; Barnes 2002; Booth & Segon 2008) on emergent strategies were analysed, and similar methods were used, with the aim being to improve validity and reliability.

Secondly, while a well known stakeholder identification method (Mitchell et al’s template of power, urgency and legitimacy) was used in this research, to ensure selection of the most relevant individual and organisational actors that have potentially affected Mediacom’s CSR strategy, criticism exists on the effectiveness of stakeholder theory approaches regarding this issue (Jennings 1998; Coelho et al. 2003; Charron 2007). Thus, it should be acknowledged that while Mitchell et al’s (1997) template is a useful methodology, which well suits the purpose of this thesis, it is obviously not perfect, and encompasses the possibility that some of the stakeholders selected are not among those who most influenced Mediacom’s behaviour with regard to strategic choices. As a result, the evolution of Mediacom’s CSR strategy could present a different trajectory than the one found in this research.

Thirdly, reconstitution of the entire reality of the development of the CSR strategy seems to be unfeasible. Thus, the narratives and timeline presented in this research represent solely what was provided by interviewees, documents and other studies. Others with a much closer perspective on Mediacom’s CSR strategy evolution may not have been interviewed for several reasons, such as - they no longer work in the corporation, they were too old, sick or even dead. Also, those ones who were interviewed might have had their views biased by the institutional perspective they represented.
4.7 Summary and conclusions

In this chapter, the methodology used in my research was presented. It was explained how my constructionist perspective (Guba & Lincoln 1994) led to specific methodological choices, in order to develop a qualitative-oriented research, and outlined the rationale behind the selection of the Brazilian media corporation ‘Mediacom’ as the case study.

I explored the strategies for data collection, which were interviews, data analysis and observations. These techniques, which were used in similar works (Mintzberg & McHugh 1985; Booth & Segon 2008), contributed to triangulation, and lent methodological reliability to this research. For example, the selection of which stakeholders and individuals should be invited to participate in the process of interviewing demanded a complex array of methodological procedures involving questionnaires, document review, negotiation with Mediacom, and stakeholder indication (snowball method). The quest for reliable methods of data collection not only allowed for a more consistent investigation, but may have created original research procedures for future works.

The insider perspective was also described. This approach allowed me to immerse myself more deeply in the ‘universe’ of Mediacom, facilitating access to people, stakeholder organisations, and documents, as well as providing a more complete understanding of the company under investigation, its industry, and the non-market environment.

The chapter also discussed content analysis as the main strategy of data analysis. This method, appropriate when large amounts of qualitative data are involved, was an essential tool for the identification of macroenvironmental and organisational events that impacted on Mediacom’s CSR strategy over time. It importantly contributed to help reconstitute the company’s history, internal and external stakeholders, as well as their influence over its strategy.

Finally, the chapter described the methodological procedures used to ensure research rigour, acknowledged the limitations of this study, and highlighted important ethical issues underlying the investigation.

Having explored the methodological landscape of the research, the next chapter brings the study to life through the presentation and analysis of its main findings.
CHAPTER 5: THE INFLUENCE OF STAKEHOLDERS AND ENVIRONMENTAL EVENTS ON MEDIACOM’S CSR STRATEGY

5.1 Introduction

Previous chapters were framed to give substance and consistency to the ongoing data analysis. Chapter 3 summarised the main themes in the literature on CSR, stakeholder and strategy fields, thus creating the theoretical context for this research, while Chapter 4 explained the methodological approach used to address the research questions.

The current section synthesizes the steps taken to conduct this research, from data collection to the conclusions. In a nutshell, Figure 5.1 shows that documentary review, face-to-face interviews and observations were strongly explored to provide qualitative data for the subsequent stage, data analysis. Findings are presented in two distinct chapters: in Chapter 5, through content analysis method, core environmental events and stakeholders were identified, thus addressing research questions one and two. These findings allowed the construction of two important analytical tools: event-stakeholder map of influences in Chapter 5 and CSR stakeholder clusters in Chapter 6, the last one an essential requirement to address research question three. At last, as will be seen later these findings are of critical importance for the set of conclusions drawn in Chapter 7.

Figure 5.1: Steps leading to the conclusions
The remainder of this chapter is outlined as follows: The first two sections provide background information about Mediacom and its CSR strategy, to ensure a better understanding of the findings. Subsequently, research questions one and two are addressed by examining the influence of stakeholders on CSR strategy formation, in the context of macro-environmental, organisational and individual factors. The final section reflects on the main findings discussed throughout, and links to Chapter 6.

5.2 Business profile

5.2.1 General information about Mediacom

Mediacom is a family-owned corporation that operates in the Brazilian media sector, offering news and entertainment programs to its audience across 18 micro regions in the south of the country. Founded by ‘Mark Warren’ in 1957, the group is the precursor to regional broadcasting in Brazil, and one of the most important affiliates of the ‘Lancaster Network’, one of the main Brazilian media corporations (Sigma’s institutional website 2009). It is not only one of the largest media groups in the country (Company’s marketing department data 2009b), but also the most important regional media network, with an overwhelming dominance. In 2008, the company had R$976 million (US$542 million) in net revenues and employed 5,798 workers (Company’s corporate social responsibility report 2007).

Mediacom is formed by 58 media vehicles, including 21 television (TV) stations, 26 radio stations, 8 newspapers, and 4 internet portals. Other correlated businesses include a publishing house, a graphics studio, a record company, a logistics business, and a marketing house focused on the younger population.

According to Ibope (Brazilian Institute of Public Opinion and Statistics), in 2008 the audience share of TV viewers reached 54.3% in the major city of River Creek. Competitors

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5 In this chapter, some types of information provided about the company under investigation were extracted from a book in which the title reveals the name of the company under investigation. Hence, the author’s name will be omitted from the main text and the list of references as a means of preserving the company’s anonymity. Instead, the pseudonym ‘Sigma’ will be used to facilitate the text flow. In the same vein, the referencing of all sets of documents from Mediacom will be cited as the type of document followed by the year of availability, for example, ‘Company’s institutional website 2009’. 

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nearest to Mediacom had only 14.5% and 7.5% of share (Company’s institutional website\(^6\) 2008). In Flower Springs, capital of the other state in which the company operates, Mediacom’s market share in 2008 reached 64.2%. In comparison, the closest competitors had 12.8% and 6.6% respectively (Company’s institutional website 2008). Beyond River Creek and Flower Springs, there are another 16 TV stations located in medium sized hubs, which cover all geographic territory within these two states. Additionally, they are not only leaders in their regions, but most can reach over 70% of market share. Even compared to other Lancaster affiliates, Mediacom has the highest audience shares. In other media channels, such as newspaper and radio, the giant media corporation also has a dominant position in the market. They are all leaders either within their regions or within the particular segments to which they belong.

5.2.2 History and business strategy

While the starting point of the Mediacom group dates as far back as 1957, the trajectory of its founder, Mark, began even earlier, when he worked for different radio stations and forged a few of his artistic and managerial skills. After acquiring a radio station called ‘South Point’ in 1957 with other partners, Mark used his abilities to reinvent the grid and created processes to bring organisation to the inventive yet disorganised universe of radio. Two years later, Mark together with his brother ‘James’, purchased a TV Station called ‘15 News’, and then, at the beginning of the 1970s, the newspaper ‘Globe Telegraph’. These three media vehicles were the cornerstone of the future Mediacom group.

According to Sigma, the great insight that helped Mark transform Mediacom into one of the most successful Brazilian media corporations was the strategy of localism and social commitment he developed in the late 1960s. The essence of this strategy is written in Mediacom’s code of ethics:

> Mediacom is committed to the perception and expression of feelings and needs of the communities it operates in. The company publicizes and promotes the production of cultural, artistic, educational and informational content (Company’s code of ethics and social responsibility 2007d, p. 9).

The above statement means that Mediacom adopted a growth strategy based on the promotion of regional identity, and the development of programs with local content, as a

\(^6\) Information on Mediacom business units’ market share was publicly available to download on the Mediacom institutional website.
means of creating a direct connection with the communities within which it operates. In the long run, the strategy helped to align the company’s goals with the community’s values, thereby increasing the local audience numbers. This approach is anchored to two key strategies. Firstly, Mediacom rebroadcasts the programs of the largest network in Brazil, the Lancaster Network, with whom it has had an operational agreement since the late 1960s. Secondly, the strategy of localism was developed by associating the company with local media groups, and producing local content (Sigma), such as news and entertainment programs, adapted to specific markets. According to Silveira and Sturmer (2007), 15% of content on the total grid is produced by Mediacom. In contrast, other competitors, or even other Lancaster affiliates, simply retransmit standard programs from the southeast, where the large national broadcast networks are situated. According to Sigma, the strategy of localism has continued to be implemented even following the founder’s death in 1986.

The success of such a strategy can be measured by the number of media vehicles created throughout Mediacom’s existence. Table 5.1 shows the quantitative evolution of business units opened or purchased by the corporation since 1957.
Table 5.1: Number of Mediacom’s media vehicles since its foundation
Source: Mediacom’s corporate website and notebook agenda

<table>
<thead>
<tr>
<th>Year</th>
<th>Media Vehicles</th>
<th>Radio Stations</th>
<th>TV Stations</th>
<th>Newspapers</th>
<th>Internet Portals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1960</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1970</td>
<td>5</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>1980</td>
<td>18</td>
<td>4</td>
<td>13</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>1990</td>
<td>27</td>
<td>10</td>
<td>15</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>2000</td>
<td>47</td>
<td>21</td>
<td>21</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>2010</td>
<td>58</td>
<td>25</td>
<td>21</td>
<td>8</td>
<td>4</td>
</tr>
</tbody>
</table>

While Mediacom’s business strategy prompted the company to remain focused on only two states, it developed a strong ‘capillarity’ within this region. The approach used by the organisation has usually been the same. Initial consolidation occurs in the major markets; the capitals of the states in which Mediacom operates; and then there is a migration to the interior, focused on the medium sized hubs. As a consequence, Mediacom is currently present in sixteen medium sized hubs, in addition to the capital cities.

5.3 Mediacom’s CSR strategy – main components

The influence of stakeholders on CSR strategy formation is a complex phenomenon that, like a jigsaw, needs all the parts to be put together in an appropriate pattern in order to make sense of the whole. The very first part of this jigsaw is the identification of Mediacom’s CSR strategy, and the components that comprise such a strategy. Without a precise understanding of this core element, the rest of the analysis would lack clarity or be based on misleading assumptions.

Although Mediacom has been developing community activities since the 1960s, data evidence suggests that only in the past few years was the company able to formalise a reasonably clear CSR strategy. Table 5.2 describes the recent evolution of Mediacom’s formal CSR strategy framework from 2002 to 2007. The repetition of the same core CSR components in institutional documents over a six year period suggests not only the strategic
importance of this subject for Mediacom, but also the consolidation of a reasonably stable and coherent CSR conceptual framework.

Mediacom’s Code of Ethics 2007 summarises these components. According to this document, Mediacom’s CSR outlook is expressed through: i) the company’s Foundation; ii) the editorial space used for socially responsible purposes; iii) media donation to NGOs; iv) social mobilisation projects; and v) corporate volunteering programs. In order to clearly define the boundaries of Mediacom’s CSR strategy, for the purposes of this thesis, it was considered important that the editorial space allocated to socially responsible purposes not be treated as an independent, but rather as an integral part of the social mobilisation campaign component, given that most of the journalistic content is linked to such campaigns. This aspect is described in Section 5.3.2. In addition, in an attempt to develop a more coherent representation of Mediacom’s practices, the fifth item, concerning the incentives of workers to participate in volunteering practices, will not be considered in this thesis, as it does not represent a current, but a projected practice. The data indicates that, while volunteering practices do exist in some few Mediacom business units, a corporate program is still under development. Therefore, Mediacom’s CSR strategy can be summarised in three components: Nova Foundation (the company’s charitable Foundation); media donation; and social mobilisation campaigns. These will be discussed in Sections 5.3.1 and 5.3.2.

Interestingly, documents before 2002 did not demonstrate such a comprehensive and clear view of Mediacom’s CSR strategy. For example, CSR reports in 2000 to 2001 listed corporate actions, such as the investment in particular social projects, but with no clear frameworks, suggesting that the company did not have an integrated view of its socially responsible practices. Thus, it will be assumed that 2004 was the year the company formally recognised and wrote its CSR strategy. However, 2007 was the year when Mediacom best sharpened the understanding and integration of such strategy into core formal actions, as a result of the clearer framework they had developed. As will be seen in Sections 5.4 and 5.5, the 2000s were a fundamental period for CSR strategy formalisation, which in turn was importantly influenced by economic crises and the CSR movement in Brazil.
Table 5.2 References to CSR strategy on Mediacom formal documents

<table>
<thead>
<tr>
<th>Source</th>
<th>Text</th>
<th>Main components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mediacom institutional report 2002/2003</td>
<td><strong>Sustainability strategy</strong>&lt;br&gt;The cornerstone of Mediacom’s sustainability strategy is continuous growth based on the appreciation and integration of the communities in which it operates. The development of these communities strengthens its growth strategy. The continuous improvement of the existing products, as well as introduction of new products, aim to preserve our leadership. Mediacom also recognises that the concept of corporate social responsibility is aligned to its beliefs and represents a guide for its actions, contributing to reinforce the corporate identity (2003, p.36).</td>
<td>Connection with communities, independent editorial line/ responsible journalism, Foundation, media space donation, growth based on community development, social responsibility, corporate identity</td>
</tr>
<tr>
<td>Mediacom institutional report 2004/2005</td>
<td><strong>Social responsibility, social commitment and ethics</strong>&lt;br&gt;Within the communities wherein it operates, Mediacom’s institutional actions are carried out through projects planned and developed by its media vehicles, as well as by the Nova Foundation, an institution aimed at supporting and assisting numerous social responsibility projects. Acting in four different fields, Nova Foundation seeks permanent results in the assisted segments: i) technical and financial support; ii) social mobilisation; iii) implementation of the Child and Adolescent Statute and; iv) business citizenship (2005, p.11).&lt;br&gt;&lt;br&gt;The institutional activities developed by Mediacom involve its whole network, either by editorial campaigns and projects, or by supporting existing entities and programs: i) Mediacom media vehicles operate under social responsibility principles by means of informing, mobilising and contributing to the progress of society; and ii) editorial publications are focused on communities’ demands. Thus, through information, the company is able to denounce misconduct and to discuss frameworks to be adopted; iii) Institutions focused on the public interest seek partnerships with Mediacom to strengthen their campaigns and actions through the donation of media spaces. iv) Institution’s projects of public interest that are based on socially relevant topics are developed by the company, in order to help communities coping with their social issues (2005, p.11).</td>
<td>Nova Foundation, social mobilisation, social campaigns, media donation, editorial space/responsible journalism</td>
</tr>
<tr>
<td>Mediacom code of ethics and social responsibility 2007</td>
<td><strong>Social commitment</strong>&lt;br&gt;Mediacom is committed to the community through initiating and supporting projects of social interest. The company promotes this support in many ways. i) Through the funding of Nova Foundation, a non-profit organisation focused on projects of public interest, which operates exclusively in the social sector. ii) Through its communication vehicles, using editorial space in themes that are relevant to local communities, or by donating non-commercialised space. iii) Through projects of public interest developed by Mediacom or individually by its vehicles. iv) Through stimulating its workers to participate in social initiatives and socially responsible practices (2007, p.11).</td>
<td>Nova Foundation, social mobilisation campaigns, media donation, editorial space/ responsible journalism</td>
</tr>
</tbody>
</table>
While not entirely matching the CSR definition provided at the beginning of the literature review chapter, which considers the impact of business operations over a wide range of stakeholders, Mediacom’s view of social responsibility reflected the current and overall level of CSR understanding within the company, which is more restricted. Mediacom’s code of ethics’ statement on CSR seems to be positioned somewhere between the concepts of corporate philanthropy (Shaw & Post1993; Porter & Kramer 2002; McAlister & Ferrell 2002) and corporate citizenship (Matten & Crane 2005), due to its focus on only one stakeholder, the community. For the purpose of this thesis, this particular understanding of CSR, which is limited to community-related actions, is also applied to the notion of CSR strategy, and will be used from this point on.

Having established the boundaries of Mediacom’s CSR strategy, Sections 5.3.1 and 5.3.2 explore the historical processes that contributed to shape its core components: Nova Foundation; media donation for socially responsible purposes; and social mobilisation campaigns.

5.3.1 The role of Nova Foundation

In 1982, Mediacom Foundation, the precursor of Nova Foundation, was created to assist both children and adolescents who were at social risk, and newsboys who sold Mediacom’s newspapers on the streets of River Creek. Frequently, these two groups were the same. Mediacom Foundation developed social programs, such as The Next Generation, which stimulated debate with adolescents about early pregnancy, drugs, health and other themes related to adolescent life. With regard to the organisational structure, Mediacom Foundation was almost an extension of Mediacom’s HR department, relying on its employees to develop the philanthropic activities. The intention behind the creation of Mediacom Foundation was to provide more of a focus on philanthropic actions, and separate these from the HR related activities.

However, in 1986 an unexpected event triggered dramatic changes at Mediacom in all areas, including CSR. Its founder, Mark Warren, had a heart attack and died suddenly at the age of 60. Mark’s legacy to the new generation of executives was not just a strong brand and a leading market company, but also the philanthropic principles that guided his life. At this point, four structural changes occurred in relation to CSR issues as a result of the founder’s death.
The first change was the creation of a new organisation called ‘Nova Foundation’, which replaced Mediacom Foundation. The new institution aimed to provide an extra dimension to the founder’s philanthropic values. While Mediacom Foundation had social programs focused on both internal and external parties, the new Foundation decided to invest only in the community, specifically children and adolescents at social risk. From this point on, this audience will be referred to only as ‘children and adolescents’. The reason for choosing this particular demographic was partly due to the founder’s own religious and moral motives, and partly due to pressure from social movements, who aimed to enhance this audience’s rights, as will be seen in Section 5.4.1.

The second change was the creation of another institution, called the Centre of Employees, which was designed to focus on the needs of Mediacom’s internal public for assistance on health and social matters (including for the newsboys). Hence, Mediacom activities were divided in two: the community investments stayed with Nova; and the internal programs were addressed to the Centre of Employees. It should be explained that in Brazil it is not uncommon for large companies to assume part of the government’s role, by providing basic assistance to their employees, due to the usual poor quality of public services in Brazil.

A third important change refers to structure and professionalism. Mediacom Foundation had a small staff, all borrowed from other areas of the company. They were not experts in social issues. In contrast, while Nova Foundation started with only a few workers in 1987, its staff increased to reach more than 30 during the 1990s. Furthermore, its technical body came from the social services field and therefore developed a much more professional and planned approach to social projects and the demands from society. From 1987 to 1995, the social programs remained basically the same, although the focus and processes were adapted to cover people outside the organisation. The geographic focus of Nova’s operations was restricted to River Creek, also the headquarters and main market for Mediacom.

The fourth change relates to the growing importance of CSR within the company. Structural social and political changes in the country in the 1980s and 1990s, such as the redemocratisation of political institutions, escalating levels of poverty, and the growing strength of the NGO sector following the end of the military regime, all contributed to the demand from Brazilian society for higher levels of corporate social commitment, including from Mediacom. However, rather than gradually being assimilated by the organisation, CSR was to some extent imposed on it by ‘Ingrid Warren’, Mark’s widow, and the most important shareholder after his death. Ingrid, a woman who shared the same religious and moral values as Mark, felt that it was her role to continue her husband’s philanthropic work. From 1987 to
In 1995, Ingrid Warren was Nova Foundation President and exerted her influence to empower the organisation in terms of resources and structure. This aspect will be further developed in Section 5.4.

The pressure to increase the resources provided to Nova Foundation had significant consequences for Mediacom. After presenting Mediacom with an expensive social project, a large community centre, which would give support to disadvantaged people, the other shareholders denied the investment and proposed a reassessment of Nova Foundation’s operations. The main complaint was the low impact of those investments on Mediacom’s image. Ingrid left the institution in 1996, after a strategic plan was developed that strongly revised Nova Foundation’s operations. Managed by a new professional team, the administration opted to provide support to the community through intermediate social organisations, such as cause related NGOs, rather than directly. Nova also developed a technical and cooperation program that best suited Mediacom’s interests. The company provided the Foundation with an annual budget, which was mostly used to provide grants to social organisations across all 18 regions in which Mediacom had operations. In short, the program worked as follows. Firstly, social institutions would submit a project proposal following Nova’s guidelines. Secondly, projects were analysed by a committee consisting of recognised social leaders. Thirdly, the best projects were chosen and funding granted to them. This model of project selection was very successful, which explains why it has remained unaltered throughout the following years, and across diverse themes, such as social justice, employability, and art and culture.

However, after facing a major financial crisis in 2002, with the subsequent sharp decline in profits, Mediacom reduced Nova’s budget by 50%, thus collapsing the technical and cooperation program. In this new environment, the Foundation had to learn how to manage scarce resources with reduced staff, by finding new ways to operate. In the past few years, partnerships with companies or strong institutions, such as UNESCO, have been systematically developed in order to make up for the lack of available resources. The technical and cooperation program was reorganised around a new internet website, called ‘Giving Hope’, which was launched in 2004. This was an attempt to raise funds and resources from society, companies, and even the state government, in order to maintain the image of Nova as a grant-maker, even though the institution no longer received the bulk of their financial support from Mediacom. From 2002 to 2008, Nova’s budget was just enough to meet the organisation’s fixed costs. This point will be discussed in greater detail in Section 5.4.1.
Internally, motivated by the increasing relevance of CSR to Brazilian society, Nova Foundation has put great effort into becoming a form of advisory cell on CSR issues to Mediacom departments and business units. The Foundation started to develop, and participate in, several corporate actions. For example, the Foundation has elaborated and coordinated Mediacom’s CSR reports since 2000, and also created a corporate media donation policy in 2002. Additionally, it became part of the team that defined Mediacom’s social campaigns. The aim was for Nova to be perceived as a valued asset for Mediacom’s internal stakeholders, thereby gaining political support within the company in order to justify its own existence following the financial crisis.

Finally, the symbiotic relationship between Nova and Mediacom should be acknowledged. Both institutions operate at a symbolic level as a ‘binary system’ on CSR issues. A term borrowed from Astronomy, a binary system refers to two stars, a larger and a smaller, orbiting a common centre of mass, and commonly appearing as only one object. Although Nova (the small star) is formally assumed in all institutional reports as part of the Mediacom group (the large star), its independent nature must also be considered, due to Nova’s completely different and non-profitable purpose. As a result of this relative autonomy, Nova is also believed by many Mediacom workers to be an internal, yet independent organisational stakeholder. This aspect will be further explored in Section 5.4.2. Thus, Mediacom and Nova are protagonists in a complex phenomenon. While Nova is institutionally integrated into Mediacom, and represents the most important part of its CSR strategy, it also promotes actions that partially reflect its own interests and mission, thereby affecting Mediacom’s CSR strategy from within. Mediacom and Nova thus resemble a combined binary system, in which each body is independent of one another, but which are so intertwined in a continuous process of internal influences, that they are almost like one entity. From this point on, I shall be referring to Mediacom and Nova using this dichotomy, usually as only one integrated entity, but sometimes, especially when focusing discussion on Nova\(^7\), as two distinct organisations.

5.3.2 The media as a corporate resource for CSR

In addition to Nova Foundation, media donation and social mobilisation campaigns were of major importance in the formation of Mediacom’s CSR strategy. Both of these activities used two of Mediacom’s most important organisational resources (Penrose 1959; Russo &
Fouts 1997; Smith 2007; Hall 1993), namely unsold advertising spaces, and editorial contents, to increase CSR impact. In the remainder of this section, I firstly explore the importance of media donation, and then the importance of social mobilisation campaigns to Mediacom’s social responsibility.

The second CSR strategy component, media donation to NGOs, is the most traditional, and one of the most significant forms of social responsibility for Mediacom. In 2007, the company donated around US$16 million worth of advertising space (Company’s corporate social responsibility report 2007). The figure is calculated by determining the full cost of advertising space at the times they are exhibited, multiplied by the number of advertisements given to all NGOs that received this support. Naturally, as the advertising space is a perishable corporate resource, the non-use of such space implies a ‘cost of opportunity’ for the company, i.e. if it is not filled, Mediacom does not benefit from its own CSR institutional propaganda, neither is it capable of building tighter links with NGOs (by allowing them to advertise in this space), an important aspect of its CSR strategy.

In 2007, over 500 NGOs received support in some form or other from at least one of the Mediacom vehicles. The influence of charities on Mediacom and especially on the shareholder family dates back to the beginning of the organisation, when charity leaders personally asked Mark and other family members for support for their social organisations. This culture of donation spread across Mediacom. Business unit managers gained autonomy over time to make donations according to personal criteria, making this process very decentralised, and, to some extent, out of corporate control. From the 1990s on, the demand for media donations increased significantly, stimulated by the boom in new NGOs across Brazil. As will be seen in Section 5.4.1, business unit managers instinctively saw the opportunity to both use corporate resources to promote their personal values (Hemingway & Maclagan 2004), as well as establish more consistent and systematic relationships with local communities. A corporate action to control the donation process was only formalised in 2002, with the creation of a media donation policy, establishing some guidelines for business unit managers to follow.

Mediacom’s media donation reflects some aspects of Brazilian CSR. For example, its social community investment was mostly oriented towards social issues and culture, as shown in Table 5.3. The donations addressed to these themes accounted for 80% of the total media donations in 2007. This is consistent with findings of the Brazilian economic governmental agency IPEA, which suggests companies prefer to invest in the community due to social concerns (IPEA 2006), and Phillips’ study (2006) undertaken in Nigeria, who came to
similar conclusions. In contrast, Mediacom investments in environmental issues represented only 2% of the total media donations. Thus, Mediacom’s areas of focus for their media donation portray the overall concerns of this particular society, which differ from some developed nations, such as Australia (Frost et al. 2005) and Japan (Fukukawa & Moon 2004), where the environment tends to be more important than social issues. These figures, and the characteristics of Brazilian CSR, explain why the configuration of Mediacom’s CSR strategy is based around certain important issues but not others.

<table>
<thead>
<tr>
<th>Areas of investment</th>
<th>R$</th>
<th>US$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>3,305,854</td>
<td>1,836,586</td>
<td>10%</td>
</tr>
<tr>
<td>Social Service</td>
<td>13,417,277</td>
<td>7,454,043</td>
<td>41%</td>
</tr>
<tr>
<td>Health</td>
<td>1,354,822</td>
<td>752,679</td>
<td>4%</td>
</tr>
<tr>
<td>Security</td>
<td>1,063,238</td>
<td>590,688</td>
<td>3%</td>
</tr>
<tr>
<td>Culture</td>
<td>9,345,115</td>
<td>5,191,731</td>
<td>29%</td>
</tr>
<tr>
<td>Environment</td>
<td>1,252,622</td>
<td>695,901</td>
<td>4%</td>
</tr>
<tr>
<td>Economic and Regional Development</td>
<td>2,424,694</td>
<td>1,347,052</td>
<td>8%</td>
</tr>
<tr>
<td>Others</td>
<td>438,994</td>
<td>243,886</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,602,616</strong></td>
<td><strong>18,112,566</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The third CSR strategy component, social mobilisation campaigns, has two basic columns. Firstly, the campaign itself, i.e. the message being disseminated through television advertisements, radio spots, and newspaper announcements, which is created by an advertising agency, to inform the audience about some relevant social concern, such as heavy drugs consumption or safe driving. This message is exhibited utilising unsold advertising space in the same way as media donation to NGOs. Usually when a Mediacom campaign is on, the space provided to NGOs is reduced.

Secondly, editorial content is used as the most important aspect of the overall campaign. This offers a higher level of consistency and credibility, which advertising alone is unable to promote. All Mediacom vehicles are coordinated by a journalist team leader, who ensures periodical journalistic coverage on that particular theme until the campaign ends. The most important anchormen are also designated to discuss the issue, and insert the theme into the
journalistic agenda over the period. Other supportive materials are also used, such as websites, created to inform schools and the general public, and, when the campaign is focused on children and adolescents, pedagogic toys and games (Company’s institutional website 2009). These campaigns usually last from four to six months.

The attributes of mobilisation campaigns and media donation to NGOs seem similar, because these two actions both attempt to focus the public’s attention on important social issues. Their message is frequently the same: both either request some kind of behaviour change, such as ‘give blood to hospitals regularly’, or are fundraising for a specific cause. For Mediacom, they have complementary roles. On the one hand, mobilisation campaigns are created to establish a direct link between the company and its audience. While such campaigns can be considered a CSR action, they also promote inevitable institutional gains, an aspect that was more clearly realised by the company in the late 1990s. On the other hand, media donation to NGOs addresses the demands of two relevant stakeholders, which are non-profit institutions, and the local community. While not offering as good an institutional return as social mobilisation campaigns, media donation allows Mediacom to comply with its social responsibilities as well as establishing good relationships with local NGOs and communities in which it operates.

When looking at the social impacts, the results of mobilisation campaigns can vary in three aspects. The first refers to the type of divulgation the company allows. They can be only editorial, only advertising, or both. The last one usually produces better results, because it allies frequency of exhibitions in advertising space with the credibility of news. The second relates to the strength of the divulgation, which depends on the frequency of the message and the number of vehicles or media channels involved in the reproduction of that campaign. The more media vehicles used and the more frequent the campaigns, the stronger the impact. The third aspect refers to the width of the campaign. Usually, mobilisation campaigns are either corporate or local. While corporate campaigns are those reproduced throughout all media vehicles in every region where Mediacom operates, local campaigns are developed by local business units, particularly if the theme reflects a local public concern, such as assisting people affected by drought or flood. As will be seen in Section 6.4.6, local campaigns were a new emergent strategic pattern, which had not yet been formally integrated into Mediacom’s CSR strategy. The full recognition of this emergent phenomenon by the high echelons of the company could possibly have important consequences for the rest of the strategy in the future, if they do decide on its continuation.
While mobilisation campaigns and media donation to NGOs had been used before, only from 1980 onwards were they really used systematically. Nova and Mediacom launched important social campaigns in the 1980s and 1990s, reflecting the growing pressure from society for social involvement by large corporations. These environmental influences will be further explored in the next section.

In order to provide a clear understanding of this study, this section outlined the boundaries of Mediacom’s CSR strategy for the purposes of this thesis. Introductory information was provided on the three components which form the strategy’s core, by examining important driving events, organisational changes, and specific characteristics of each component. For example, changes arising from the founder’s death, which shaped Nova Foundation’s operation, structure and importance within Mediacom over time, were analysed. These changes led to Nova Foundation’s growing levels of formalisation, an aspect that will be further explored in Section 5.4.2. This section also investigated the characteristics of the other two key components of Mediacom’s CSR strategy, namely media donation to NGOs, and social mobilisation campaigns. These included the amount of resources invested, targets, number of NGOs benefited, and a basic operational description. Having described the strategy components, Section 5.4 will address research questions one and two, by discussing how macro systemic forces, as well as organisational and individual events, shaped Mediacom’s CSR strategy.

5.4 The influence of environmental events and stakeholders on Mediacom’s CSR strategy

Having described the main features of Mediacom’s CSR strategy, the processes by which stakeholders influence this strategy are then explained. This section addresses the first two research questions, namely i) Who are Mediacom stakeholders?; and ii) How do stakeholders influence the CSR strategy formation process? The research questions are addressed by examining the events that most contributed to shape Mediacom’s CSR behaviour over time, and by identifying those stakeholders that participated in such episodes. The detailed description of each event also offers the basis from which to explain the influences exerted by these stakeholders over Mediacom’s CSR strategy.

The current analysis draws on the work of Aguilera et al. (2007), who developed a model that aims to understand the reasons why business organisations engage in CSR activities. The authors suggest that many different actors, driven by different motives, stimulate (or not) social responsibility at four levels: individual; organisational; national; and
transnational. The notion of levels of influence is also used in my research, although based on a slightly different categorical arrangement.

While a good starting point, Aguilera et al’s (2007) template was adapted to also reflect macroenvironmental factors (Hanson et al 2005; Thompson & Strickland 2003; Wheelen & Hunger 2004), in particular, social, political and economic events. I therefore borrowed the individual and organisational analysis levels from these scholars’ work, but opted to use a macroenvironmental, rather than national and transnational perspectives.

The remainder of this section is structured as follows. Firstly, macroenvironmental factors are analysed. Secondly, organisational factors are discussed, and thirdly, individual factors and the role of leadership in promoting CSR are described.

5.4.1 Macroenvironmental factors

The influence of macroenvironmental factors on Mediacom’s CSR strategy was supported by this research. Major influences in this category include: social; political; and economic factors. Some of the influences occurred through historical, but also unexpected events, such as the Russian financial crisis. Several interviewees cited a specific topic within a cultural-political context, which was the antagonistic relationship between Mediacom and the Worker’s Party in the 1990s and early 2000s. The company was blamed for taking sides in the state elections, and promoting a liberal viewpoint. Concerned about a negative image impact, Mediacom reviewed several aspects of its journalistic political coverage policy. Nonetheless, the social responsibility of Mediacom’s product was still questioned by many groups, including left-wing segments.

While interesting, I decided not to include this event in the current analysis. The social responsibility of Mediacom’s overall journalistic content is a controversial theme, and reflects to a great extent Milton Friedman’s (1970) debate on the social responsibility of businesses. It would be incorrect, however, to posit that a company is socially responsible only because it produces goods or services that meet social needs (Post 2003). Mediacom’s political coverage comes under this category, i.e. it is a product aiming to meet its customers’ need for information on that particular topic, rather than a socially responsible practice. Should this content be analysed, the whole spectrum of other editorial content would also require further examination, consequently defocusing the aim of this research. Whilst important, the discussion around political coverage is only tangential to the scope of
Mediacom’s CSR strategy, because, as mentioned previously, this research confines the analysis of editorial content to only those subjects linked to social mobilisation campaigns.

5.4.1.1 Social context

Socially related events had a critical influence on Mediacom’s CSR strategy. This section highlights four of them, which were consistently mentioned by interview participants. They are: the influence of NGOs; CSR centres; large corporations; and the debate on children and adolescents’ rights. In the remainder of this section, I discuss how these events and the stakeholders associated with them contributed to shape the evolution of such strategy.

In relation to the first event, an important indication of the growing influence of NGOs in the context of Brazil can be evidenced by the significant increase in the number of NGOs in the past few years. This phenomenon, boosted by the end of the military regime in Brazil (Fernandes 1994), as well as escalating levels of poverty, contributed to put pressure, especially on large corporations, for greater business interaction with society. For example, according to IBGE (Brazilian Institute of Geography and Statistics, in Portuguese), not only did the number of non-profit organisations increase from 107,000 to 276,000, but also the number of employed individuals jumped from 1 million to 1.5 million between 1996 and 2002 (IBGE 2002).

‘Louis’, a Mediacom business unit manager, noticed this boom. He recognised that the growing number of NGOs put additional pressure on the company (Schepers 2006), demanding more financial and media donation support, and proposing new forms of partnerships (Danastas & Gadenne 2006). The comments of this manager are illustrative:

It is because social demands were different. NGOs were much smaller...There is a strong social pressure...Some few years ago the social pressure was not as strong as nowadays. The possibility of new partnerships increased a lot (Louis, Business Unit Manager, Transcripts p.65).

While communication has been an effective tool, used by NGOs to create and disseminate information (Aronson 2001), partnerships with NGOs may also bring benefits to corporations in some circumstances. In the case of Mediacom, which has a business strategy based on localism, partnerships with NGOs represented an opportunity of great social legitimacy to associate the organisation’s brand with local actors (Wootliff & Deri 2001). Usually these partnerships were established via media donation. Media donation to NGOs
contributed to Mediacom’s interests in three ways: firstly, by enhancing its reputational capital; secondly, by providing the company with a non-market network formed by local actors; and thirdly, by lending the corporation greater legitimacy. Thus, it appears that both Mediacom and NGOs influenced each other in a symbiotic manner. While Mediacom shaped the NGO’s practices by offering a range of new communication tools through which to promote themselves and their cause, NGOs also shaped Mediacom’s practice in ways that contributed to their view of social change (Pagan 1989).

In the same vein, ‘Alfred’, Vice President (VP) of Television Operations, confirmed that Mediacom must abide by the expectations of the communities in which it has operations. His point seems to be aligned to social contract theory. According to this view, if businesses do not respect the social norms of a given society, they might find difficulties continuing to operate or, in the worst scenario, even fail to survive (Dunfee 1991). In Alfred’s words:

Society has increased its level of awareness...This is a sort of imposition. Mediacom’s main agent of pressure is its own audience. There is no doubt there are pressures from communities on Mediacom. As there is a strong social demand, people put pressure on Mediacom...The main asset of Mediacom is the communities within which it operates (Alfred, Mediacom TV Vice President, Transcripts p.70).

Mediacom’s CSR strategy reflected not only this sense of belonging to its communities, but also the business model of the corporation, which is based on a strong interaction with local communities, as seen in Section 5.2. Thus it can be seen that Mediacom’s CSR strategy operates by directly reinforcing its corporate strategy. Therefore, when the company supports local NGOs and meets community demands, Mediacom is in fact reproducing the same integrative logic as its business model, but at a social level. To some extent, Mediacom’s CSR action facilitates its economic operation. This approach contributes to enhance Mediacom’s engagement in local communities’ issues, reduce natural local resistance to its operations, and consolidate its image as an organisation not only concerned with an economic, but also a social logic.

Mediacom’s efforts to build tighter ties with local communities are also expressed in Louis’ example of an annual social campaign, which aims to collect clothes for the disadvantaged, through the support of NGOs. He proudly comments on the performance of the campaign over the past five years:
Our campaign had collected 20 or 30 thousand clothing items, but now we collect over 300 thousand items in our region. This is more than the clothing campaign undertaken by the state government for the whole state (Louis, Business Unit Manager, Transcripts p.60).

Louis’ response illustrates the social impact of Mediacom’s regional winter campaign, which, as he pointed out, promoted better results than a similar campaign run by the state government across the entire state. These civil and flexible interactions between the company and NGOs, along with the deficiencies of the governmental apparatus, might offer an explanation for the legitimacy Mediacom holds in the communities in which it operates. On the one hand, the organisation has demonstrated it is attuned to community expectations. It has attempted to translate this connection into CSR actions that reflect current social concerns, such as drugs or violence against children. This behaviour seems aligned to the notion of community isomorphism (Marquis et al. 2007), which notes that institutional pressures from the community influence the nature and level of corporate social action. On the other hand, Louis’ comments certainly offer a possible avenue of discussion on how civil society might be replacing the role of government in promoting welfare (Edwards et al 1999; Pagan 1989; Kamat 2003) as a result of state budget constraints (Philips 2005).

The growing involvement of Mediacom with local NGOs and communities is also supported by quantitative data. The total amount donated to NGOs, which includes media donated and financial resources, increased from R$20,017,752 (US$11 million) to R$32,602,614 (US$18 million) between 2001 and 2007 (Company’s corporate social responsibility reports, 2002 and 2007). Thus, figures suggest an increasing collaboration between Mediacom and local NGOs in recent years.

In conclusion, the consequences of NGOs’ influence can be seen in two corporate actions. Firstly, it allowed the consolidation of Nova Foundation’s granting and networking role after the strategic planning workshop in 1995. At this time, the company decided to make Nova an institutional mechanism of the relationship between Mediacom and the NGOs. This aspect will be further explored in Section 5.4.2. In addition, media donation, Mediacom’s most traditional form of CSR, only became one of the core components of CSR strategy due to the ongoing demand from NGOs since the 1960s for this type of support. This pressure was then reinforced in the 1980s and 1990s, with the rise of the NGO sector movement. Another aspect worthy of mention is the media donation policy, created in 2002 to give business unit managers parameters by which to offer free advertising space to NGOs, and to exert some form of corporate control over this action, which had been very informal until that year. It
represented an initial recognition by top managerial levels of the need to formalise such practices.

With regard to the second event, the influence of CSR centres, data indicates that these organisations also significantly influenced Mediacom’s CSR strategy. The growth of the CSR movement in Brazil occurred in the 1990s, when important centres were created, such as Instituto Ethos and Gife. Following the development of these two national centres, several local centres were also started in the most important Brazilian states, such as Rio de Janeiro, Minas Gerais, Rio Grande do Sul and Parana. ‘Alex’, Nova Foundation’s Manager, noted that CSR became fashionable among large Brazilian corporations from the second half of the 1990s onwards. He also highlighted the fact that Brazil became a reference for CSR among developing countries:

There was a boom in ‘96 and ‘97, social responsibility was fashionable. Like total quality some time ago, CSR also became important. Brazil became a reference for Latin America and other countries. The Brazilian case draws attention because of such strong engagement in so short time (Alex, Nova Manager, Transcripts p.10).

Mediacom and Nova Foundation were some of the first members of Gife and Ethos, when these institutions were created in 1995 and 1998 respectively. The reason for Mediacom becoming a member of these institutions was that they enabled the company to improve corporate practices in social responsibility and social investment through courses, workshops, conferences, and by promoting experience exchanges with other peers.

This view is corroborated by ‘Jeff’, a Nova Foundation lower-level worker, who said that CSR centres such as Gife have been professionalising this area in large corporations. Nova Foundation was a prominent player, not only because it decisively supported Gife in the first years of the organisation, but also because it became one of its most active members. Nova’s former director, Lee, served twice as Gife’s vice-president and once as president, from 1995 to 2002. The importance of Gife is highlighted by Jeff:

CSR became stronger in the 1990s, with Gife’s creation. The large corporations started creating knowledge about CSR and talk centred around this topic. Mediacom already had organised projects involving all the company in this period (Jeff, Social Coordinator, Transcripts p.18).

In the same vein, ‘Catherine’, another Nova Foundation lower-level worker, made a direct correlation between Nova’s leadership in social issues and the participation with Gife, thus
reinforcing the important role played by this institution in qualifying its members on CSR issues. In her words:

I think Gife was an important actor. It was in the 1990s that we became members and pioneered CSR issues in the state (Catherine, Secretary, Transcripts p. 33).

Like Gife, Instituto Ethos also influenced Mediacom through qualification programs. Ethos not only promoted national conferences and workshops on CSR, but also created several frameworks that aimed to measure corporate social responsibility and information disclosure to stakeholders. Thus, Gife and Ethos influenced Mediacom in two ways. Firstly, by qualifying Mediacom’s CSR section on a diverse range of subjects, from management to broad CSR issues, which in turn impacted on the development of better CSR programs. Secondly, by positioning CSR as a modern and viable management approach to businesses and media in general. Gife and Instituto Ethos decisively influenced the acceptance of this theme at Mediacom, contributing to upgrade its status internally, and positioning CSR as important strategically within the company.

The third event, the influence of corporate peers on Mediacom’s CSR strategy, also emerged in the interviews as a relevant type of influence. Not surprisingly, this event showed Mediacom’s instinctive behaviour to mimic their peers (DiMaggio & Powell 1983) as a means of following a trend, in this case CSR. Two corporate stakeholders were identified by interview participants as being the most important in terms of CSR strategy influence. They were: the Lancaster Network; and large corporations that were state of the art in terms of CSR issues at the time. While they could be treated as only one stakeholder, given that Lancaster is a large corporation, for the purpose of this analysis these stakeholders will be treated separately, because Lancaster offers particularities that deserve specific attention.

Lancaster had two important influences on Mediacom’s CSR strategy. Firstly, when Mark Warren died, Lancaster’s Foundation was the operational model benchmarked by Mediacom. Lancaster is one of the largest communication groups in Brazil and also has a partnership with Mediacom, in which the second rebroadcasts the signal of the first. To some extent, it was natural that the actions of Lancaster have always been closely mirrored by its smaller counterpart. In addition, as posited by Alex, the Warren family was held in great admiration by the Donavan family, the owners of Lancaster and also some of the most important philanthropists in Brazil. They created the Donavan Foundation in 1977, which was one of the largest and most successful foundations in the country. As Alex put it:

The Lancaster Network is another very important factor. It is a fundamental stakeholder on CSR issues...the Donavan and Warren families have a great
admiration for each other...the Lancaster Network is a very differentiated company in relation to CSR issues, much beyond any competitor within the media industry (Alex, Nova Manager, Transcripts p.10).

In the 2000s, Lancaster also exerted an important influence over Mediacom, however, this time in a less amenable context. The conglomerate attempted to force Mediacom and all the other affiliates to adopt some of its social programs, in order to boost the image of the Lancaster System (Lancaster and its affiliates). The Lancaster Network had contracts with all affiliates, regulating several aspects of the relationship, from operations to community affairs. Lancaster, which developed an early CSR strategy, wanted some programs such as ‘Friends of School’ and ‘Child Hope’, to be replicated by its affiliates in order to gain synergies. Unlike the other Lancaster affiliates, Mediacom had a well established practice of CSR and resisted the implementation of the programs. Nevertheless, in the past few years, Mediacom has been more open to such a partnership. VP Alfred, has acknowledged this:

   Mediacom has been participating in some initiatives with Donavan Foundation. It has been contributing to give a national reference to our work, because it is the most important communication group in the country (Alfred, Mediacom Television Vice President, Transcripts p.70).

It is therefore possible that a new and strong influence from the Lancaster Network has been developing and gradually impacting on Mediacom’s CSR strategy, the consequences of which cannot yet be measured.

The second type of influence occurred in the context of the growing appreciation of CSR by corporate Brazil from the late 1990s onwards. Mediacom and Nova benchmarked other corporations and foundations considered to be state of the art in terms of CSR. However, this was not the only reason they undertook this benchmarking. Mediacom was also looking at its peers in order to note their strategic movements in relation to a theme that was not yet completely understood in terms of future business impacts.

This view reflects DiMaggio and Powell’s (1983) mechanism of mimetic isomorphism, that is, under uncertain environments, mimicking is a powerful force, which drives many organisations. To a great extent, Mediacom seemed to be influenced by its peers in several different aspects, such as democracy, quality, customer orientation and, naturally, CSR. For example, Alex claimed that, in relation to CSR practices, Mediacom disliked staying behind a company called Blue Steel, a giant Brazilian steel corporation. As he put it:
I think the social environment...the CSR environment, became more important...For example, Blue Steel developed a strong leadership in this area and Mediacom does not want to stay behind them...There is such a discomfort in realising that companies that were far behind now are ahead of us...Business magazines such as Exame, environmental issues, all these movements requesting the business sector to have commitments in relation to sustainability issues, etc. These issues impact the company and it is necessary to give a positive response to them (Alex, Nova Manager, Transcripts pp.14-15).

The discomfort of Mediacom in being behind other large corporations in terms of social responsibility suggests that CSR became an important theme for the company. Mediacom was able to comprehend that CSR was an emergent subject that drew society’s attention. Apparently, the growing importance given to CSR by society⁸ stimulated the company to lead this process in order to achieve first-mover advantages (Liberman & Montgomery 1988), and differentiate its brand (Mc Williams et al. 2006). Instinctively, even when being challenged by crises, Mediacom attempted to seek best practices in other CSR leading organisations, in addition to its existing programs.

To a great extent, this competition was stimulated by CSR centres and media in general. The visibility that CSR was given by both these stakeholders led to a common discourse, particular to Brazilian society at that period, which posited that corporations must contribute to the overall effort to reduce inequalities and externalities (Banerjee 2005) in order to be recognised by customers and the community. For example, Instituto Ethos paid great attention to CSR awards, such as Eco, Exame, and ABRH, while Lancaster often broadcast corporate social involvement related issues in its main TV news. This general discourse importantly influenced corporate Brazil, and consequently Mediacom, in the 2000s. In turn, Mediacom attempted to mimic its peers in order to ensure the company shared in the benefits, and profited from this trend. The growing relevance that CSR achieved was recognised even by profit-making areas, which were forced to open up greater space on their agendas for CSR issues. As Medicom’s VP of Management, ‘Arnold’ put it: ‘This [CSR] is now in my agenda, but it was not ten years ago (Transcripts p.52).

To conclude, it must be noted that the Lancaster Network influenced Mediacom’s CSR strategy in two distinct episodes. Firstly, and unintentionally, Lancaster passively influenced Mediacom, by having its Foundation’s model benchmarked by the forthcoming Nova

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⁸ For the purpose of this thesis, society here means a collective actor, formed by two other stakeholders, namely the community, and NGOs.
Foundation. However, 20 years later, Lancaster intentionally attempted to force Mediacom to locally reproduce some of its programs. Although initially Mediacom resisted, in the past few years it has been gradually more open to incorporating such practices, as previously mentioned by Alfred in relation to new cooperative initiatives between Mediacom and Donavan Foundation (which belongs to Lancaster). While this influence did not represent a change in the three main components of Mediacom’s CSR strategy, it could eventually affect other aspects in the future, such as the programs or the audience focus.

Mediacom was also influenced by the increasing movements of large corporations to develop professional CSR practices from the 1990s onwards. As noted by ‘Martin’, NGO coordinator and interview participant, ‘CSR became a corporate discourse’ (Transcripts p.97). Deciding not to follow this trend, while the most important Brazilian corporations were doing so, would have been risky to Mediacom. Therefore, it would appear that the CSR discourse headed by Brazilian CSR centres and media boosted the perception of CSR as value-adding, and potentially enabling competitive advantages (McWilliams et al. 2006), as well as encouraging corporate mimicking behaviour (DiMaggio & Powell 1983). These reasons should therefore be acknowledged as drivers for Mediacom’s CSR mimicking behaviour. Mediacom did not want to be behind its peers, or lose any benefits that may have resulted from this trend.

The fourth and last event, the children’s rights debate, provided interesting information on how this audience became the main target of Mediacom’s CSR programs. Prominent stakeholders within this event were: social movements; governments; community and children and adolescents.

One of the most remarkable actions of the social movements in Brazil aimed to create stricter legislation to ensure children and adolescents’ rights (Schwartzman 2001). It is contended here that Mediacom’s CSR strategy was affected by the children and adolescents social movement’s discourse, and the legislation that was the fruit of this mobilisation. For the purpose of this thesis, the children and adolescents social movement was considered to be the one championed by NGOs, politicians, governmental bodies and individuals who consistently defended the rights of children and adolescents over time.

The company was influenced in two ways. Firstly, the discussion on children and adolescents’ rights contributed to reinforce Mediacom’s social programming focus on this audience. Secondly, the more protective legislation made the company review its operations
in relation to newspaper sales on the streets of River Creek, which in the 1980s were mostly sold by children.

Data indicates that social movements strongly lobbied the government and congressmen to approve laws enhancing the rights of children and adolescents. They successfully ensured tougher legislation was included in the new Brazilian Constitution in 1988, and contributed to elaborations for a specific Act, which was approved in 1990, called Estatuto da Criança e do Adolescente (Child and Adolescent Statute). As a result, the working age was increased from 12 years old to 14 in the new Constitution, and ten years later, increased again to 16 (Fonseca 2009). According to ‘Lucy’, President of CEDICA (State Council on Children and Adolescents’ Rights, in Portuguese), while Mediacom had been using children to sell newspapers on the streets of River Creek, at that time it was in compliance with the then current legislation\(^9\). As she described it:

> Mediacom was complying with the legislation of that period...In the 1980s there was no legislation to regulate children and adolescents’ work. The company was used to give preference to a public at social risk. Most adolescents hired by Mediacom had stayed at FEBEM (State Foundation for the Welfare of Minors) before. Some attempted to return to their homes but were not successful. [In my view] the company believed in a show of solidarity in an attempt to minimise a social problem (Lucy, President of CEDICA, Transcripts p.92).

However, compliance with the basic requirements of Brazilian law was not enough to avoid public pressure. Mediacom and the whole media industry were under fire in the 1980s from social movements and the general community, due to the employment of children and adolescents throughout this period, even if they were within the minimum age range lawfully accepted. As highlighted by Alex, the focus of Mediacom’s social actions on children and adolescents was a natural choice under those circumstances. For him, the idea that the company could be exploiting children was unacceptable, and this aspect motivated Mediacom to make children and adolescents the main target of its social programs. As stated by this manager:

> I think one of the most important stakeholders was the kids, the newsboys. There was a concern about the public opinion, because after all there were adolescents selling newspapers. There was an idea of exploitation, therefore it was necessary to have this group properly supported (Alex, Nova Manager, Transcripts p.2).

\(^9\) The Brazilian Constitution of 1967 allowed citizens of 12 years old and above to work (Fonseca 2009).
In conclusion, social pressure and the mobilisation of activists and NGOs for better living standards for children and adolescents were effective in the case of the Brazilian press industry. Children and adolescents no longer sell newspapers in large Brazilian cities, including River Creek. While Mediacom’s first social initiatives for children and adolescents started because of the individual philanthropic attitude of Mark in the 1960s and 1970s, these were reinforced due to the increasing pressure for stricter legislation promoted by social movements and the community over the 1980s and 1990s. The result of this influence was the consolidation of children and adolescents as Mediacom’s most important target in terms of CSR programs. This positioning decisively shaped most programs developed by Nova Foundation, as well as Mediacom’s social mobilisation campaigns. For example, in the early 2000s, the company promoted campaigns to alert families to the problem of violence against children, urging people to denounce risky situations of which they were aware. In another social program, Mediacom and Nova promoted 15 to 20 annual meetings in the capitals and medium-sized cities, with cause-related NGOs and government authorities participating in order to discuss ways to preserve children and adolescents from violence.

5.4.1.2 Political context

In the case of Mediacom, the federal and state governments exerted mandating, partnering and endorsing roles (Fox et al. 2002), which influenced to some extent the company’s CSR strategy. The first refers to the approval of stricter legislation regarding children and adolescents’ rights, as described in the previous section. The second was the attempts by the state government to engage businesses in social activities by providing partial fiscal incentives for CSR investments. In the third role, Tangara State Legislature created a particular CSR award to stimulate CSR information disclosure.

As seen previously, in the mandating role, while stricter legislation on children and adolescents was approved in 1988 and 1990, the implementation of the regulation occurred throughout the 1990s. Nova Foundation, which represented Mediacom, was one of the most important leaders in the state for this implementation process. The organisation twice headed CEDICA (State Council on Children and Adolescents’ Rights), and contributed to the formulation of public policies on issues such as negligence, abuse, and violence against children. It is possible that if the legislation had not been approved, Mediacom’s focus on children and adolescents would not have been as strong as it was. Thus, legislation, together with social pressure, contributed to keep Mediacom’s CSR efforts focused during many years on this stakeholder.
In relation to the partnering role of the government, Nova Foundation participated as one of the operators of a state program aimed at encouraging corporate community investment through fiscal exemption. In order to receive the benefit, companies needed to invest in a state fund. The fund was then invested in different themes, such as children and adolescents, and people with special needs, among others. Each thematic fund required an operator to pass the resources on to NGOs. Due to its expertise on social issues, Nova was selected by the state government to act as an intermediary for the children and adolescents’ fund. Each operator retained 7% of the total amount of the fund it operated, to cover administrative costs.

With regards to the endorsing role, the State Legislature launched an award to encourage CSR information disclosure in 2000. The process was as follows: CSR reports should be sent to a committee, which assessed the documents against quantitative and qualitative indicators. Next, the best ranked companies were visited, and an interview conducted by members of the committee with representatives of the organisation, to obtain further information on the particular CSR processes. Then the winners would be selected by the committee in a joint meeting. When it began, the initiative had the participation of only 21 businesses, but this grew to more than 200 organisations by 2009 (ALRS 2009). Mediacom has been participating since the beginning of the award, and won the prize in 2007 in the large corporation category.

These events epitomised important signs from the external environment, which reinforced Mediacom’s perception that CSR was an intangible asset to be pursued. These signs made it clear to Mediacom’s managers that society was increasingly valuing socially responsible practices, which in turn could have institutional impacts on the company.

5.4.1.3 Economic context

This study has shown that Mediacom’s CSR strategies were heavily influenced by economic issues. In competitive markets, crises might affect corporate profitability, and as a result, negatively impact the amount of resources directed to social responsibility actions (Stanwick & Stanwick 1998; Cotrill 1990; Sethi & Sama 1998). This section highlights how two economic events – in 1998 and 2002 – affected Mediacom and its CSR programs. An explanation of the economic context is firstly provided to offer the background against which this influence occurred.
As seen in Chapter 2, in 1994 the monetary stabilisation plan Plano Real ended 20 years of
high inflation rates in Brazil. However, the chronic public deficit, together with balance of
payments problems (Ferrari 2001), made the country vulnerable to external shocks. In
globalised markets, problems in one country can easily affect others (Nayyar 2006; Gaburro
& O’Boyle 2003; Levitt 1983; Gandz 2001). In 1998, the Russian Crisis severely impacted
many emergent countries, including Brazil. Foreign investors left the country, concerned
about the possibility of a currency devaluation, which would indeed occur later. From
January 1998 to January 1999, Brazilian international reserves dropped from US$70 billion
to US$35billion (Ferrari 2001). Having limited alternatives, the government decided to
abandon the fixed currency system and allowed the local currency, Real, to float. In addition
it raised the Reserve Bank interest rate to 46.5%, aiming to attract foreign capital. These
actions led to a huge recession in 1998 and 1999. The economy maintained a slow pace in
the following years and in 2002 faced another major crisis due the left-wing candidate, Lula,
winning the Presidential elections. As a result, the national currency peaked at four Real
against one US dollar.

Within the context of Mediacom, from the time ‘Newman Warren’, Mark’s son, assumed the
presidency in 1991, he intended to diversify the company’s operations, aiming not to become
excessively dependent solely on the media business. The proposed integration with several
correlated businesses, from internet to telecommunications, saw the company fall into
serious debt in the second half of the 1990s (Sigma). The project was intended to constitute a
consortium with ‘Spain Telecom’, a Spanish telecom corporation, to distribute TV, video
and phone signals and services to all southern regions and Brasilia, Brazil’s capital city
(Sigma). This fitted perfectly with Mediacom’s strategy of localism, but with the additional
advantage of having an integrated communication base: internet; broadcast TV; cable TV;
and telecommunications. In order to undertake this investment, Mediacom raised US$175
million in Eurobonds, US$50 million in 1995, to be repaid in 2003 and US$125 million in

However, things did not happen as expected. Spain Telecom gave up the deal with
Mediacom and opted to invest instead in the major Brazilian market of Sao Paulo. In
addition, the Russian Crisis that hit Brazil in 1998, and the rise of the Worker’s Party during
the Presidential election in 2002, shrank the markets. These events all affected Mediacom.
Firstly, the Real that was valued at R$0.90 per US dollar in 1995 dropped to R$1.80 in 1999.
In the worst period, the parity reached R$4 per 1 US dollar in 2002. The national currency
devaluation had an obvious impact on Mediacom’s debts. According to Sigma, firstly the
company had to cut expenses, reduce its workforce, suspend investments and sell some businesses to honour its loans. Secondly, the 1998-1999 downturn and the low growth rates in subsequent years affected the demand for Mediacom’s products, which in turn affected its profitability.

Nova Foundation, which constituted almost all the social investments of Mediacom, was severely affected by the cost reductions prompted by the Russian Crisis, which lasted until the Brazilian presidential elections in 2002. According to Catherine, many projects were cancelled and 50% of the staff dismissed between 2003 and 2004 (Transcripts p.31). Table 5.4 shows the evolution of Mediacom’s social investments through Nova Foundation. The starting point is 1996, one year after Nova’s restructure. In this year, Mediacom donated US$555,000 to Nova, subsequently increasing the sum to US$833,000 in 1998. While it actually occurred in 1998, the Russian Crisis was most reflected in Brazil in 1999, when Nova’s budget dropped almost 30%, to US$601,000. In the following year, the donations rose again to reach its peak in 2001, at US$1.2 million. Facing increasing debts and experiencing heavy losses, the company took extreme measures in 2002. The donation to Nova fell sharply to US$327,000 in 2005, a 70% cutback compared to the highest level in 2001.
Table 5.4 Mediacom’s social community investments in Nova Foundation

Source: Mediacom and Nova Foundation’s accounting departments

<table>
<thead>
<tr>
<th>Year</th>
<th>R$</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1,000,000</td>
<td>555,556</td>
</tr>
<tr>
<td>1997</td>
<td>1,200,000</td>
<td>666,667</td>
</tr>
<tr>
<td>1998</td>
<td>1,500,000</td>
<td>833,333</td>
</tr>
<tr>
<td>1999</td>
<td>1,082,305</td>
<td>601,281</td>
</tr>
<tr>
<td>2000</td>
<td>1,552,500</td>
<td>862,500</td>
</tr>
<tr>
<td>2001</td>
<td>2,199,980</td>
<td>1,222,211</td>
</tr>
<tr>
<td>2002</td>
<td>1,430,952</td>
<td>794,973</td>
</tr>
<tr>
<td>2003</td>
<td>749,260</td>
<td>416,256</td>
</tr>
<tr>
<td>2004</td>
<td>650,745</td>
<td>361,525</td>
</tr>
<tr>
<td>2005</td>
<td>590,034</td>
<td>327,797</td>
</tr>
<tr>
<td>2006</td>
<td>644,599</td>
<td>358,111</td>
</tr>
<tr>
<td>2007</td>
<td>1,033,400</td>
<td>574,111</td>
</tr>
<tr>
<td>2008</td>
<td>1,029,996</td>
<td>572,220</td>
</tr>
</tbody>
</table>

For Lee, former Director of Nova, the situation could have been even worse. He stated in the interview that Mediacom intended to reduce the budget to R$300,000 (US$166,667), virtually suspending Nova’s activities (Transcripts p.43). The idea was to retain only himself and a secretary for institutional purposes over one or two years. Lee decided to leave, because the savings from his earnings could keep many lower level workers in their jobs. From 2005 onwards, the budget rose steadily, recovering by 2008 to the same level in monetary units as 12 years earlier. However, if the Brazilian official inflation index (IPCA) is applied since 1996, the donation to Nova shows a loss of over 50% in real terms across the period.

The lack of financial resources drove Mediacom and Nova to seek another model by which they could continue investing in community actions, given that the previous technical and cooperation program, based on Nova’s grants to NGOs, had collapsed. The alternative was to revise this program and outsource the grant-making to financial partners, such as other
In this new model, Nova Foundation was the program operator, ensuring that third party resources were appropriately invested in the area and provided to the audience targeted by the program. In an increasing use of Mediacom’s resources, Nova developed a website called ‘Giving Hope’, which aimed to bring together donors and social institutions. Mediacom contributed to this project, creating a strong communication campaign and publicising a call for donations in its newspapers, and on TV and the radio.

In line with the pattern noted by Stanwick and Stanwick (1998), Cotrill (1990), and Sethi and Sama (1998), Mediacom’s CSR investment was severely affected by the company’s poor profitability experienced during the 1998 international financial crisis and subsequent years. Interestingly, as Lee stated in the interview (Transcripts p.43), Mediacom was very close to cancelling one of the most important components of its CSR strategy, which was Nova’s operation. The lower amount of financial resources available to the CSR area had consequences for Mediacom’s CSR strategy in two ways. Firstly, Nova Foundation lost its relative importance within the portfolio of CSR actions that comprised Mediacom’s CSR strategy. Secondly, it led to internal rearrangements, which encouraged greater integration between Nova and Mediacom, with the growing participation of the former in corporate projects, such as ‘Childfund Mediacom’, or the participation of Mediacom in Nova’s projects such as ‘Giving Hope’. Hence, Nova sought the reinvention of its own role within the company.

5.4.2 Organisational factors

Mediacom faced some crises that contributed to shape the destiny of the company. Some were exogenous, such as the Russian financial crisis, which affected Brazil and, as a consequence, Mediacom. Others had an endogenous nature, as in the case of the premature death of the founder, and tensions between some Mediacom internal stakeholders and Nova Foundation. The implications of these organisational events are seen in this section.

5.4.2.1 Internal changes arising from the founder’s death

Mark’s death in 1986 significantly impacted on Mediacom, not only because he created one of the largest communication groups in Brazil, but also due to his charisma and leadership. Many internal changes occurred as a consequence of the founder’s death. James, his younger brother and shareholder, headed up the company for five years in order to prepare the still young Newman, Mark’s son, to take up his duties in 1991. One of the first actions of the
shareholder family was to turn Mediacom Foundation into Nova Foundation, as a means of paying tribute to the founder. The widow, Ingrid, became President of Nova, and directly supervised the institution for eight years, between 1987 and 1995.

Lee claimed that Mark’s death prompted several changes within the company (Transcripts p.35). With a new generation of executives, Mediacom diversified its business portfolio and professionalised its administration, including its CSR activities. The former Director of Nova also says that Ingrid played a particular role in managing the succession in Mediacom (Transcripts p.41). She became the main shareholder after Mark passed away and used this power wisely, placing people she trusted to conduct the company in authority, and ensuring that her son Newman took direction of Mediacom at the right moment. As Lee commented:

And then there was an erratic event which was awful [the death of the founder]...Thus, there was a precipitation of events that contributed to build the profile the company has had since the 1990s, very aligned to the new Brazilian scenario. There is a new generation taking up the company while the old one is being retired or losing space within Mediacom (Lee, former Nova Director, Transcripts p.35).

In the same vein, James identified the founder’s death as a sad but also symbolic moment heralding a generational shift. For him, the connection between family and business allowed Mark’s values not only to remain but to evolve in the company. In his words:

A very painful episode was Mark’s death. When we paid tribute to him, changing the name of our Foundation, it was also the symbolic moment of a generation shift, when the first generation started the consolidation of the second generation in the business. Thus, these aspects of the family’s connection with the business will be essential to keep and evolve the concept of social responsibility within the company (James, Shareholder and President of Mediacom’s Board, Transcripts p.59).

Consistent with James, Alfred also pointed out that the tribute to Mark was an important reflection of Mark’s philanthropic values over time. As he put it:

Following the founder’s death and aiming to preserve his memory, Nova was created. In a first moment that was a sort of comfort to the family following the loss of such a meaningful person. It was a sort of responsibility to preserve these
references...To some extent, it is like he could continue Mediacom’s project (Alfred, Mediacom Television Vice President, Transcripts p.68).

While Mark’s death did not mean a rupture in the CSR strategic process, it became the starting point for a more systematic, professionalised and focused approach towards social investment. The focus on the external public – that is, children and adolescents – and the hiring of experts on social justice allowed Nova to develop customised programs, such as ‘Next Generation’, and to make better use of Mediacom resources, such as using unsold media space to boost the CSR impact. The roots of the contemporary Mediacom approach to CSR strategy lie here. It was from this point on that the company developed a more consistent expertise for social justice and learnt how to effectively use its resources to achieve non-market goals.

Alex, Nova Foundation’s Manager, highlighted that this process of professionalisation and CSR strategising was not built rapidly. Rather, the very beginning of the Nova operations retained the previous philanthropic approach of the Mediacom Foundation. Nova only started to be considered part of the corporate strategy in the middle of the 1990s, following a strong revision of its operations and a more demanding environment for CSR issues. As stated by Alex:

It is possible that they could have continued with Mediacom Foundation doing things without a specific structure...Ingrid created Nova...to leave a social legacy. For me the most important is...that Nova created a professional structure. However this was a philanthropic action and not a corporate strategy yet (Alex, Nova Manager, Transcripts p.3).

As Ingrid was the major shareholder and the President of Nova Foundation, the institution had a strong autonomy in the beginning years. As reported by Catherine (Transcripts p. 28), Nova left Mediacom’s headquarters and moved to its own head office in 1988. The company did not dare to interfere in Nova’s activities, because the general feeling within the corporation was that the institution did not belong to Mediacom, but to the shareholder family. This was even more confusing, because Nova Foundation’s budget came from Mediacom and not from the shareholder family assets. Alex summed up the general sense of those times:
Nova moved to its own head office, that was not any longer at Mediacom’s headquarters. Ingrid was the president at that period. The company didn’t interfere. Nobody dared to interfere (Alex, Nova Manager, Transcripts p.3).

To conclude, organisational events can create their own dynamics, which may be only slightly connected to macroenvironmental factors. In this instance, the founder’s death generated internal rearrangements, such as the emergence of Nova Foundation, which had structural repercussions on the future Mediacom CSR strategy. The event emerged internally, with little external pressure, and several subsequent consequences unfolded, which contributed to shape corporate behaviour.

In the years that immediately followed the founder’s death, CSR in Mediacom had a form of growth, which would otherwise have been difficult to achieve. To a large extent, the development of CSR between 1986 and 1995 was a consequence of Ingrid’s direct involvement in Nova Foundation’s activities. She provided the organisation with resources and a structure never before realised. However, as will be seen in the next section, this organisational phenomenon also prompted a silent but contradictory movement.

5.4.2.2 Reactions against Nova Foundation

Nova’s autonomy had a negative side effect, as many within the company felt uncomfortable about such independence, especially throughout the 1990s. To a great extent, executives were unhappy for economic reasons. This was because Nova’s budget was calculated by using a ratio percentage of every Mediacom business unit’s budget. This ratio system affected some business unit goals, such as budget control and profitability. When business unit goals were not achieved, executive profit sharing schemes were at risk, and Nova was frequently blamed by some managers as being a non-business related, unnecessary, fixed cost (Researcher’s field notes 2009). As mentioned by ‘Nicholas’, Mediacom’s Editorial Manager, journalists also had complaints, as they disliked specific requests from Mediacom that some topics must be covered, such as children and adolescents’ rights (Transcripts p.48). Journalists considered this an undue top down interference in their job. Workers in general had the idea that Nova Foundation was protected by the shareholder family and did not have to follow the same rules of the rest of the corporation, such as following strict budgetary controls (Nova’s image and communication diagnosis report 2001). To a great extent, for many years this perception was true.
These reactions delayed the early integration of Nova as an essential part of Mediacom’s CSR strategy. For some important internal stakeholders, the Foundation represented an outsider in the Mediacom corporate environment, therefore they believed it should not be incorporated into the corporate strategy. There is evidence that the integration, which finally started in the second half of the 1990s, could have been achieved much earlier if internal antagonisms had not been nurtured instead.

Even in 2009, antagonisms between segments of Mediacom and Nova continued to survive, with conflicts occurring between CSR-oriented managers and profit-maximising areas (Mintzberg 1983). For example, Arnold, the Mediacom top executive to whom CSR issues were reported, showed a clearly contradictory behaviour. Although CSR came under his area of responsibility, the Vice President surprisingly demonstrated several times his antagonism in relation to Nova. Arnold often stated in the interview that CSR should not be outsourced to Nova and that a CSR department or directorship would be more suitable for achieving corporate goals. In his words:

Rather than a Foundation, I would prefer to have a social responsibility directorship. Foundation sounds a bit aggressive to me. It is personal view, I dislike it. It is like an outsourcing. If I do social responsibility through a Foundation it means I need to do nothing. And I think Mediacom must do [something] (Arnold, Vice-President, Transcripts p.54).

Arnold’s view is emblematic of the politically laden relationship between Nova and Mediacom. Paradoxically, although Nova is part of the Mediacom group, there has been resistance to full integration of the Foundation within the corporate environment. However, Arnold recognised that the situation has been changing, as can be seen below:

On the one hand, I think Nova was the expert on CSR, but on the other hand Mediacom outsourced its social responsibility. It is like I created a Foundation and diverted the responsibility of the company from thinking about it. We had someone thinking, focused, with a great visibility. But in the company people said, “Ah this is Foundation stuff!”; like it was a third person...Now we don’t outsource anymore...Some time ago, I remember we discussed who should sign a social campaign, Nova or Mediacom. In my opinion, [it should be] always Mediacom (Arnold, Vice-President, Transcripts p.51).
In the same vein, Nicholas, the Editorial Manager, also noticed resistance from other internal groups, such as journalists, who were reluctant to cover social topics when requested to do so by Nova in the 1990s. Nevertheless, he admitted that the new pro-CSR environment and growing integration of Nova Foundation led to an increasing openness to produce articles on the topic of social mobilisation campaigns.

You need to realise that in those times Mediacom vehicles had a sort of aversion to Nova Foundation, “Oh no, Nova’s guys are coming to have their material divulged”. Nowadays, Mediacom vehicles take this task, that once was Nova’s. The Foundation has been participating on the social campaigns’ committee...bringing orientation on social issues. However, it is not necessary for Nova to get too much involved anymore...as in the old times. It is a sign that the social responsibility culture has evolved within the company. It is spread around. There is no chief-editor of a vehicle that does not know this is his or her task (Nicholas, Editorial Manager, Transcripts p.48).

Arnold’s view seems to reflect the change from an idealistic individual philanthropic initiative in the 1980s and beginning of the 1990s to a corporate strategic perspective, which aims to promote actions that are aligned as far as possible with promoting gains for Mediacom. The Vice President also highlighted the growing importance of CSR within Mediacom:

Nova Foundation cannot be an end in itself...Little by little, Nova came inside the company. Mediacom started to catalyse image gains, marketing, networking, all of this...This is now in my agenda, but it was not 10 years ago (Arnold, Vice-President, Transcripts p.52).

The benefits of formalised managerial processes for CSR are also emphasised: for Arnold, CSR became less idealistic and more efficient. From a strictly managerialist perspective, Arnold believed that CSR issues must be organically integrated into the company in order to boost social impact. According to the VP, Nova has become more closely tied to Mediacom’s objectives over time. Formal management processes have contributed to make this connection clearer; and the benefits resulting from it. As he put it:

I think the role of the top management is to organise all these things and include this theme within the formal mechanisms or through management processes, and not only in individual practice...I think this has become more professional. I think there
are two points. First, it becomes less idealistic...and colder, on the other hand also more efficient, because management and performance tools can be used to support social aims. It enables philanthropy to become something more systemic. I think this is an evolution (Arnold, Vice President, Transcripts p.50).

Arnold’s comments seem to be aligned with the notion of managerialism, which can lead to an over-preoccupation with professionalism. At the core of this notion, resides the idea of ‘doing more with less’, nurtured in the precepts of economic rationalism (Woodward 2005), which has influenced the adoption of this governance system not only by the Public Sector (Roberts et al. 2005), but also by NGOs worldwide (Roberts et al. 2005; Vickers & Kouzmin 2001), including those in Brazil.

To conclude, the founder’s death and the subsequent generational shift triggered many internal processes that contributed to shape Mediacom’s CSR strategy into its current configuration. Firstly, when Nova Foundation was created, the embryonic and most important component of the future CSR strategy was implemented. Then, however, the outcome of this process led to contradictory movements, which conflicted with strategy consistency. On the one hand, Nova Foundation developed an expert team on CSR issues, which improved Mediacom’s CSR programs, and projected the company onto another level of recognition on this topic. On the other hand, due to its autonomy and special connection with the shareholder family, the institution was identified as an outsider by some segments within the company, negatively affecting its integration into Mediacom’s CSR strategy. Thus, the development of Mediacom’s CSR strategy appears to have occurred in a non-linear and complex arrangement of facts and events that defined its current design, as predicted by Mintzberg and Lampel (1999). The next section explores a conflicting organisational episode, which resulted in Nova’s new model of operation, and shaped Mediacom’s CSR strategy into its contemporary configuration.

5.4.2.3 Nova’s new model of operation

Between 1994 and 1996, Mediacom and Nova Foundation experienced serious divergences concerning the implementation of an expensive social project called ‘Home’, which contributed to reshape Mediacom’s CSR strategy. When Nova was created in 1987, the institution aimed to operate directly with children and adolescents at social risk. Its projects started small, but gradually the organisation, presided over by Ingrid Warren, the founder’s widow, developed greater ambitions. In order to support the growing scale of social projects,
Nova expanded its workforce from just a few staff in 1987, to more than 30 employees in the beginning of the 1990s. In its most ambitious project, the organisation aspired to the creation of a modern community centre, designed to give assistance to children and adolescents at social risk, but on a much larger scale than had previously operated.

However, at the moment of its implementation, the opinions of the main shareholders regarding the project diverged. Whereas Ingrid, the most important shareholder, was in favour of the project, other shareholders questioned the amount of the investment, the high fixed costs to keep it operating, and the lack of institutional return offered to Mediacom. According to Alex, that was the first time Mediacom was concerned that Nova’s investments did not have a clear corporate return:

Nova wanted to create ‘Home’, and that generated a divergence between the organisation and Mediacom, because ‘Home’ was an expensive centre...It would assist children and adolescents at social risk. There would be sports courts, a 10,000m² area, the project was already done...For the first time Nova caught the attention of Mediacom. The company started to question what would be the return to the company, what was the feedback from society. Mediacom paid a research company to conduct a survey and measure it. The company wanted to measure Nova’s image; and if people knew that Nova existed, as well as the importance of this to the company. At this moment, the company started to ask “We pay for it, thus how is Nova enhancing our image?” (Alex, Nova Manager, Transcripts p.5).

In the beginning of 1996, a strategic planning workshop was conducted by an external consultancy specialising in social issues. The workshop also included Mediacom’s main shareholders and social leaders. Out of this discussion, a new model of operation emerged. The consultancy diagnosed that Nova’s previous model costs were high, but produced only modest results in terms of social impacts and institutional returns. In a major revision of Nova’s operations, the consultancy proposed that the Foundation should focus on two roles: firstly, to influence public social policies in order to promote larger scale impacts; and secondly, to open up a dialogue with stakeholders in the social field, specifically, to create a social network. According to Lee (Transcripts p. 35), the idea was to show a progressive institution, which identified with the new democratic agenda of Brazil’s socio-political context in the 1990s. The expected positive reputation would consequently reflect on Mediacom.
In relation to Nova’s influence on public social policies, the organisation adopted a strategy of strong participation in public forums, such as CEDICA, the institution that defines public policies regarding children and adolescents. As previously mentioned, Nova not only participated, but also twice presided over CEDICA in the second half of the 1990s.

The quest for a stronger social impact also led the consultancy to propose a model that allowed Nova to be present in all cities within which Mediacom operated. In the consultancy’s view, the high cost of Home, made the centre impracticable for replication in other cities. The alternative was an initiative called the ‘Technical and Cooperation Program’, inspired by national and international social concourse models, in which the best projects were selected, and NGOs given grants for their implementation. Thus, while Home represented a direct model of assistance, the new proposal took an indirect approach, in which NGOs would receive resources to assist the target audience (Company’s PowerPoint presentation on Nova’s Technical and Cooperation Program 2002). The number of NGOs and recipients to benefit from this process was much higher than Nova’s previous model. The relationship with NGOs was also nurtured through a friendly open-door policy. The selected NGOs usually received high media visibility from Mediacom vehicles, by which to make the local community aware of their work. In this way, NGOs benefited twice: firstly, because they received grants from Nova; and secondly, because connections with Mediacom’s business units were established, which could provide future support through journalistic coverage and media donation (Company’s corporate social responsibility report 2002). Here, it is also possible to observe the results of a greater integration between Mediacom and Nova, as Mediacom resources have been used to strengthen ties with NGOs through Nova.

Nova’s structure was also strongly reviewed, because the direct and indirect models implied different work arrangements. While the direct model demanded a reasonable number of employees, because the audience needed personal assistance, the indirect approach required more technical and administrative tasks and a smaller workforce. As Catherine mentioned:

> We had over 35 employees in 1994. There were a lot of people...We all moved to a new four-storey building after Nova left Mediacom’s headquarters...After Lee and Alex took over, we saw that it was not necessary to have a group that big to do the new actions...It went to 15 people after the revision (Catherine, Secretary, Transcripts p. 35).
According to Catherine, after Nova’s operational review, part of the consultancy team, which included Lee and Alex, was invited by Mediacom to take direction of the Foundation. In a new environment, with her project, Home, and her model of operation defeated, and feeling disempowered, Ingrid left the presidency of Nova Foundation and took a more symbolic position, the presidency of Nova’s Board of Trustees.

In conclusion, according to the interview data, the conflicting episode concerning Nova promoted the emergence of a new type of internal arrangement, which strongly influenced Mediacom’s CSR strategy. The clash between the main and the other shareholders led to the hiring of a consultancy, who in turn proposed a new model of operation for Nova. This instance of a power politics dispute can be claimed to have uniquely affected the processes of strategy decision and formation at Mediacom (Barnes 2002). The new model forced Nova and Mediacom to start a gradual process of alignment, which led to a more integrated CSR strategy over time, and to the development of a strong asset position regarding social issues, thus boosting Mediacom’s reputation, social skills, and competence in dealing with different stakeholders (Smith 2007).

Organisational events also influenced the speed of CSR strategic alignment within the company, which is consistent with Mintzberg and McHugh’s (1985) notion of convergent and divergent patterns. In periods when internal groups were silently opposed to Nova’s convergence with Mediacom, this process was slowed down or even reversed. In contrast, Nova’s new model of operation seems to have boosted greater integration of Mediacom’s CSR strategy. Complementarily, the influence of Mediacom’s business strategy (localism) on CSR strategy also contributed to the convergence between Nova and Mediacom. The strategy of localism seems to have strongly motivated the consultancy’s proposal for Nova’s decentralised actions, rather than remaining focused in only one hub. Here, it appears that Mediacom’s CSR strategy was not only influenced by Mediacom’s business model, but it also reinforced this strategy, because it lent great social legitimacy to the corporation by promoting local CSR actions (Fombrun 2000). Although it cannot be claimed that this was the intention during the strategic planning workshop in 1995, it is evident that it has occurred in the past 15 years.

5.4.3 Individual factors

As previously seen, environmental and organisational events played an important role in shaping Mediacom’s CSR strategy. Nonetheless, individual influences seem to primarily
represent the triggers that led to organisational changes. Without an individual initiative, even the most demanding external context or favourable organisational environment would not be sufficient conditions to prompt CSR initiatives. This section offers evidence that both owners and middle-level managers used their leadership and corporate resources to deliberately promote CSR according to their personal values (Bansal & Roth 2000; Hemingway & Maclagan 2004; Aguilera et al. 2007). The data also showed that personal zones of influence have changed and become more dispersed over time. In fact, the leadership on CSR issues for the first 35 years of Mediacom was mostly concentrated in just two organisational actors, Mark and Ingrid Warren. However, as CSR gained importance, especially from the 1990s onwards, this individual influence begun to scatter and to emanate from a variety of internal stakeholders. These stages are also underlined in this section.

In the first phase, Mark played an active role in developing all sorts of philanthropic initiatives, across a wide span of time, from the beginning of Mediacom to his early death in 1986. During the interviews, several Mediacom workers, from top management down to the operational levels, had a similar discourse when talking about the company’s social responsibility. They said that Mediacom’s CSR in its current form was basically the fruit of the founder’s values and philanthropic attitudes. This was often extended to include the entire Warren family, as the main shareholders of the corporation. In Arnold’s words:

Let me say, I think CSR at Mediacom comes from the founder’s DNA. He is a reference. It is about being close to people, close to the community. I don’t know if this is CSR or not...I don’t know if this term existed 50 years ago...I mean the importance of being close and responding to society’s aspirations...I think this is in Mediacom’s DNA (Arnold, Vice-President, Transcripts p.50).

Sigma also noted that philanthropic actions had been developed since the early years of Mediacom, with the direct involvement of Mark and the use of corporate resources. The journalist reported the early use of media to request community donations for social institutions or disadvantaged people in the 1960s and 1970s. For example, TV 15 News transmitted programs that showed social institutions’ volunteers asking for donations from drivers who were passing along the main avenues of River Creek. These events had journalistic coverage and were very successful, the reason several editions were made over many years. Other early programs, such as ‘Smiling’, used media to raise resources for the construction of an early childhood centre. As seen in Section 5.3.1, Mark was also the mentor of the Mediacom Foundation in 1982, the seed of the future Nova Foundation.
In the second stage, following Mark’s death, Ingrid became the main protagonist for Mediacom’s philanthropic activities, from 1987 to 1995. According to Arnold (Transcripts p.67), she was named President of Nova so as to give her some comfort, and because she shared the same philanthropic values as her husband. Ingrid was the architect behind the creation of Nova Foundation and started the process of professionalisation of the organisation in the 1980s. She gave consistency to the philanthropic work that had developed in an ad-hoc way from various different initiatives originating with Mark. As seen in Section 5.3.2.1, Ingrid used her political power to expand Nova’s structure, but this imposed growing operational costs on Mediacom, given that the company was responsible for covering the expenses of the Foundation. Mark’s widow left the Foundation after an internal political dispute in which Nova’s operational model was reviewed.

In summary, Mark and Ingrid were important actors, who started and fundamentally shaped the CSR and ethical framework of Mediacom (Desai & Rittenburg 1997). To a great extent it could be suggested that the main shareholders, Mark and Ingrid, projected their individual moral responsibility on to the corporation, resonating Goodpaster and Matthews’ (1982) notion of moral projection. In fact, while this phase was characterised by simpler and more rustic forms of social responsibility, it consolidated the basic guidelines of Mediacom’s future CSR strategy.

In the third stage, which started at the end of Ingrid’s leadership, between 1994 and 1996, and which is still underway, the individual influence on CSR issues became much more diffuse. The most important protagonists were: Newman, Mark’s son and the current President of Mediacom and Nova Foundation; James, Mark’s brother and one of the most important shareholders; Lee, Director of Nova between 1996 and 2002; Alex, Manager of Nova from 2002 onwards; as well as business unit managers, and financial and management executives.

Newman has been leading CSR related issues for 15 years, and became, after his father Mark, the person who has stayed in this position for the longest length of time. The President is the only person within Mediacom who has had a direct influence on all components of CSR strategy, these being social mobilisation campaigns, media donation, and the Nova Foundation. While not directly undertaking all these actions, all of them need his personal approval. Newman has been directly responsible for stimulating the integration of all components of Mediacom’s CSR strategy since the middle of the 1990s. Some examples are illuminating, including the fact that he hired the consultancy that developed a new model of operation for Nova. Also, Newman accepted the idea of the increasing use of Mediacom’s
resources for social responsibility purposes. To Newman should be credited the insight to promote social mobilisation campaigns every year, thereby giving consistency and density to an action that had been only done ad-hoc and without any clear results. He coordinates the group that actively discusses and defines the campaign’s themes. In the excerpt below, Lee summarised the importance of Newman to Mediacom’s CSR strategy over the past 15 years:

Mark, Ingrid and James were important individuals. James is very important because he is sensitive and has a progressive formation...But it is fundamental to highlight Newman, Newman and Newman. Everything was possible just because such a person existed. Even James could not do it, because it would evolve in a different direction (Lee, former Nova Director, Transcripts p.40).

The fact that Lee highlighted how James would influence Mediacom’s CSR strategy in a different way if he headed up this process, does not mean that James did not contribute to shape it. After Ingrid’s definitive departure from Nova in 2000, James became Nova’s Board of Trustees President, thereby providing important guidance to Nova. This included offering Alex the insight that would later create the website ‘Giving Hope’, and he then contributed to the redesign of Nova’s operations after the Russian Crisis. To explain Mediacom’s social responsibility, James evoked the family and religious culture that was encompassed within the company by the first generation of shareholders. He believes that Judaism stimulates values such as solidarity. According to him, this moral, religious and familiar formation contributed to carve the premises of CSR within Mediacom:

That was a family and religious culture that already existed...a value that came from us, since the beginning...and was then brought to the company (James, Shareholder and President of Mediacom Board, Transcripts p.56).

James also highlighted the ‘moral responsibility’ of operating a media business, suggesting that owners have a powerful resource in their hands and it is up to them to make a difference. The owners, Mark and James, were keen to understand that their product could be an important instrument to promote well-being. As James observed:

I am talking about the responsibility of operating a media business...I can amplify some ideas, I can stimulate that people do not stay indifferent to social action, to social institutions...Then we decided to make (a social campaign) every year (James, Shareholder and President of Mediacom Board, Transcripts p.58).
At a managerial level, Alex, Nova’s current Manager, highlighted the importance of Lee in the construction of Nova’s new operations in 1995 (Transcripts p.9). The former Nova Director reportedly sought to apply his own social justice values, aiming to promote greater social impacts through organisations that could amplify his personal beliefs. Lee, a sociologist who had in his past been linked to left-wing parties, social movements and the Red Cross, saw in Nova’s projects the opportunity to make a difference by defining a modern and democratic social project in one of the largest communication groups of Brazil. Prior to his position with Nova, he coordinated the consultancy team that modified Nova’s scope and which took a fundamental step towards the strategic alignment between Mediacom and Nova. According to Alex (Transcripts pp.8-9), Lee’s particular background on social issues and his strong personality, contributed to shape Mediacom’s CSR strategy, similar to Barnes’ (2002) findings on the influence of powerful individuals over strategy formation. Lee had political-institutional manoeuvrability within Mediacom’s corporate environment and worked successfully to sell CSR ideals to the shareholder family and business managers. In Alex’s viewpoint, Lee put the theme on another level of discussion. In Lee’s administration (1996-2002), Nova was enabled to achieve the largest budget in its history.

I think Lee, Director at those times, was very important. Due to his personality and behaviour he played a very important role, influencing the opinion of other people. He worked as a salesman of Nova’s ideals to both internal and external audiences. He had an internal political-institutional role, rather than an operational competence. He also had a strong influence over Newman and other Mediacom executives (Alex, Nova Manager, Transcripts p.9).

Alex also played a pivotal role in shaping Mediacom’s CSR strategy at a managerial level. As previously mentioned, the Russian Crisis affected Mediacom sales and debts. The corporation cut expenses in several areas, including Nova’s budget. In those harsh conditions, Lee opted to leave Mediacom, and Alex took his position. Alex promoted a new strategic planning workshop in 2004, similar to the one realised in 1996. To some extent, the results of the workshop confirmed the pattern informally adopted by Nova and Mediacom in the previous years. This pattern involved the growing use of corporate resources to make Nova’s operations viable, and the integration with Mediacom’s CSR actions.

Arnold, when referring to the last two Nova top managers, Lee and Alex, pointed out that different leadership profiles might lead to either more or less openness to changes, depending on the context. While Lee took actions to bring Nova and Mediacom together, he
defended the independent position of the institution. According to Arnold, Alex was more open to accepting the gains and losses of this convergence, thus suggesting that if Lee had decided not to leave Nova in 2002, Mediacom’s CSR design could have looked very different. Arnold’s comments reinforce the importance of individuals in the process of strategy formation. For example, different morals or types of leadership can singularly impact the results and patterns of a given strategy. In Arnold’s words:

I think the leader profile is important. The difference between Lee and Alex...they are very different. The leader gives more or less space, more or less speed to the process. He or she is more or less subject to someone’s pressure, more or less flexible, has more or less pride and openness to a new situation. The leader is very important (Arnold, Vice-President, Transcripts p.53).

Individuals using their discretionary power to help others were also found amongst business unit managers at Mediacom. Louis, the manager of one of the most important Mediacom business units, showed an almost parallel activity between his job and the assistance to social institutions. He deliberately used corporate resources, his personal networks and time to help these organisations in fundraising activities.

Louis also actively sought for institutions that needed support. While he estimated that 70% of them knocked on his door, a substantive 30% of the institutions were found by him. Louis took for granted that by using corporate resources to support the local community, he was in fact complying with Mediacom’s premise of social commitment. The manager seems not only to have projected his personal moral responsibility onto the company (Goodpaster & Matthews 1982), but also claimed to have used corporate resources for that purpose. He also posited that other Mediacom operational workers in his unit voluntarily contributed to social campaigns so as to fundraise for social institutions.

It is difficult, you have to dedicate your time, planning. Firstly you have to do it in your name and only afterwards use Mediacom to establish a partnership. It is not just to go to the large corporations. For each social project you have to find two or three new partners so as the large ones are not over utilised...You have to look for it...I find about 30% and the other 70% is the natural demand...When we talk about CSR, we have to put our heart into it. I don’t know how much, but we have to do it (Louis, Business Unit Manager, Transcripts p.61).
In line with Collier and Esteban (2007), for whom the delivery of CSR depends on employee commitment and motivation, it was observed that much of Mediacom’s CSR practice seemed to have been driven by responsive employees at managerial level, such as Lee, Alex and Louis. These employees not only appeared to have had their personal identity shaped by existing corporate values, as Dutton et al. (1994) suggested, but also brought to the internal environment their own morals and beliefs. Apparently this phenomenon showed a continuous process of personal and organisational values exchange.

It is also possible that a pro-CSR environment may have boosted individual actions. The individual philanthropic example of the owners, the CSR actions developed by the organisation, and its corporate strategy (localism) may all have contributed to create a stimulus for individual action, especially from managers. Thus, in a complex process of symbiotic influence, there may be zones of mutual interest between companies and individuals, where corporate goals are also aligned to personal moral discretion (Hemingway & MacIagan 2004), resulting in formal or informal CSR actions, and eventually using corporate resources for this purpose.

Besides internal influences on Mediacom’s CSR strategy, this research also identified an important individual external influence. Alex cited Oded Gragew, President of Instituto Ethos, the most important Brazilian CSR centre, and the personal influence he exerted on Newman and James. He believes the influence of Oded has contributed to reinforce the strategic role CSR plays in Brazilian companies nowadays. Alex also mentioned that Mediacom’s CSR practices may have projected a distinctive image of entrepreneurs, which is believed to have facilitated the access of Newman and James to certain industry positions.

The leadership of Oded Gragew...influenced Newman and James a lot. These are two individuals who have important positions in our society. James became the president of WAN (World Association of Newspapers), which is an international organisation. It is very important for them to be in these positions. They could not be there if they didn’t have a strategic view of society. Thus, they value what Nova does (Alex, Nova Manager, Transcripts p.10).

To sum up, data from the study provided significant evidence that individual influences are a core aspect by which to understand the evolution of strategy formation over time. In the case of Mediacom, individuals in top and middle-level managerial positions were the most prominent in terms of influencing Mediacom’s CSR strategy. This research corroborated Barnes’ (2002) findings on the influence of political and individual factors upon strategy
formation. For instance, it was found that internal political disputes between members of the shareholder family preceded a major process of strategy recognition and formalisation, which was the decision to make Nova a strategic non-market tool.

In line with Aguilera et al. (2007), and Werbel and Carter’s findings (2002), it was confirmed that strong leaders, especially managers and CEOs with strong moral profiles (Hemingway & MacIagan 2004), such as Mark, Ingrid, Newman and Lee, systematically contributed to shape Mediacom’s CSR strategy patterns. They used managerial discretion and Mediacom resources to influence CSR initiatives according to their personal, family, religious, or cause-related values. In fact, in Mediacom’s case, the use of corporate resources for socially responsible purposes was strongly driven by CSR-oriented individuals. Ingrid Warren is not the only one, but she represents the most interesting example of an individual who used corporate resources to develop CSR structures (Nova) and actions. Motivated by family and religious values, she directly influenced Mediacom’s CSR strategy, which otherwise would have evolved in a different way or possibly never have even existed.

The data demonstrated that the influence of individuals on Mediacom’s CSR strategy was a multifaceted and interesting phenomenon, which portrayed people’s expectations of how life should work, and their personal efforts to make a difference through the use of organisational resources. Each influence occurred in a manner that reflected the stakeholder’s access to Mediacom’s resources, their particular values, beliefs and contexts, which otherwise would not generate such influence. Hence, individuals were able to give a corporate dimension to their private hopes for a better world. Naturally, this is not detached from personal and organisational interests, but in this case, deontic motives were a key component in explaining why companies engage in CSR initiatives.
5.5 Summary and conclusions

Sections 5.1 to 5.3 introduced basic aspects of the study, such as general information on Mediacom and the definition of the unit of analysis, i.e., the boundaries of Mediacom’s CSR strategy. Section 5.4 examined the process of influence stakeholders exerted upon Mediacom’s CSR strategy in the context of macroenvironmental, organisational and individual events. The current section concludes Part I, discussing the main findings and contrasting them with the existing literature. The remainder of this section is organised as follows. Firstly, an overview of event-stakeholder concentrations in the period between 1960 and 2009 is made. Then, the influence of corporate resources on Mediacom’s CSR strategy is discussed, and finally, a summary of research questions 1 and 2 is provided.

At the beginning of this research, one important assumption guiding my reflections was that stakeholders would have the monopoly of influence on Mediacom’s CSR strategy, given that they are the real actors who could ultimately interfere in strategic corporate decisions. However, as the literature review and the findings advanced, I gradually came to the conclusion that a more comprehensive framework would be required to explain this process. Therefore, an integrated analysis, which considered the influence of stakeholders within the context of significant events, seemed to offer further means by which to understand CSR strategy evolution. This more extended view of the ‘map of influence’, which also includes environmental events, places stakeholders more precisely within the process of strategy formation. In order to offer an overall view of such an historical process, Figure 5.1 represents the overall set of ‘accumulated’ influences that shaped Mediacom’s CSR strategy over time.
Figure 5.2 – Mediacom’s multi-level influence on CSR strategy (1960-2009)

While the outer circle, representing the macroenvironmental forces, shows a number of the social, political and economic events that influenced Mediacom’s corporate behaviour, the inner circle, that is, the microenvironment, represents organisational and individual events.
Interestingly, the number of macroenvironment and microenvironment events is very balanced. Each event, i.e. the ‘ovals’, has inside stakeholders who played a critical role in defining episodes. For example, Event 4, the children’s rights debate, comprises children and adolescents at social risk, social movements, the community, and government. As seen in Section 5.4.1.1, these stakeholders played a pivotal role in shaping the legislation and rights of Brazilian children and adolescents. While events created the context by which to mobilise stakeholder action, stakeholders seem also to have shaped the environment itself in a complex interactive process. Take the example previously used. Social movements influenced the government to introduce stricter regulation, which in turn influenced social movements, by shaping their actions towards the need for implementation of several aspects of the Children and Adolescents Statute. Both were historical interactive processes which influenced Mediacom’s CSR strategy, contributing to consolidate children and adolescents as the main audience for Mediacom’s CSR social programs. In the same vein, some events that influenced Mediacom, such as event two (the influence of CSR centres) have also triggered other events, including event three (the influence of large corporations) and event five (the government stimulus on CSR), which in turn also reinforced the influence on the company. This process, shown in Figure 5.1, by the lines connecting the first event to the other two, highlights the intricate environment in which Mediacom was part.

Thus, the complex interactions between events and stakeholders seem to have been, in the case of Mediacom, the engine for the process of influence. This investigation provides strong support for the assumption that, although stakeholders are not the only element of influence, they are of vital importance for the understanding of CSR strategy evolution. Significant events were considered by some interviewees as turning points in the process of strategy formation. However, while they have contributed to a clearer picture of how facts were interconnected, ultimately, stakeholders were the real actors who triggered such processes and influenced the strategy. Episodes such as the ‘The founder’s death’, or the ‘Russian Crisis’ (detailed in Section 5.4) were ‘stories’ brought to life because real actors, be they individuals or organisations, were protagonists in a sequence of actions and facts that had consequences in terms of influence on corporate behaviour. Thus, both significant events and stakeholders not only operated at different and complementary levels, but were symbiotically intertwined, which explains why Mediacom’s CSR strategies were affected.

In line with Atkinson et al. (1997), Mediacom stakeholders reflected a specific blend of relationships in a particular environment. The geographic location, but most importantly the topic under investigation, i.e. CSR, constituted the backbone of Mediacom’s relationships in this research. With respect to the first aspect, data showed that stakeholders such as the local
community, NGOs, and naturally Mediacom internal groups, were mostly from the south of Brazil, the region in which Mediacom operated. In relation to the second point, even though many stakeholders were not primarily related to any CSR business, the pressure from existing social problems and the development of the CSR movement in Brazil encouraged many to develop some actions in this field. For example, some governments created awards to stimulate companies to be socially responsible, CSR centres such as Ethos and Gife spread throughout the country, large corporations increasingly developed CSR actions, and Mediacom’s internal groups became more aware of the importance of this issue. Hence, Mediacom stakeholders mirrored the particular environment in which they were inserted. While most were organisational stakeholders, individuals from Mediacom have been the most influential actors on CSR formalisation. This aspect is also consistent with the literature on strategy formation (Liedtka 1998; Mintzberg 1987; Quinn 1981; Burgelman 1983; Bower & Doz 1979), which draws attention to the significant role played by individuals or managers to influence strategies.

Interestingly, customers, frequently a core stakeholder group mentioned in most traditional stakeholder models (see for example, Freeman’s hub and spoke model), did not appear as relevant in this study. Two explanations might be offered for this fact. On the one hand, it is possible that Brazilian customers are not yet aware of, or do not express their concerns about, social responsibility via purchasing behaviour (Carrigan & Atalla 2001; Mohr et al. 2001). On the other hand, community, mentioned by several interviewees (James, Lee, Alfred and others) as an important stakeholder, could have another unstated meaning to Mediacom, that is, in a narrow economic perspective, the sum of all potential customers within a given society. Thus, when Mediacom’s representatives said they were concerned about the community’s expectations, it is possible that they were indeed concerned about the impact that customers (or the community) could potentially have on the company’s image or sales in the long run. If this analysis reflects the reality of Mediacom’s unstated view, then community should not only be seen as an intangible stakeholder that eventually pressures businesses to respect social norms (Davis 1973; Dunfee 1991), but also as real consumers, who, by thinking and acting collectively, could harm business interests.

Although stakeholders are the actors who directly influence a strategy, corporate resources and capabilities should be considered the ‘tools’ used by those internal stakeholders to craft the strategy. In the case of Mediacom, these can be claimed to have considerably set the boundaries of the CSR strategy. The simple, but clear, concept of resources and capabilities created by Warren (2000) is used here. He says that resources are things that a company has, while capabilities are things that a company does well. For example, as a result of
stakeholder influence, Mediacom developed a CSR strategy based on three main components: media donation; social mobilisation campaigns; and the Nova Foundation. Data evidence shows that they were not only separate strategy patterns, but also capabilities, built through the use of several corporate resources such as unsold advertising space, editorial content, financial, and human resources. Mediacom’s CSR strategy evolved around this particular blend of resources.

Stakeholders seem to have used different resource combinations to develop CSR capabilities over time. For example, media resources, i.e. unsold advertising and editorial spaces, have been gradually used in conjunction by the shareholder family, editorial and marketing areas, and Nova, to create social mobilisation campaign capability. It is suggested here that the development of Mediacom’s resources and capabilities was an inherent and important part of the strategy formation process, an aspect not made clearly explicit by Mintzberg and other early scholars of this field. These contributed to shape the contours of the strategy, and played an important role in determining the current CSR strategy configuration.

Originally existing in order to operate the business, such ‘assets’ also became CSR resources, consistent with Litz’s (1996) notion of ‘dormant’ resources. That is, individuals, such as Mark and James Warren, realised the opportunity to broaden the use of such resources for more than one purpose. In this case, the use of media migrated from simply informing the audience and selling advertising space, to giving publicity to public causes and fundraising for NGOs. In this way, media resources became ‘active’ for CSR purposes, whereas before they had been dormant.

In the case of Mediacom, the flexible use of resources by internal stakeholders contributed to keep the CSR strategy alive. As reported by Lee (Transcripts p.43) in Section 5.4.1.3, Mediacom almost halted Nova’s operations, as the result of two subsequent financial crises, and budgetary constraints. The availability of organisational slack, i.e. spare resources that allow the organisation to adapt to internal or external pressures (Bourgeois 1981), enabled Mediacom to rebalance its CSR strategy portfolio, with Nova losing relative importance to social mobilisation campaigns and media donation. In this way, slack resources (Cheng & Kesner 1997) contributed to the emergence of the current CSR strategy, which could otherwise have been terminated due to a lack of financial resources.

Finally, this study also corroborates with Smith’s (2007) and Bowen’s (2007) studies regarding the use of CSR for building intangible corporate assets. In 2004, in a survey conducted by a reputable Brazilian business magazine, Mediacom was ranked first in the
category ‘company concerned with social problems’, with 14.8% customer awareness, far ahead of the second ranking position. Thus, this unique way of using the bundle of resources and capabilities available to them, conferred a positive image on the company, and contributed to build a very strong asset position, which is difficult to replicate (Barney 1991), including good reputation, social skills, and competence in dealing with different stakeholders (Smith 2007).

Having explained the process by which stakeholders, events and resources influenced Mediacom’s CSR strategy, Tables 5.5 to 5.7 summarise the findings of the first two research questions. They list the most important stakeholders, who influenced Mediacom, and the impacts caused by them on corporate decisions, formalisation, CSR performance, corporate image, and other aspects of Mediacom’s organisational life.

**Table 5.5 Mediacom stakeholders and the influence on CSR strategy**  
– Macroenvironment context

<table>
<thead>
<tr>
<th>Period</th>
<th>Event</th>
<th>Stakeholders</th>
<th>How stakeholders influenced Mediacom’s CSR strategy formative process</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960 on</td>
<td>The influence of NGOs</td>
<td>NGOs; Community</td>
<td>NGOs and the community have been demanding different forms of partnership. The influence contributed to: i) the creation of Nova Foundation; and ii) the donation of media to NGOs over time. In 2002, a media donation policy was formalised.</td>
</tr>
<tr>
<td>1995 on</td>
<td>The influence of CSR centres</td>
<td>Gife and Ethos</td>
<td>Gife and Ethos influenced Mediacom in two ways. Firstly, they allowed Nova to produce better CSR programs through qualification programs and network. Secondly, Gife and Ethos decisively influenced the acceptance of CSR within Mediacom and contributed to upgrade its status internally, thus facilitating strategy maturation.</td>
</tr>
<tr>
<td>From 1986 to 1990 and from 2000 on</td>
<td>The influence of large corporations</td>
<td>Lancaster Network; Large corporations</td>
<td>Lancaster Network influenced Mediacom’s CSR strategy in two distinct episodes. Firstly, Lancaster passively influenced Mediacom, by having its Foundation’s model benchmarked. Secondly, 20 years later Lancaster forced Mediacom to reproduce locally some of its programs. This influence might eventually affect Mediacom’s social programs or the audience focus in ways not yet clear. Mediacom was influenced by the increasing movement of large corporations in terms of developing professional CSR practices from the 1990s on. The company mimicked some large corporations’ CSR operations in order not to be left behind this group or lose benefits resulting from this trend.</td>
</tr>
<tr>
<td>From 1980 on</td>
<td>The children’s rights debate</td>
<td>Children and adolescents at social risk; Social movements; Community,</td>
<td>The consequence of this influence was the consolidation of children and adolescents as Mediacom’s most important audience in terms of CSR programs. This positioning decisively shaped most programs developed by Nova Foundation, as well as Mediacom’s social mobilisation</td>
</tr>
<tr>
<td>From 1980 on</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 5.6 Mediacom stakeholders and the influence on CSR strategy

– Organisational context

<table>
<thead>
<tr>
<th>Period</th>
<th>Event</th>
<th>Stakeholders</th>
<th>How stakeholders influenced Mediacom’s CSR strategy formative process</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1990s on</td>
<td>The reactions against Nova Foundation in the 1990s and 2000s</td>
<td>Shareholder family; Financial and management executives; Business unit managers; Nova Foundation</td>
<td>The founder’s death and the generational shift triggered many internal processes, which contributed to shape Mediacom’s CSR strategy. Firstly, when Nova Foundation was created, the embryo and most important component of Mediacom’s future CSR strategy was implemented. Secondly, the output of this process led to contradictory movements towards strategy consistency. On the one hand, Nova developed an expert team, which contributed to better CSR programs. On the other hand, due to its autonomy and special connection with the shareholder family, the institution was identified as an outsider by some segments within the company, negatively affecting its integration with Mediacom’s CSR strategy.</td>
</tr>
<tr>
<td>From 1994 to 1996</td>
<td>Nova’s new model of operation and its impact on Mediacom’s CSR strategy</td>
<td>Consultancy; Shareholder family; NGOs; Nova Foundation</td>
<td>The clash between Ingrid Warren and the other shareholders led to a consultancy being hired, and to a new model of operation for Nova. This event of power politics dispute can be claimed to have uniquely affected the process of strategy decision making and formation (Barnes 2002) at Mediacom. The new model forced Nova and Mediacom to start a gradual process of alignment, which led to a more integrated CSR strategy over time.</td>
</tr>
</tbody>
</table>
Table 5.7 Mediacom stakeholders and the influence over CSR strategy

– Individual context

<table>
<thead>
<tr>
<th>Period</th>
<th>Event</th>
<th>Stakeholders</th>
<th>How stakeholders influenced Mediacom’s CSR strategy formation process</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1960s on</td>
<td>The influence of the first philanthropists and other contemporary leaders over Mediacom’s CSR strategy</td>
<td>Shareholder family; Nova Foundation executives; Business unit managers</td>
<td>Top and middle-level managers used managerial discretion and corporate resources to develop CSR initiatives guided by their personal, family, religious and cause-related values. Each influence occurred in a manner that reflected the stakeholder’s access to Mediacom resources, particular beliefs and contexts, which otherwise would not generate such an influence.</td>
</tr>
</tbody>
</table>

The next section develops a model representing the different patterns of influence on Mediacom CSR formalisation processes.
CHAPTER 6: THE EVOLUTION OF MEDIACOM’S CSR STRATEGY FORMALISATION: A STAKEHOLDER CLUSTER ANALYSIS

6.1 Introduction

Following the identification of key events and stakeholders who shaped Mediacom’s CSR strategy in the previous chapter, Chapter 6 focuses on the repercussions of this influence on the CSR formalisation process, thus addressing research question 3, ‘How does the process of formalisation occur?’. As previously highlighted in Chapter 5, this research question was addressed through a historically based approach, in which the influence of stakeholders on Mediacom was analysed according to a proposed model based on stakeholder centrality, intentionality and impact. These constructs are of critical importance for the development of an analytical tool named CSR stakeholder cluster, used to explain the flows of stakeholder influence over time. Both, the constructs and the cluster, are described throughout the section.

The chapter is framed as follows: The first section discusses theoretical similarities and differences between the current study and other works’ approaches to the study of stakeholders and strategy formation. Next, the constructs of stakeholder centrality, intentionality and impact are explained, and then the evolution of Mediacom’s CSR strategy through stakeholder clusters is analysed. The last section contains final reflections on the findings raised in this chapter.

6.2 Important theoretical differences in relation to previous works

Before proceeding, a more accurate description of the research scope of this investigation is needed, highlighting similarities and differences between this and other approaches in the literature. The current study analysed stakeholder influence on CSR strategy, considering the effect of macroenvironmental, organisational and individual events on Mediacom’s CSR behaviour. The analysis of the interconnection between events and stakeholders is a subtle, but important methodological difference compared to previous works such as Pascale (1984), Mintzberg and McHugh (1985), and Barnes (2002). These scholars focused directly on the quest for tracks of organisational facts and processes, which allow the reconstruction of the strategy path, i.e. they draw attention to the strategy behaviour itself. In addition to
understanding such phenomenon, this study attempted to make more evident the origins of strategy formation. This aspect was examined by analysing influential events that triggered such organisational changes, and the role of stakeholders in shaping Mediacom’s CSR strategy. While in the previous works mentioned above, organisational and individual actors were used as elements of the environmental set in order to illustrate the strategy process; in this research, stakeholders are crucial to explain strategy formation. Therefore, this investigation is more aligned to Booth and Segon (2008), and Liedtka’s (1998) works, who explore respectively the connection between stakeholders and strategy formation, and the importance of internal and external analysis, in the context of strategic thinking.

The connection between stakeholders and strategy formation theories is also an important pillar of the study. This research analyses stakeholder influence in a very specific context, in which processes of strategy formalisation resulted from the relationship between the corporation and its stakeholders, which were developed over a long period of time. Thus, the particular nature of this study requires an alternative perspective to those found in previous works, which were usually based on short periods of time, and were not focused on processes of formalisation. For example, with respect to the theoretical framework, while several investigations (Savage et al. 1991; Frooman 1999; Frooman & Murrell 2005) rely only upon stakeholder and resource dependence theories, the current study added strategy formation as a major theoretical pillar by which to explain the consequences of stakeholder influence on strategy formalisation. This framework seems one of the most appropriate for the study of long-term strategies, especially when they are partly formal and partly informal, as is the case in Mediacom’s CSR strategy.

The long time span analysed in this research and the non-conflicting nature of Mediacom’s stakeholder relationships, also led me to avoid some methodological choices. For example, scholars such as Frooman (1999) take for granted that conflicting situations between stakeholders and corporations are the usual context of such relationships, and portray examples of short-term episodes by making theoretical analyses. However, in the context of this study, Frooman’s seminal work may have only a limited application for long-term analysis, when cooperative processes frequently take place. Confrontational contexts undoubtedly occur, however it does not seem that they represent the usual relationship between the focal organisation and stakeholders over time. In line with Savage et al. (1991), this research was not limited to conflicting contexts, but included cooperative ones as well.

Hence, a particular framework that captures the distinct influence of stakeholders upon Mediacom’s CSR processes of formalisation, and that also enables the understanding of the
continuum of such diverse influences over a long period of time, can offer an important contribution to the expansion of knowledge in the strategy field. In this thesis, I examine this phenomenon in terms of stakeholder intentionality, centrality and impact, constructs derived from strategy and stakeholder fields, in order to explain how informal CSR practices became formal components of CSR strategy, in a series of complex and unexpected influences. However, in order to address such aspects, a theoretical digression on those constructs and the explanation of the context in which they are applied will be necessary in the next section.

6.3 Stakeholder intentionality, centrality and impact

Despite the importance of stakeholder intentionality, this aspect has not been given much attention in the management field. In the strategy formation literature, Mintzberg and Waters (1985) acknowledge that organisational actors might intentionally or unintentionally influence a strategy. For these scholars, intentionality is related to formal strategising, i.e. when managers deliberately produce a type of formal mechanism, aimed to give the organisation a direction, such as strategic plans or policies (Mintzberg 1994). In contrast, organisational actors act unintentionally, by establishing unplanned, informal patterns of action, which impact on corporate strategy (Mintzberg & Lampel 1989). In this research, I broaden the concept of organisational actors, which Mintzberg and Waters suggest are internal, to go beyond the organisational boundaries. Thus, the notion of stakeholder intentionality and its possible consequences on organisational strategies are assumed here to come from both internal and external stakeholders, for example, Mediacom business unit managers and government respectively.

Building on strategy formation and stakeholder theories, I define stakeholder intentionality as being the purpose of a given stakeholder to deliberately influence an organisational action in order to make the corporation behave according to the stakeholder’s interests. In my proposal, stakeholders are active when they have an intention to influence corporate behaviour, and passive when they influence it, but with no intentionality. Thus, intentionality demonstrates the interest and awareness of stakeholders to influence a firm’s behaviour.

Rowley’s (1997) work on stakeholder networks offers theoretical support to the second construct, centrality. Originally defined by the scholar as the organisation’s position in a network relative to other actors, centrality indicates the degree of resistance of the focal organisation to stakeholder pressures. However, borrowing from dependence and strategy formation theories, this concept was adapted to reflect the stakeholder’s power to incorporate
informal practices into formal strategies. The closer they are to the centre of the focal organisation, the more access to resources and power they have to formalise a given practice. As previously mentioned, a strategy becomes formal when it is written in a document, including strategic plans, policies, and all types of corporate guidelines, which clearly express the direction the company intends to take on a given topic, in this case CSR.

I propose that stakeholders can be grouped into three categories, according to their power of decision making, and access to corporate resources. Central stakeholders are internal stakeholders who have legal power and strong access to corporate resources. This condition makes them the most able to formalise corporate practices. Intermediate stakeholders are those who have some contractual or constitutional power over the firm, and who could reasonably influence a practice towards its formalisation. Peripheral stakeholders are those who have no direct or indirect legal power to influence the CSR strategy. Centrality reveals the closeness or distance of stakeholders in relation to the highest levels of decision making within the organisation, and as a result, indicates the degree of influence on formalisation. Unlike Rowley’s (1997) model, stakeholder positions within the cluster tend to be very stable over time, unless their contractual arrangements change. For example, a specific NGO will always be in the external circle of centrality. However, if the focal organisation decides to contract them to create a new CSR program, it will migrate to the intermediate circle.

The third construct, stakeholder impact, is a vague concept that has been used in different contexts. For example, it is said that stakeholders can impact financial performance (Barnett 2007), strategic groups (McLarney 2002), organisational life phases (Jawahar & McLaughlin 2001), and corporate strategies (Frooman 1999; Savage et al. 1991; Pagan 1989) among others. This research particularly focuses on the impact of stakeholders within the context of CSR strategy formalisation, therefore, strategy formation theory was specifically employed. Stakeholder impact here is considered to be the extent to which stakeholder actions, be they voluntary or involuntary, influence a company towards a formalised practice.

Seminal scholars such as Mintzberg (1987) have suggested formal strategies start when they are documented in some sort of long-range plan, with ‘clear and articulated intentions’ (Mintzberg & Waters 1985, p.259). While undoubtedly this represents an important turning point, which reflects the passage from informality to formality, it does not completely capture the gradual formalisation process that can occur in some strategy patterns. Unlike Mintzberg’s suggestion, in this study, some emergent patterns did not simply ‘pop up’, i.e. migrate from total unawareness by top managers into a strategic plan after they were recognised as being relevant. Rather, this study found that despite some patterns not yet
being recognised as strategic by Mediacom, they continually aggregated what I am calling components of formalisation, such as organisational structures, budgets, and personnel. It is therefore suggested that formalisation can occur through both emergent and deliberate processes. Interestingly, even using important corporate resources, these patterns were not considered by Mediacom as a formal strategy nor were they aligned to any formal corporate goal. This more extended view of formalisation, which is not simply restricted to the moment a pattern is recognised within a strategic plan, widens the original concept of formalisation proposed by Mintzberg, and will be adopted from this point onwards.

It is now possible to examine stakeholder impact, which is proposed to be subdivided into three types: strong; moderate; and limited. Strong impact occurs when a stakeholder action produces a major change, such as the creation of strategic plans and policies, strategic realignment, creation of formal internal structures such as departments, budget allocation, or other very formal components. Moderate impact is manifested when stakeholder action affects less formal aspects, or improves or reinforces existent ones, whereas limited impact is a result of slight or no formal changes within the company. Stakeholder impact is an effective way to capture the consequences of stakeholder influence, or the moment when a practice is formalised. Thus, it contributes to identify and trace back those practices to when they were still informal.

In summary, understanding stakeholder influence on strategy-making enables the exploration of the strategy formation field through different lenses. The association of stakeholder theory, resource perspective, and strategy formation allows an avenue of opportunities for the scholarly world that has only recently begun to be overt. The stakeholder intentionality, centrality and impact cluster is only one perspective in this new frontier. This approach also permits a complementary view of the strategy phenomenon, contributing to allow academics and practitioners to visualise the complex array of influences that internal and external stakeholders could exert on firms over time.

Having examined the proposed theoretical framework, its constructs will now be applied to analyse the chronological map of stakeholder influences over the formalisation process of Mediacom’s CSR strategy.
6.4 Mediacom’s CSR strategy formalisation: the evolution of stakeholder influence

In order to facilitate the visualisation of stakeholder influences on CSR strategy formalisation, a graphic representation of intentionality, centrality and impact has been developed by this researcher. It contributed to this research in two ways: firstly, by offering an overall historical view of stakeholder influence behaviour patterns; and secondly by allowing analytical digressions from the chronological map of strategy formalisation. From this point on, I will be referring to those graphic representations as the ‘CSR stakeholder cluster’ or simply ‘stakeholder cluster’. The CSR stakeholder cluster was originally inspired by the hub-and-spoke model (Freeman 1984), stakeholder network (Rowley 1997), and company-stakeholder industry analysis (McLarney 2002). For the purpose of this investigation, CSR stakeholder cluster refers to the group of stakeholders who influenced a CSR strategy, consciously or not, and prompted some sort of impact that led to its formalisation over time.

While this study frequently refers to Rowley’s work (1997), the important differences between his research and the current study’s proposal should be acknowledged. Rowley proposes a wide theory of stakeholder influences using social network concepts, in which the focal organisation ‘is not necessarily at the centre of the network’ (Rowley 1997, p.892), but is rather one additional organisation in a web of relationships that reflects a given social system. In contrast, the current study opted to use what I termed previously CSR stakeholder cluster to refer to a specific context, in which the array of CSR-related stakeholders establish mostly direct, dyadic or triadic influences over a given corporate strategy.

Although traces of stakeholder networks can be found within the clusters, they do not represent extended networks, a possibility raised in Rowley’s work. Rather, the universe reflected in CSR stakeholder clusters was more restricted, aiming to facilitate correlations between stakeholder attitudes and their impact upon the studied organisation. This methodological choice is more aligned to Knoke’s (1994) proposed method of defining the setting from a previously established central issue or event. In the current study, the central issue is the process of CSR strategy formation, more specifically stakeholders’ intentionality, centrality and impact, based on events previously identified. They importantly contributed to limit stakeholder relationships to a manageable number and proximity.

Another important difference is the position of the focal organisation within the network. As previously mentioned, in Rowley’s view, focal organisations need not be at the centre of the web. Here, the focal organisation is necessarily at the centre of the cluster, because this study
focuses on the influence of stakeholders on Mediacom and not the overall network. Hence, the focal organisation, i.e. Mediacom, is not ‘a stakeholder of many other focal points in its relevant social system’ (Rowley 1997, p.892), rather it is the main actor within a limited network, whose other constituencies serve to explain a specific aspect of the corporate environment, which is their influence on Mediacom’s CSR strategy.

The period of analysis used here covers nearly five decades, between 1960 and 2009. It was broken down into seven phases: 1960-1980, 1981-1985, 1986-1990, 1991-1995, 1996-2000, 2001-2005 and 2005-2009. Phases have been mostly framed in a 5-year period, based upon previous extrapolations, which showed this length to be the most suitable for demonstrating relevant stakeholder influences over time. However, the first and last periods did not match this criterion. The first period extends to 20 years. There are two reasons for this decision. Firstly, Mediacom CSR practices were very restricted and stable during this particular period, reflecting to a great extent the low level of demand from Brazilian society for corporate involvement in social issues. Secondly, very few documents and interview participants were able to provide sufficient detail about facts that occurred in this period, even the ones who worked at Mediacom in the 1960s and 1970s, such as James. Therefore, describing the first 4 phases, from 1960 to 1980, would sound repetitive. The last period, between 2006 and 2009, was also different from the standard 5-year phases. The shorter period in this case reflected the deadline for data collection, which was 2009.

Each of the phases in the model describes stakeholder intentionality, centrality and impact upon Mediacom’s CSR strategy throughout the specific period. Events explained in Section 5.4 were the basis by which to determine the stakeholders in each phase. Where the event extended across the phases, stakeholders involved in such an event were repeated from the previous period to the next. Stakeholders who did not participate in any particular event within a given period were considered non-existent for the purposes of the analysis. Matrices (see list of appendices) were then used to display and categorise information on stakeholder intentionality, centrality and impact according to each phase. These results were plotted in the stakeholder clusters, which represent the collection of stakeholders and their influences on Mediacom’s CSR strategy.

While in its simplest configuration the cluster showed a traditional hub-and-spoke model (Freeman 1984), as the environment became more complex, co-influences emerged and made the cluster resemble a stakeholder network (Rowley 1997). Co-influences do not have the same meaning as stakeholder impact concerning formalisation. In this context, they simply mean that a given influence was established between two stakeholders of the same
focal organisation. After these methodological aspects have been addressed, the CSR stakeholder clusters identified in this study are then analysed.

6.4.1 Stakeholder influences from 1960 to 1980

The first stakeholder cluster presented three important characteristics. Firstly, there were a lower number of stakeholders in this period. In fact, in the 1960s and 1970s, some current stakeholders did not exist. For example, CSR centres, such as Instituto Ethos and Gife, which had an important impact on Mediacom’s CSR strategy in the 1990s, were not yet created.

Secondly, while some stakeholders can be claimed to be part of the cluster at this stage, they had minimal or no influence on Mediacom’s CSR practices. For instance, social investments by large corporations were very rare in the 1960s and 1970s, so their influence over Mediacom was insignificant. The community per se did not exert relevant pressure on the company, and the government did not create any legislation or other specific mechanisms that could affect Mediacom CSR related issues. While problematic, the situation of children and adolescents at social risk was not yet considered a major social problem in Brazil. This would occur only in the 1980s, with the fall of the military regime and rebirth of the Brazilian social movement. At this stage, social movements, an essential stakeholder that would eventually help to put children and adolescents at social risk on the corporate agenda, were still demobilised due to the military regime’s political pursuits. Similarly, within this context of low CSR levels, and lack of community pressure and customer interest, Mediacom executives were not yet sensitive to socially responsible practices. The Lancaster Network, founded in 1965, had only commercial and operational relationships with Mediacom, thus contracts had no joint CSR obligations during this period.
The third, and certainly most important aspect of this period, was related to the very beginning of Mediacom’s CSR strategy. Two out of the three components of Mediacom’s current strategy, media donation to NGOs, and social mobilisation campaigns, began developing in this period, albeit very informally. Data collected from interviewees such as James and Lee, shows that Mediacom was fundraising for social campaigns as far back as the 1960s. As stated by James (Transcripts pp.56-57), a member of Mediacom shareholder family, there were no deliberate CSR policies or strategies at that time, only a desire to assist disadvantaged people and underfunded social institutions. James also mentioned that business practices were much more informal. For example, NGO leaders personally contacted Mark and James to request media or financial support.

This phase outlines the embryonic beginnings of Mediacom’s CSR strategy. At those times, Mediacom was smaller, less formalised, less bureaucratised, and the decisions pertaining to donations were informal and focused on Mark and James, as owners who were guided by a strong religious and philanthropic view of the world. Even during these early days, the pattern of media donation and social campaigns showed clear traces of an emergent strategy (Mintzberg 1994), even though it was unplanned, informal and unintended. While this process could not claim to have been widely institutionalised within Mediacom, the president of the corporation was aware of its existence. Interestingly, unlike Mintzberg’s idea that emergent strategies can ‘take root in all kinds of places’ (1987, p.70), in a clear reference to how lower-level employees can also develop strategies, in the case of Mediacom, this
process started to be shaped by the president of the corporation, in a traditional top-down phenomenon. Although at this stage media donation and social campaigns were only emergent patterns, the continuous demand for social support by NGOs created consistency in behaviour (Mintzberg & Waters 1985) and turned these patterns into a collective model (Mintzberg 1987), i.e. disseminated across the entire organisation over time.

Appendix I illustrates stakeholder intentionality, centrality and impact on Mediacom’s CSR strategy, and Figure 6.1 shows the Mediacom CSR stakeholder cluster between 1960 and 1980. In the subsequent clusters, the differences between stakeholder intentionality, centrality and/or impact are highlighted. It is also implied that the absence of allusions to certain stakeholders over two or more phases means that no important changes occurred in their relationship with Mediacom.

6.4.2 Stakeholder influences from 1981 to 1985

As can be observed in Appendix J and Figure 6.2, during this period, the influence of most stakeholders on CSR formalisation remained almost constant and reflected essentially the same reasons mentioned in the previous section. However, as will be seen in the remainder of this section, two important aspects contributed to shape Mediacom’s CSR strategy permanently, namely the passive influence of children and adolescents at social risk, and Mediacom’s shareholder family.

![Figure 6.2 – Mediacom CSR stakeholder cluster (1981-1985)](image_url)
It is interesting to note that the passive influence of children and adolescents at social risk created a complex net of co-influences that not only impacted on Mediacom, but also on other Brazilian social actors, such as governments and social movements. For instance, while the poverty and lack of opportunities experienced by children and adolescents at social risk stimulated social movements and governments to find alternatives to alleviate their wretched condition, it also triggered the demand by social movements for the federal government to improve children and adolescents’ legislation. These co-influences shortly contributed to consolidate children and adolescents as the main target audience of Mediacom’s CSR programs, as underlined in Section 5.4. In the 1981-1985 phase, the network of co-influences created the context for this forthcoming impact.

In addition to the discussion in Brazilian society concerning the predicament of children and adolescents, the high level of sensitivity within the shareholder family to social issues (both highlighted in Sections 5.4.3 and 5.4.1.1) also led to the election of this audience as the first target for Mediacom’s social activities, particularly with the creation of the Mediacom Foundation in 1982, which made newsboys their primary target for assistance. However, at this stage the lenses were philanthropic, rather than strategic. This example resonates with other works (Bansal & Roth 2000; Hemingway & MacIagan 2004; Aguilera et al. 2007), which emphasise how corporate resources are often used to promote CSR according to personal values. While the first seeds of more structured forms of CSR within Mediacom were thus launched, these patterns must still be considered emergent, because they had no strategic intentionality.

In summary, children and adolescents at social risk must be considered passive stakeholders, because this audience did not intentionally influence Mediacom’s corporate behaviour, given their disorganised and fragile nature. Nevertheless, it is clear that their impact on Mediacom was significant, stimulating the creation of the first formal CSR structure within the company, namely, the Mediacom Foundation. This is the reason by which the heavier line is used to link children and adolescents to the company in Figure 6.2.

At this stage it could not be claimed that the shareholder family was an active stakeholder, because there was no clear strategic intentionality behind its actions. As regards stakeholder impact, the creation of the Mediacom Foundation represented not only the beginning of formal CSR structures within Mediacom, but also the pillar of the Nova Foundation, a much more sophisticated action that was developed in the next phase. Thus, its impact on the process of CSR strategy formalisation was categorised as strong. As will be seen in the next
sections, the shareholder family became increasingly influential from 1986 onwards, with growing involvement by Ingrid Warren on CSR issues and, later on, the intuitive view of other family members, such as Newman, of CSR’s strategic importance to Mediacom.

6.4.3 Stakeholder influences from 1986 to 1990

Mediacom’s CSR environment became more complex during this phase, as can be seen in Figure 6.3 and Appendix K. In general terms, this period highlighted two important events that triggered ‘waves’ of CSR strategy formalisation. Firstly, the debate on children and adolescents’ rights was intensified, resulting in the consolidation of this stakeholder as the focus of Mediacom’s CSR programs. Secondly, Nova Foundation, created in 1987, became a new and increasingly important actor within the CSR cluster.

Following the debate on children and adolescents’ rights that started in the first half of the 1980s, this phase was marked not only by the accentuated discussions around children and adolescents’ rights between social movements and the federal government, but also by growing community awareness and mobilisation around this subject. Co-influences were very important in this phase, because social actors collectively created consistency around the debate and the discussion reverberated intensely enough to reach third-party segments of Brazilian society. For example, social movements, epitomised in particular by NGOs
focused on assisting children and adolescents, actively lobbied the federal government and congressmen for the creation of a more comprehensive legislation to enhance this audience’s rights. The result of this strong pressure was the creation of several children and adolescents’ related articles in the new Brazilian Constitution in 1988. The existence of such an environment influenced Mediacom to focus its social campaigns and Nova Foundation’s support on children and adolescents at social risk.

This enhanced ‘children and adolescents network event’ had a major impact on Mediacom’s CSR strategy formalisation, given that related stakeholders importantly influenced the choice of children and adolescents at social risk as Mediacom’s main CSR target. However, these stakeholders remained passive, because they did not demonstrate strategic intentionality even while contributing to the focus of Mediacom’s CSR activities. Stakeholders also varied according to their centrality within the cluster. They differed from central (shareholder family) to intermediate (federal government) and peripheral (children and adolescents at social risk, social movements and the community).

It can be said that Nova Foundation was to a great extent the result of the children and adolescents debate. The shareholder family became sensitive to this discussion and framed the new Foundation around it. However, as seen in Section 5.3.1, the fact that Nova Foundation was essentially a philanthropic individual action must be taken into account. Reinforcing this viewpoint, Section 5.4.1.2 also highlights that the Foundation was treated as an outsider by several segments of the company, especially in the early years of its operations, when Nova had almost no connections to Mediacom.

In the forthcoming years, Nova would become the most important tool in Mediacom’s CSR strategy, but at this stage it was an emergent, albeit structured, component of a future strategy. While it can be concluded that Nova’s actions had a strong impact on CSR formalisation, this institution should be categorised as a passive stakeholder due to its lack of strategic intentionality. With respect to Nova’s centrality, at this early phase it was more likely to be categorised in the boundaries between central and intermediate stakeholders, because of its strong autonomy. This position reflects the fact that Nova was a non-profit institution with its own organisational goals (which were quite different from Mediacom’s), as well as the reality that Mediacom had no strategic interest in Nova’s philanthropic activities during this period. Nevertheless, Nova should not be considered simply an outsider. It was not only formally considered to be part of the Mediacom group, but was also supported with corporate financial and human resources. Hence, the position between central
and intermediate stakeholder circles is considered to be representative of the complexities and contradictions in Nova’s condition.

The Lancaster Network also had some influence on the creation of the Nova Foundation. As demonstrated in Section 5.4.1.1, the shareholder family mimicked (DiMaggio & Powell 1983) the Lancaster Foundation’s model of operation, in an attempt to develop best social investment practices. The influence of Lancaster must be considered non-intentional, therefore passive, because this corporation was unaware of the Warren’s benchmarking process. Nevertheless, it did provoke an important formal impact on the Nova Foundation’s operations, because to a great extent it is structured along similar lines to the Lancaster Foundation model. For example, both institutions have the same legal basis (i.e., they are Foundations), are adhocratic organisations (organised through projects), and share related target audiences (children and adolescents are the priority), among other similarities.

6.4.4 Stakeholder influences from 1991 to 1995

The 1990s was the most important period in terms of Mediacom’s CSR formalisation process. For example, the 1991-1995 phase, described in Figure 6.4 and Appendix L, shows increasing connections between stakeholders and Mediacom, and also co-influences between stakeholders. For the first time, four stakeholders became active, i.e. intentionally attempted to influence Mediacom’s CSR strategy. These stakeholders were: Mediacom’s shareholder family; Mediacom executives; the external consultancy; and Gife. The strategy patterns, very emergent in the previous phases, became growingly formalised from 1995 onwards.

The most relevant event in the first half of the 1990s was the clash between Mediacom shareholders over Nova’s high costs, which resulted in the revision of Nova’s model of operations. As seen in Section 5.4.2.3, Nova had gradually become a more formal and expensive structure from its beginning in 1987 to its peak in 1994, and new projects such as Home could potentially have increased costs even further. The external consultancy company contracted by Mediacom suggested that Nova should have a much stronger strategic role in Mediacom’s non-market environment. The alignment between Nova’s operations and Mediacom’s institutional objectives was also first proposed during this period. A new model was then developed, in which Nova granted financial resources to NGOs focused on areas in which Mediacom operated.
Unquestionably, a different set of strategy patterns emerged from the strategic planning workshop; more integrated, aligned and formal. For the first time, the shareholder family and many of the top executives recognised the potential institutional benefits of a strategic approach towards CSR. From 1995 on, Nova’s new grant-making process benefited a significantly larger number of NGOs across all regions of Mediacom’s operations than had previously been achieved. This was an audience with which Mediacom historically had difficulties opening up a dialogue. Funding these groups facilitated Mediacom’s interactions with them. The company also used its corporate resources to give visibility to Nova’s activities in the local communities, thereby associating Mediacom’s image with social causes. The clash between members of the shareholder family and the sequence of facts that followed, uniquely affected Mediacom’s process of strategy formation (Mintzberg 1987; Barnes 2002) and started a long and incremental (Quinn 1981) process of recognition, which led to the creation of a documented CSR strategy in 2004.

The shareholder family, top executives and the consultancy were decisive actors in the process of strategic alignment between Nova and Mediacom. All were active stakeholders, intentionally attempting to influence corporate behaviour by deciding for greater operational integration. They also had a strong impact on the strategy, with Nova operating for the first time under corporate goals and being formally recognised as part of Mediacom’s non-market strategy. The only difference between these stakeholders is that whereas the shareholder family and top executives had a central role in organisational decision making, the
consultancy must be categorised as an intermediate stakeholder, reflecting the lack of direct influence over the CSR strategy and corporate resource control. The positional migration of Nova from the boundary between the intermediate and central circles in the 1986-1990 phase into the core of the central circle in the current period, echoed Nova’s new alignment with Mediacom, and growing access to corporate resources.

Another relevant change that occurred between the previous phase and the current one was the emergence of Gife as an important stakeholder for Mediacom. As seen in the background context chapter, and Section 5.4.1.1, Gife was one of the first initiatives of the emergent CSR Brazilian movement, and Nova was one of its first members. By pursuing its own mission, which is to enhance its members’ corporate social investment practices, Gife intentionally attempted to influence Nova, and as a result, Mediacom. At this stage, the influence of Gife was limited, because when it was created in 1995, Nova was still going through a strong revision of its operations.

The network of influences around children and adolescents remained unchanged during this period, because the same factors mentioned in the 1986-1990 phase persisted. The pressure placed on the government by cause-related NGOs and left-wing segments of society for the creation of a specific legislation related to children and adolescents, led to the approval of the Children and Adolescents Statute in 1990. The discussion around this theme reinforced Mediacom’s focus on children and adolescents as the main audience for its social programs. All other connections and co-influences remained the same.

6.4.5 Stakeholder influences from 1996 to 2000

This phase was characterised by numerous events, which contributed to make it one of the most relevant of all the periods analysed in terms of organisational changes towards CSR formalisation. Some were major external events, such as the CSR movement in Brazil and the Russian Crisis, while others were specific internal events, including the influence of multiple internal organisational actors on Mediacom’s CSR strategy. This complex scenario is shown in Figure 6.5 and further illustrated in Appendix M.
It is important to begin the description of events during this phase by citing the progressively favourable CSR environment in the country, which was driven by societal pressures to reduce poverty and inequality levels, as seen in Section 5.4.1.1. In fact, this super-event impelled many other particular events mentioned in the interview data, such as the influence of CSR centres, large corporations, and government stimulus on CSR.

In the first event, the growing demand in Brazil for corporate social involvement triggered the creation of Gife in 1995, and the foundation of Instituto Ethos in 1998. Both institutions importantly contributed to improve Mediacom’s CSR programs and develop Nova’s expertise on social issues through qualification programs and experience exchanges with other peers. Gife and Ethos impacted Mediacom and Nova by stimulating formalised practices such as the publication of CSR reports, measurement of CSR performance indicators, and the use of social project methodology. These practices created a higher degree of formalisation, and moved CSR onto another level of professionalism and acceptance within the organisation. Thus, Gife and Ethos’ impact was moderate, because these organisations contributed to mature CSR strategy formalisation within Mediacom. The organisations must also be considered active, since they intentionally attempted to qualify Mediacom’s CSR practices. In other words, by stimulating Mediacom’s increased and enhanced socially responsible practices, Gife and Ethos were indeed acting according to their own mission, which was to improve CSR practices of Brazilian companies.
The second event, which was the influence of large corporations on Mediacom, showed how these organisations – motivated by a theme of strong social appeal – appear to have engaged in a ‘CSR race’, mimicking and in turn stimulating their peers to promote or consolidate CSR practices as a source of competitive advantage. Large corporations and business unit managers were passive stakeholders, only responding to the environment, and not deliberately attempting to influence Mediacom’s CSR strategy. However, their impact shifted from limited to moderate because they started asserting influence over Mediacom’s CSR practices. For instance, as seen in Section 5.4.2.3, Nova’s technical and cooperative program was benchmarked against national and international organisations.

The third event refers to the effect of government stimulus on CSR. For example, the Tangara State Legislature, in this study considered under the overarching concept of the stakeholder ‘government’, created an award in 2000 to stimulate corporate socially responsible behaviour. Mediacom has participated since the award was first established in 2000, because it was not institutionally acceptable for Mediacom if other large corporations participated in the awards and they did not. Thus, the State Legislature was an active stakeholder, given that the objective of a CSR award is to stimulate companies to be more socially responsible. The impact was considered moderate, because rather than influencing the creation of new formal practices, existing ones were reinforced.

Since all these events were triggered by the favourable CSR environment in Brazil at the time, it seems unlikely that they would arise in a context other than one in which corporate social involvement was valued by society. Interestingly, not only were these events prompted by the external environment, but they also reinforced it. For example, when government bodies encouraged corporations to be socially responsible, they also sent signals to society that CSR was important, thereby reinforcing the trend towards the CSR movement.

In this period, another major external event, the Russian Crisis, significantly influenced Mediacom’s economic and CSR issues. As mentioned in Section 5.4.1.3, global financial crises are characterised by the effect they have on countries other than those that originally triggered the process (Bhalla 2009). The Russian Crisis, for example, had negative effects on Brazilian society, which in turn had consequences for Mediacom revenues and debts, making the company undertake cuts in several areas, including CSR. This process, initiated in 1998, was extended into the next phase, when it had its most significant economic impact on Mediacom and CSR investments. However, even during this period the consequences were severe, as the budget dropped by 30% from 1998 to 1999.
In contrast, for Nova, although social projects were postponed and the workforce cut back, no important changes occurred to their operations. Nova must be considered an active stakeholder during this phase. As stated by Lee, former Nova Director (Researcher’s field notes 2009), Nova’s top management team agenda at that time was to replace the old philanthropic view of the shareholder family with a modern and strategic CSR perspective. Not only did the organisation attempt to influence the corporate strategy, but it also developed a new model of operations. In addition, Nova started working closely with other internal stakeholders, such as journalists and business unit managers. These partnerships were the basis for the future integration of Mediacom’s CSR strategy components, i.e. Nova Foundation, media donation, and social mobilisation campaigns. For this reason, the impact of Nova is considered to be strong in this period.

Regarding internal events, the 1996-2000 period was marked by the decentralisation of influence from the shareholder family to other internal actors, as seen in Section 5.4.3. In this phase, one of the most evident examples of the CSR strategy decentralisation was the emergent action of business unit managers with respect to media donation. Responsive to the increasing demand for media support from NGOs, business unit managers made decisions about media donation without any guidance from corporate policies or even informal parameters. This is a clear case of an informal pattern of strategy formation, not planned, and not recognised by the higher echelons of Mediacom. Business unit managers were considered passive stakeholders, but produced moderate impact.

An important symbolic episode, which shows that intense changes occurred at Mediacom in terms of CSR formalisation, was the recognition of social mobilisation campaigns as a formal corporate practice. Lee mentioned an unexpected insight (Researcher’s field notes 2009), which occurred in a regular meeting with Newman and other executives in 1998. Newman came to the conclusion that social mobilisation campaigns should be undertaken annually, always approaching themes of public interest. Social campaigns had previously been run very unsystematically, therefore, by formalising this, Newman and the executives were acknowledging that it should become part of the strategic dialogue with the community. In the forthcoming years, social mobilisation campaigns gained strength, and were incorporated as the second pillar of Mediacom’s CSR strategy. For this reason, both the shareholder family and executives were considered active stakeholders. The impact of the decision was strong, because such action was not only recognised, but also formalised as a new strategic approach.
While the events cited above only appeared in this phase, others were reproduced from past periods, such as the children’s rights debate. Although important corporate definitions, such as the choice of children and adolescents as Mediacom’s social programs’ most important audience, were consolidated in the 1991-1995 phase, no relevant formal components were implemented in the current phase. This is not to say that influences did not occur between 1996 and 2000, but rather that these occurrences were not significant enough to promote new components of formalisation, but simply reproduced the previous ones.

In conclusion, in the period between 1996 and 2000, less weighted connections, but more active stakeholders can be observed than in the 1991-1995 period. This is an indication that while more stakeholders attempted to influence Mediacom’s CSR strategy, these efforts mostly reinforced previous formal structures and processes, rather than creating new ones.

6.4.6 Stakeholder influences from 2001 to 2005

The 2001-2005 phase shows that Mediacom’s CSR environment had become cumulatively more complex, which explains why more formal responses were triggered by the corporation. To a great extent, this growing complexity reflected external macro-systemic events such as increased globalisation, resulting from increased de-regulation and trade liberalisation. The Russian Crisis, which still reverberated in Brazil in this period, and the consolidation of the CSR Brazilian movement seem to have been consequences of the growing integration of international financial markets (Nayyar 2006; Gaburro & O’Boyle 2003; Levitt 1983; Gandz 2001) and a global CSR discourse, which was echoed in Brazil. These events decisively shaped the grounds of Mediacom’s CSR strategy. Other specific stakeholders, such as the Tangara State Administration, Lancaster Network, and Mediacom business unit managers complement the network of influences in this phase. The last two stakeholders are examples of emergent patterns, which had the potential to produce future impacts on Mediacom’s CSR strategy, as will be seen later. Figure 6.6 and Appendix N describe all the connections that occurred in this period.
In the economic sphere, the Russian Crisis, which considerably affected Brazil between 1998 and 2000, planted the seeds for another predicament in 2002, when the left-wing candidate Lula won the Brazilian presidential elections. As outlined in Section 5.3.1.3, economic agents panicked about possible abrupt changes in the economic policy, which led the national currency to suffer a major devaluation in relation to the North American dollar (US$). For Mediacom, which had incurred large debts in US dollars, the consequences were severe. Due to its problematic financial situation, the company, which until now had been managed mainly by members of the shareholder family, decided to contract a professional CEO to reorganise its finances. The most important action of the new CEO was to implement a strict cost control policy across all areas and business units. Nova was one of the most affected, with a sharp 75% drop in its budget from 2001 to 2005. Thus, social projects were cancelled and the workforce reduced by 60%.

Critically affected by the budget reduction, Nova attempted to adapt its operations again in order to survive in this new and adverse environment. A second strategic planning workshop, which relied upon the participation of top executives and the shareholder family, was carried out in 2004. Its aim was to gather political support (Barnes 2002) from important internal stakeholders and reposition Nova within this new reality. The workshop validated Nova’s growing use of corporate non-financial resources and the outsourcing of social projects’ costs to third party organisations (financial partners) in exchange for high visibility of Mediacom’s media businesses. A greater convergence between the two organisations was
also agreed upon, with the Foundation increasingly developing projects in partnership with Mediacom.

While this new approach resulted in more integrated and formalised actions, it also had consequences upon Nova’s identity in the following years. Even though Nova was a different institution, it became almost a ‘CSR department’ of Mediacom, explicitly and increasingly assuming corporate tasks. For example, during this period Nova: i) actively participated in the coordination team for Mediacom’s social campaigns; ii) developed internal corporate social projects, such as Childfund Mediacom; iii) created Mediacom’s media donation policy; and iv) increasingly assumed a type of CSR advisory cell role, guiding business units and departments with regard to CSR issues. These actions were added to the others previously mentioned, such as the coordination of Mediacom’s CSR reports and institutional representation.

In this context, some stakeholders gained more importance. Top executives were a typical example. They affected Mediacom’s CSR strategy by stimulating, even forcing, a managerialist approach (Roberts et al. 2005; Vickers & Kouzmin 2001) on CSR issues. Firstly, they drastically reduced Nova’s budget and forced the institution to review its operations. Secondly, they validated alternatives that made Nova more dependent on non-financial resources. Thirdly, they outsourced several CSR activities to Nova, which were more likely to be developed by a CSR or related department, such as Institutional Relations or Human Resources. For these reasons, top executives were considered an active stakeholder, who attempted to reduce Nova’s financial resources in favour of non-financial ones, and who promoted a growing strategic alignment between CSR issues and corporate objectives. The last point is clearly highlighted by Vice President Arnold (Transcripts p.50) who, referring to the stronger strategic alignment, said that CSR became less idealistic and more efficient from 2000 onwards. He emphasised the notion of economic rationalism (Woodward 2005), ‘doing more with less’ (Vickers & Kouzmin 2001), which, in the case of Mediacom, meant to promote more social impact and better institutional return to the company with less financial resources. The influence of top executives was also considered strong because they played a critical role in reducing Nova’s budget and validating the new CSR strategic architecture.

To some extent, this new configuration was also acceptable to Nova, because it enabled the Foundation to keep their operations by negotiating and formulating their own positional niche despite the adverse circumstances. The shareholder family was also essential to this process, as they still held several top managerial positions, and any new proposals needed
their agreement. In this case, the shareholder family validated all these actions, whether they were from Mediacom executives (as a result of Nova’s budget reduction), or Nova (in its new positional niche). Nova Foundation and the shareholder family were both active and had a strong impact on Mediacom’s CSR strategy, although Nova was much more purposive. In this period, financial partners, such as UNESCO, also contributed to validate Mediacom’s new approach, particularly with regard to social project cost outsourcing, such as the Millennium Fund. Without the support of financial partners an important piece of the strategy would have collapsed. While a passive stakeholder, the financial partners’ influence was considered moderate, because it merely reinforced current actions and structures.

In relation to the influence of CSR centres on Mediacom, it seems that the two most important Brazilian institutions, Instituto Ethos and Gife, had contrasting movements in this period. While Ethos reproduced the same influences as existed in the previous phase, Gife decreased its influence over Nova and Mediacom. As Jeff (Researcher’s field notes 2009) mentioned, the budget slump resulting from Mediacom’s cut in expenses affected the participation of Nova in Gife, because it was located in the city of Sao Paulo, 1,000km distant from River Creek. The lack of contact with Gife and its members meant Nova’s prime position on social issues stagnated, prompting its fall from the top rank of Brazilian grant-makers (Researcher’s field notes 2009). Therefore, while still active, Gife’s impact became limited. On the other hand, Ethos maintained its previous position as an active stakeholder, and had moderate impact because it reinforced previous formal practices.

The Lancaster Network developed a reasonably clear CSR strategy in this phase. The organisation intentionally attempted to spread its main social programs, such as ‘Friends of School’, and ‘Child Hope’, among its affiliates. In the case of Mediacom, Lancaster was not successful, because, as seen in Section 5.4.1.1, the company resisted the replication of foreign social programs, even though updates in the contractual relationship with Lancaster established the need for joint CSR practices. While Lancaster became an active and intermediate stakeholder in the 2000s, in the first half of the decade its impact on Mediacom CSR was still very marginal.

In terms of CSR stimulus, the government shifted from an endorsing to a partnering role (Fox et al. 2002) in this phase. As demonstrated in Section 5.3.1.2, the Tangara State Administration created a law to stimulate corporate community investment through fiscal exemption. While Mediacom was unable to claim this benefit, because media companies do not pay the specific tax that had been exempted, Nova was invited by the state government to be one of the program operators, i.e., the intermediate institution that selects suitable NGOs.
and transfers grants to them. Due to its expertise on children and adolescents’ issues, this was the specific fund for which Nova gained responsibility. Nova received 7% of the total amount of funding to cover its administration fees. Thus, the government program perfectly suited Nova’s new condition, that of an organisation with a low budget, but which still wanted to keep its brand equity and be recognised as a grant-maker. For this reason, the government was considered active, because it intended to stimulate companies, including Mediacom, to be more socially responsible. Its impact was moderate because it only reinforced Mediacom’s new practice of outsourcing costs to third parties.

As seen in Section 5.3.2, Mediacom business unit managers have long been donating media to local NGOs, especially from the 1990s on, with the rise of the NGO sector movement in Brazil. However, in this period a new pattern brought more complexity to the practise of CSR. Inspired by Mediacom institutional social campaigns, business unit managers started developing their own local campaigns (e.g. to fundraise for the construction of a local museum), aiming to reflect more closely the demands of the communities in which they operated. Interestingly, this pattern is not clearly recognised or controlled by Mediacom’s top managerial levels. Louis, a business unit manager, cited the case of a social campaign developed by his unit of which Vice President ‘Gerald’ was unaware. Even worse, the VP did not know that several other business units were developing similar campaigns. By the end of this research in 2010, local campaigns still remained informal. Nonetheless, it is unlikely that this pattern will remain unrecognised for much longer given its importance and visibility. In addition, media donation became such an important non-financial resource that top managers requested Nova create a policy on this practice. Business unit managers can be said to be passive stakeholders, because they did not intentionally attempt to influence Mediacom’s CSR strategy, rather they reflected local demands and enhanced the corporate image. The impact moved from limited in the previous period to strong in this phase, because to a large extent, business unit managers stimulated the creation of a media donation policy, the third pillar in Mediacom’s CSR strategy.

To conclude, the period between 2001 and 2005 was marked by intense changes within Mediacom. Facing several market and financial challenges, the company also experienced increasing non-market demands from its stakeholders. In this context, for the first time, Mediacom was able to formalise an explicit CSR strategy in its 2004 institutional report, which was based on social mobilisation campaigns, media donation, and the Nova Foundation. The formalisation of the CSR strategy was full of symbolic meanings in terms of internal politics. For example, Mediacom definitively and formally incorporated CSR as part of its corporate strategy, sending a clear message to all internal and external
stakeholders about the importance of this topic for the company. Consistent with Barnes’ (2002) findings on the influence of power politics on strategy formation, it seems that pro-CSR internal stakeholders, especially the shareholder family and Nova, created an internal political arrangement in order to position CSR as being relevant, and neutralise internal opposing groups. Thus, after more than four decades of erratic events and numerous stakeholder influences, Mediacom’s CSR strategy was finally settled.

6.4.7 Stakeholder influences from 2006 to 2009

This final period showed an apparent stabilisation in the degree of Mediacom’s CSR strategy formalisation. As can be observed in Figure 6.7 and as described in Appendix O, the influence of most stakeholders towards CSR formalisation remained fairly static and reflected essentially the same reasons mentioned in the previous phase. This period of accommodation could be explained by a variety of different reasons, such as the consolidation of Mediacom’s CSR strategy, and the favourable Brazilian CSR movement. The fact that major formalisation processes were not identified does not mean that stakeholder influences did not occur. It only shows that these influences did not promote any important changes in terms of CSR strategy formalisation in the 2006-2009 phase. It could also mean that future changes, such as the creation of a CSR department, are possibly growing and maturing in this period, but will only occur in the next phases.

However, it should be acknowledged that even during this period, some important events took place. For example, as previously mentioned, Lancaster had been attempting to amplify and qualify its affiliates’ social impact by pressing them to adopt its own social projects. The company expected that if all affiliates successfully replicated the projects, the network’s overall impact would be strongly enhanced. By contrast, in the 2001-2005 phase, Mediacom avoided taking joint actions, keeping them to a minimum.
In the 2006-2009 phase, the gradual willingness of Mediacom to incorporate Lancaster’s CSR practices seemed to indicate future changes in the company’s portfolio of social actions. Mediacom executives, such as Alex and Alfred (Transcripts, p.11 and 70, respectively), pointed to a growing cooperation between the corporations. This gradual convergence points to the Lancaster Network having become a stakeholder of growing importance within Mediacom’s CSR cluster, and indicates that future impacts on Mediacom’s CSR strategy are likely to occur. Thus, while Lancaster has remained an active and intermediate stakeholder, its impact moved from limited in the 2001-2005 period, to moderate between 2006 and 2009, due to the new partnership arrangements that were made and the reinforcement of current practices.

In relation to the influence of large corporations, a subtle change can be claimed to have occurred. An important corporation named Blue Steel, a giant of the steel industry, developed a social project in the beginning of the 2000s, which aimed to stimulate its employees to donate part of their taxes to NGOs focused on child and adolescent related issues. In this period, Blue Steel had a proactive approach, attempting to encourage other companies, including Mediacom, to implement this project. The company offered technical support to Mediacom so the implementation would go more smoothly. Thus, beyond the overall pressure from large corporations for higher levels of social responsibility, specific companies such as Blue Steel also had a more direct influence on Mediacom. The company
implemented a very similar project in 2006. In this phase, large corporations should be
categorised as active stakeholders with a moderate impact.

As can be observed in Figure 6.7, while the shareholder family, top executives and Nova
continued to be the most relevant stakeholders in terms of influence upon Mediacom’s CSR
strategy, their impact on formalisation lessened from strong to moderate. To a great extent
this reflects the implementation of decisions made in the previous phase, which led these
stakeholders to simply reinforce current practices instead of creating new ones.

6.5 Summary and conclusions

Having examined the historical events and processes linked with the evolution of
Mediacom’s CSR strategy, this section concludes Chapter 6, summarising and discussing the
main findings raised by this research to address research question 3 “How does the process
of formalisation occur?”.

Understanding the corporate environment is an essential piece in the Mediacom CSR
strategy evolution puzzle. To some extent this environment is represented by stakeholder
clusters, as seen in Section 5.6. The analysis of the clusters has shown that the dynamic
process of strategy formalisation reflected the growing complexity of macroenvironmental,
organisational and individual influences (Hanson et al 2005; Thompson & Strickland 2003;
Wheelen & Hunger 2004; Aguilera et al. 2007). Evidence of this complexity is the
increasing number of influential events and interconnectedness among stakeholders and
between stakeholders and Mediacom over time. Mediacom’s stakeholder cluster migrated
from a traditional hub-and-spoke model (Freeman 1984) between 1960 and 1985, to a
diagram that resembles a stakeholder network (Rowley 1997) from 1991 to 2009.

Borrowing from Rowley (1997), the concept of network density was used in this study to
determine levels of environmental complexity and strategy formalisation on stakeholder
clusters. In the case of Mediacom, results showed that the more dense (Rowley, 1997) the
cluster, the more formal the strategy became. For example, macroenvironmental,
organisational and individual events, rare until 1980, matured into new forms in the 1980s
and proliferated in the 1990s. In conjunction with the increased number of events, the
number of stakeholders and their influence on one another and upon Mediacom also
escalated. Figures 6.8 and 6.9 as well as Appendix P, which consolidate the categorisation of
stakeholder intentionality, centrality and impact between 1960 and 2009, show this
evolution. The clusters evolved from a low density environment, represented by individual and philanthropically motivated actions, to a highly interconnected context, culminating in the formalisation of Mediacom’s contemporary CSR strategy in 2004, which was then updated in 2007. In the meantime, several influential circumstances occurred. Amongst these were some unexpected organisational events, such as the death of the founder, and the stakeholder reactions against Nova Foundation, which led to unplanned consequences, like the creation of Nova Foundation in 1987, and the first strategic alignment in 1995. These and other events made Mediacom’s non-market environment much more sophisticated over time, and progressively incorporated new stakeholders and interconnections within the CSR clusters.

The findings indicate that, in the case of Mediacom, stakeholders did not have a stable influence on the company over time. Their importance varied according to the historic period and intensity of events. For example, Mark and Ingrid Warren consolidated a philanthropic culture in the first 35 years of Mediacom. However, other organisational actors, such as new shareholder family members, top executives, and business unit managers, replaced this influence with one that had a more strategic and diffuse basis from 1990 onwards. After the Russian Crisis, the importance of Mediacom executives substantially increased, as they contributed to the emergence of new forms of CSR operation, such as the use of non-financial resources and an even greater alignment between Mediacom and Nova. Interestingly, internal non-CSR areas experienced growing power and influence over CSR issues in this period.
Figure 6.8 – Mediacom CSR stakeholder cluster (1960-1995)
Figure 6.9 – Mediacom CSR stakeholder cluster (1996-2009)
In the same vein, while certain stakeholders, such as the external consultancy, strongly influenced Mediacom’s CSR strategy at a very specific point in time, between 1995 and 1996, others had a permanent or semi-permanent influence. NGOs have been pressing Mediacom for support since the 1960s. This constant demand shaped the foundations of Mediacom’s CSR strategy, with media donation and financial support via Nova Foundation, being two out of the three core Mediacom CSR actions. Results also showed that stakeholder influence might be ‘activated’ in one period and ‘deactivated’ later, as in the case of Gife. Although in the 1996-2000 phase this CSR centre had an important influence upon Nova and Mediacom, in the subsequent periods its impact was greatly reduced as a consequence of Nova’s budget constraints. Thus, influential events prompted the circumstances by which stakeholders had their role emphasised or deemphasised within Mediacom’s history. When such episodes were occurring, related stakeholders tended to be influential. However, when these events lost relevance in subsequent periods, so did stakeholders.

The stakeholder clusters also show that stakeholders increasingly became active over time, i.e. they intentionally attempted to influence Mediacom’s CSR action according to their interest. Results appear to indicate a connection between the number of active stakeholders and growing levels of CSR strategy formalisation. The number of intentional stakeholders evolved from zero in the period between 1960 and 1980, to eight between 2006 and 2009. They represented 0% of the total sum of stakeholders in the period between 1960 and 1990, gradually evolving in the following phases to: 31% in 1991-1995; 46% in 1996-2000; 50% in 2001-2005; and 57% in 2006-2009. These figures indicate that stakeholders had a progressively larger impact on the formalisation of Mediacom’s CSR strategy.

The process of formalisation appears to have reflected the growing importance attributed by internal stakeholders to CSR, as well as the environmental changes that drove external stakeholders’ attitudes towards Mediacom. In relation to the first aspect, interview data showed that the more CSR became institutionally relevant and the demand for results from top managers increased, the more CSR practices became formalised. Perhaps the picture that best represented this finding was the managerialist view expressed by Vice President Arnold (Transcripts p.50), who stated that CSR had become less idealistic and more efficient over time, reflecting the need for social impact enhancement. His comment was made to justify the growing use of CSR management and performance tools, which to a large extent mirrored the very precepts of economic rationalism (Woodward 2005), concerning the concept of ‘doing more with less’. The pressure on Nova to produce results and institutional
returns from shareholders (other than Ingrid Warren) was also an episode that was followed by intense change and formalisation, notably Nova’s new model of operation.

Regarding the second aspect, i.e. the influence of environmental changes, external stakeholders seem to have become increasingly more active as a result of the greater number of events over time. While between 1960 and 1990 four significant events emerged, between 1990 and 2009 this number escalated to six. That said, it is important to acknowledge the strong impact of the Brazilian CSR movement as an influence on Mediacom’s CSR formalisation. In fact, this could be called a ‘super-event’, because it catalysed many episodes, such as the influence of CSR centres, the impact of large corporations, and the government stimulus on CSR. It also motivated NGOs to increase the demand for financial resources and media donation. At least four stakeholders, i.e. 50% of the total active stakeholders, directly became or remained active due to events linked to the CSR movement in Brazil. In addition, as seen in Section 5.6, other stakeholders such as Nova, business unit managers, and the shareholder family, were also indirectly influenced by these CSR movement associated events. As a result of this movement, they developed greater awareness about CSR issues and realised the institutional importance of this subject to the company. Thus, in the case of Mediacom, not only the number of events impacted the stakeholders’ intentionality, but in some cases the strength of such events was an even more powerful driver for intentionality.

From a chronologic perspective, the lack of active stakeholders in the 1960-1990 period reflected the philanthropic view of the shareholder family and the lack of importance given by Mediacom to CSR. That is, internal stakeholder’s intentionality was low while CSR was not perceived as a relevant matter, both in institutional and economic terms. The sharp rise in the rate of active stakeholders, from 0% between 1960 and 1990 to 46% in the 1996-2000 period, coincided with the growing importance of CSR in Brazilian society, and the most relevant changes at Mediacom in terms of CSR formalisation, as can be observed in Section 5.5.2. Significant initiatives occurred throughout this period, such as the integration between Nova’s operations and corporate goals, and the recognition that social mobilisation campaigns could be strategically employed to enhance social impact and institutional returns. From 2001 to 2009, when levels of intentionality peaked at 50% and above, formalisation was then consolidated and enlarged. This period was characterised by the greater integration of the three main CSR components: Nova Foundation; media donation; and social mobilisation campaigns. As seen in Section 5.3.1, the growing awareness of Mediacom in relation to its own CSR strategy was confirmed through increasingly accurate
definitions found on institutional documents from 2003 to 2007, the last one being the most up-to-date version. Thus, the period between 1996 and 2009 is characterised by a change in view from Mediacom’s internal stakeholders concerning the strategic weight of CSR within the company, which impacted on levels of intentionality and formalisation.

Another emerging aspect derived from the analysis of stakeholder intentionality is the possibility that stakeholders eventually influenced Mediacom’s strategy unintentionally. For example, this occurred when Mediacom mimicked (Di Maggio and Powell, 1983) the Lancaster Network in the 1980s, and other large corporations that were considered to be state of the art of CSR in the 1990s. These organisations were not intending to influence Mediacom’s strategy, nevertheless they did. This result provides new research possibilities, given that studies on stakeholder influence, such as Frooman’s (1999), usually assume some form of intentionality.

A further aspect that drew my attention in the findings was the time gap between Mediacom’s CSR strategy in 2004 and the period when Nova Foundation, social mobilisation campaigns, and media donation were formalised as strategic actions, in 1995, 1998 and 2002 respectively. Why did these actions take so long to be recognised as a broad CSR strategy in 2004? This is not easy to answer, but the literature offers some important clues, showing that in some cases there might be a sort of ‘maturation process’ that makes emergent patterns or the collection of minor formal strategies gradually converge and be recognised as a single strategy. Quinn (1981) suggests that managers avoid making permanent strategic decisions as much as possible, preferring to wait for clearer signs of the surrounding environment and building the appropriate internal political arrangements before compromising themselves by taking up a position on the issue. The scholar defines it as logical incrementalism, i.e. the process of taking small steps and ‘feeling’ the internal and external environment in a gradual process, before making a definitive and formal decision. In a similar vein, Mintzberg and Waters (1985) note that when managers recognise a pattern, they may take some time until they learn from it, before incorporating such a pattern and expanding it across the organisation. These analyses seem to closely resemble the context between 1996 and 2005 at Mediacom, in which CSR in Brazil was still being consolidated, and the main pro-CSR stakeholders, such as Newman Warren and Nova Foundation, were attempting to build coalitions and neutralise internal opposing groups (Barnes 2002). Only after the environment became clearer and political arrangements were made, did the CSR strategy settle into place.
A final reflection derived from this study, but with specific implications for the field of strategy, concerns the notion of strategy intentionality. Mintzberg, Ahlstrand and Lampel (1998), in their book Strategy Safari, when attempting to explain the meaning of strategy, make allusion to a fable concerning an elephant, different areas of which are touched by blind men. Because each of the men only touched part of the animal, they could only explain it from a single and narrow perspective. The authors concluded that strategy, like the elephant in this metaphor, should be understood as a multifaceted phenomenon.

Strategies seem to not only be a multifaceted process, as Mintzberg, Ahlstrand and Lampel (1998) suggest, but at times also ‘multi-intentional’. The Mediacom case could provide an indication that pure strategies are less common than scholars think and that they can frequently accommodate different intents, in the same way that strategies are not purely deliberate or emergent (Mintzberg & Waters 1985). It is therefore possible for apparently different and disconnected intentions, such as corporate image enhancement and altruism, to coexist together within the same strategy, perhaps reflecting the essentially conflicted nature of human beings. In the case of Mediacom, this multi-intentionality seems to have been developed over time. While in the first 35 years, the intentionality appeared to have been entirely philanthropic, in the following 15 years, it increasingly assumed marketing characteristics, as a result of the growing importance placed by Brazilian society on corporate involvement in social issues.

This section completes Chapter 6. The next chapter concludes this thesis with an analysis of the implications of the current research for theory and practice in the fields of strategy, stakeholders and CSR. It also provides recommendations for further investigations on this topic.
CHAPTER 7: CONCLUSIONS AND REFLECTIONS

7.1 Introduction

This chapter concludes the thesis, which was framed across seven chapters in order to address the three research questions posed in the introduction. Chapter 1 outlined the contents of the thesis, briefly explaining the objectives of the subsequent chapters. Chapter 2 discussed Brazil’s social, economic, and political context, providing a relevant background for the country in which this research was conducted. Chapter 3 provided the theoretical framework for this investigation, in which three major fields were explored: CSR; strategy; and stakeholder theory. Chapter 4 described the methods used in this study to address the research questions. Finally, Chapters 5 and 6 presented and discussed the findings. Results were compared and contrasted with those of the existing literature on the field.

This chapter reflects on the findings of the study and answers the research questions. It also highlights the main contributions provided by this investigation to the existing body of knowledge and offers recommendations for future research. Finally, it identifies the limitations of the study, and concludes the thesis with final reflections. As mentioned in Chapter 4, I will more frequently use my own voice in this chapter, as a means of reinforcing my personal views in relation to the topic under investigation.

7.2 Summary of findings

In the following section, I revisit the research questions posed in Chapter 1 and address them in the light of methods described in Chapter 4 and analysis conducted in Chapters 5 and 6. As will be seen in the remainder of this section, research question one provides important supportive information about Mediacom stakeholders, which is essential when seeking to address the other research questions. Research questions two and three, which represent the core of this study, are then discussed in greater detail.

7.2.1 Research question one: Who are Mediacom stakeholders?

The study identified 15 stakeholders who had influenced Mediacom’s CSR strategy, as pointed out in Tables 5.5 to 5.7, in Section 5.4. However, according to research data, this influence was rarely done on a ‘one-to-one’ basis, i.e. pressure from one single stakeholder
on Mediacom. Rather, Section 5.5 highlights that only one of the ten environmental events that affected the company, the effect of the government stimulus on CSR, was entirely carried out by one single stakeholder, the government. All other stakeholders were linked to events in which at least two stakeholders shaped the event and Mediacom’s CSR strategy. Results also showed that six in ten events had three or four stakeholders acting in a similar way (e.g. the founder’s death). These findings suggest that environmental events are usually shaped by the influence of many stakeholders in an interactive and complex process, which in turn affected Mediacom’s CSR strategy over time.

The findings also raise additional questions about traditional hub-and-spoke stakeholder models, such as Freeman’s (1984) model. These models not only reflect static processes of influence, but also oversimplify the environmental context by portraying only the basic arrangement of single relationships between stakeholders and corporations. While in the first stage, research evidence showed that stakeholders usually operated alone to influence Mediacom, as the research advanced, new data indicated that stakeholders did not work completely on their own, but acted, consciously or not, collectively driven by significant events to influence the company.

![CSR stakeholder cluster - 1986 to 1990](image)

**Figure 7.1 – Children and adolescents’ rights debate event (1986-1990)**

The example of the children and adolescents’ rights event, highlighted in Figure 7.1, is illustrative of the interconnected nature of stakeholder influences. In addition to single and straightforward influences over Mediacom, the diagram also reflects the influences between stakeholders. These types of interactions occurred when actions such as social movements
pressing the federal government for stricter legislation on children and adolescents’ rights in the 1980s were taken. Thus, this research found evidence that the type and number of stakeholders participating in the process of influence on Mediacom’s CSR strategy is symbiotically connected to critical environmental events. In other words, these define not only the immediate network of influences that impact on CSR strategy, but also the actors who participate in this network and, to a great extent, the role they play in such a process.

7.2.2 Research question two: How do stakeholders influence the CSR strategy formation process?

In relation to research question two, the earlier discussion about the influence of environmental events and stakeholders on Mediacom’s CSR strategy is moved forward by this study.

The research has drawn attention to the fact that stakeholders’ influence on Mediacom was largely driven by environmental events, be they macroenvironmental, organisational or individual. Events and stakeholders reflected a wide variety of background influences, such as globalisation and financial market integration (Nayyar 2006; Gaburro & O’Boyle 2003; Levitt 1983; Gandz 2001), NGO sector strengthening (IBGE 2002; Kamat 2003; Salamon & Sokolowski 2004), Brazilian CSR movement growth (Scharf 2008), social-political organisational disputes (Clarkson 1995; Barnes 2002), and the moral reasoning of individual actors (Hemingway & MacIagan 2004; Bansal & Roth 2000; Anderson & Bateman 2000).

These background influences, discussed in Chapter 3, generated specific events cited by interview participants. For example, globalisation and financial market integration led to the Russian Crisis, and the Brazilian CSR movement growth prompted the influence of CSR centres, the influence of large corporations and the Government stimulus on CSR. As seen in Chapter 6, all these events in some way affected Mediacom’s CSR strategy, stimulating different corporate responses, which shaped its configuration over time.

The investigation revealed that it was not possible to explain stakeholders’ process of influence without first analysing the context within which these stakeholders were operating. Both environmental events and stakeholders are core elements that cannot be detached from one another. Indeed, scholars such as Pascale (1984), Mintzberg and McHugh (1985), Barnes (2002), and Booth and Segon (2008) have followed similar lines of thought, i.e., they identified key internal stakeholders in a specific context, although they had not developed systematic and comprehensive stakeholder and environmental analysis.
Framed this way, event and stakeholder influences might be considered the trigger for corporate decisions, the starting point for pattern changes that occur throughout the process of strategy formation. Event and stakeholder influences precede these changes, regardless of whether or not they occur in the formal or informal stage of the strategy. In general, these events followed four different patterns: emergence; convergence; continuing; and temporary. Naturally, while these patterns occurred, the number, type and influence of stakeholders also changed. As a result of the different sets of stakeholder influences, Mediacom reframed its CSR strategy. Based on research data provided in Chapter 6, Figure 7.2 illustrates the evolution of stakeholder and event influence over Mediacom’s CSR strategy, from 1960 to 2009. A general overview of the dynamics of event-stakeholder influence offers a broad and integrated perspective that goes beyond simple individual event or stakeholder analysis, contributing thereby to final reflections on this topic.

In relation to the first pattern, emergence, two events emerged in the period between 1960 and 1979, three in the 1980s, four in the 1990s, and one in the 2000s. These events significantly changed the map of influences on Mediacom’s CSR context in each phase. For example, in the period until 1979, Mark and Ingrid (Event 10) and NGOs (Event 1), remarkably influenced Mediacom’s relationship with social institutions and grounded one of the most important CSR policies of the company: media and financial donation to NGOs. Even more interesting were the environmental occurrences of the 1980s. The founder’s death (Event 9), the children’s rights debate (Event 4), and the influence of the Lancaster Network (Event 3), contributed to shape the grounds of Nova Foundation, which would be the most important component of Mediacom’s future CSR strategy.

The second pattern, convergence, appeared to be similar to the first one in relation to the emergent nature of most episodes. However, unlike emergent events, the main characteristic of this pattern is that several episodes and stakeholders ‘converged’ and provoked a corporate response. The same example previously used regarding Nova Foundation’s birth is illuminating. In that example, in addition to the three emergent events mentioned before, a remaining event from the past period, the influence of philanthropists (Event 10), was also essential for the creation of Nova. Thus, this corporate response was not a consequence of disconnected episodes and actors, but a combination of different and complementary emergent and evolving events and their respective stakeholders at a focal point in Mediacom’s history. If any of these episodes had been absent, it is possible that Mediacom’s
decisions regarding Nova would not have happened, or would have occurred in a different way or during a different period.

Figure 7.2 – Event-Stakeholder map of influence (1960-2009)
The third event-stakeholder pattern was characterised by events and stakeholders that continually exerted influence on Mediacom’s CSR strategy over many years. Evidence of such patterns was abundant in the study, for example, Events 10 and 1, the influence of the philanthropists and NGOs for nearly 50 years, Event 4, the influence of the children’s rights debate for 30 years, and Event 2, the influence of CSR centres for 15 years. Eventually, these episodes remained the same over time, but with variations in the facts and stakeholder arrangements. Event 3, the influence of large corporations, portrayed different stakeholders over time. In the 1980s, Lancaster Network was benchmarked by Mediacom to create Nova Foundation. In the 1990s, corporate peers were the main influencers with respect to CSR issues and, subsequently, in the 2000s, both the Lancaster Network and corporate peers impacted Mediacom’s CSR strategy. During the time that these events and stakeholders evolved in different configurations, so did the corporate response. As seen in Chapters 5 and 6, Nova’s creation in the 1980s, and the consolidation of Mediacom’s CSR strategy in the 1990s and 2000s were both consequences of such episodes and related stakeholders’ action.

The fourth event-stakeholder pattern is characterised by events that emerged in one period but disappeared in the other, so they had specific, yet still important, influences on the corporate response. For example, Event 8, Nova’s new model of operation, occurred only in the second half of the 1990s. The stakeholders of such an event, who were the shareholder family, managers, Nova Foundation, NGOs, and the consultancy, markedly influenced Mediacom’s CSR strategy by promoting the first strategic alignment between Nova and Mediacom.

Mediacom’s event-stakeholder patterns reveal an increasing complexity in the company’s environment, especially in the 1980s and 1990s, which accelerated its process of strategy consolidation. While not possible to generalise, it may be claimed that in the case of Mediacom, emergent and historical event-stakeholder arrangements, mostly interrelated, led to progressive pressure for strategy adaptation and formalisation. It can also be suggested that specific temporary event-stakeholder arrangements could have influenced Mediacom’s CSR strategy structurally. The research outcomes point to a more complex and comprehensive understanding of strategy emergence phenomenon than originally predicted by Mintzberg (1987), with greater emphasis on event-stakeholder determinants. These antecedents of strategy change generate a continuing and evolving effect on CSR strategy, contributing to their creation, emergence, development and formalisation over time. Without these determinants, strategies would tend to remain stable over time, given that there would be no reason to change strategies in a stable environment. For example, Figure 7.2 shows
evidence that the current configuration of Mediacom’s CSR strategy had its origins shaped by not one, but many, events and stakeholders simultaneously, and provides important explanations for why and how media donation, Nova Foundation, and social mobilisation campaigns are currently the main components of Mediacom’s CSR strategy.

The study presented here offers a new theoretical and methodological approach for the understanding of strategy formation. The focus on the determinants of this phenomenon, i.e. event and stakeholder influences, rather than on the strategy behaviour itself, allowed the current investigation to open up a new direction for the study of strategy formation. On this basis, environmental analysis and stakeholder theory emerge as a core methodological procedure to identify the determinants of this phenomenon, application that has long been underestimated in the literature. The findings of the research push the existing body of knowledge on strategy formation beyond the current boundaries of the field. As shown in Chapter 6, while important scholars (Pascale 1984; Mintzberg & McHugh 1985; McCarthy & Leavy 2000; Barnes 2002) pay greater attention to the analysis of the historical patterns of strategy formation, this study also focused on the processes that prompted the creation of such patterns. Furthermore, it can be claimed that this approach also provides a clear framework for analytical systematisation of data evidence, which facilitates the process of data analysis.

From a micro-level perspective, this research also found that not only stakeholders and environmental events, but also resources and capabilities were amalgamated in a complex system of influences which framed Mediacom’s CSR strategy and strengthened its position in the non-market environment. Resources and capabilities represented potential constraints or opportunities for the development of such a strategy. For example, although media donation and social mobilisation campaigns were triggered by many macro and micro-environmental events, these actions also had their contours importantly shaped by resources available at Mediacom. On this basis, while Nova Foundation was the type of CSR action that could be replicated by any corporation with enough human and financial resources, it is unlikely that media donation and social mobilisation campaigns could be easily imitated, because these involved resources and capabilities particular to the media industry. Thus, these two core components of Mediacom’s CSR strategy had their boundaries set in a singular way, which would have been different if another bundle of resources had been available for internal stakeholders to use (Barney 1991). While extensively employed in many fields of study, such as human resources and industry analysis (Priem & Butler 2001), the resource perspective had not yet been used to explain the process of strategy formation.
over time. Thus the study provided an opportunity to broaden the existing body of knowledge in this field of investigation.

It also can be suggested that researchers who investigate processes of strategy formation act similarly to police detectives attempting to reconstruct a forensic event. That is, they have to fit together all the pieces of evidence in order to see the ‘big picture’ and the broad narrative of the story, i.e. researchers need to reconstitute the historical processes that led a strategy to its current configuration. Although, as in forensics, a perfect reconstitution of the facts is usually not possible, the case study of Mediacom showed that the more the researcher understands the core elements which generate corporate strategic responses, the closer he or she will be to having a consistent record of such a strategy and its patterns. Thus, while not the only ones, the analysis of environmental events, stakeholders, resources and capabilities, and their respective influences on the process of strategy formation should be considered critical when attempting to understand CSR strategy behaviour.

Finally, this research contributed to add an additional layer into the prolific literature of stakeholder power and its influence over organizations (Freeman 1984, Savage et al. 1991; Mitchell et al. 1997; Frooman 1999; Frooman & Murrell 2005, Carroll & Buchholtz 2008, Freeman et al. 2010). In a similar vein, scholars from social contract theory highlight how businesses are part of society and need to conform to social norms and values (Rawls 1971; Dunfee 1991), thus receiving pressure from a myriad of different social and individual actors. The current study corroborated this view, and found that many stakeholders, such as NGOs and shareholders, exerted their power over Mediacom according to particular values or interests, although not on a regular basis. That said, while this research is not innovative regarding the approach of stakeholder power as a mechanism that exerts pressure on corporate behaviour, it allows an original view on how this process was developed over time.

7.2.3 Research question three: How does the process of formalisation occur?

Regarding research question three, the findings of the study offer support to three broad theoretical considerations. Firstly, consistent with Mintzberg (1994) and McGrath (2001), there is scope to claim that Mediacom acted as a ‘learning organisation’ throughout the period analysed. It is suggested that the company’s well established position on CSR issues, and the formalisation of such a strategy was a result of organisational learning and adaptation to a dynamic environment that progressively valued socially responsible
corporate practices. Secondly, this study highlighted the importance of stakeholder theory as a supportive framework in the analysis of historical processes of strategy formalisation. Thirdly, Mediacom and stakeholders’ intentionality was discussed as being an important element for understanding a wide range of influences, as well as being a driver for formalisation.

In relation to the first reflection, which was that Mediacom acted as a learning organisation, this study showed that Mediacom developed a constant process of adaptation and learning between 1960 and 2009. As seen in Chapter 5, although Mediacom demonstrated less awareness of the strategic importance of CSR in the beginning years, the company came to realise the main ongoing forces that could impact its non-market environment. Gradually, the media corporation adopted a strategic posture on CSR issues and established a base of resources that maximised benefits from the changing context (Quinn 1981). This behaviour indicated that Mediacom had recognised the environmental signs pointing towards the importance of corporate social involvement.

This research provided evidence of Mediacom’s learning skills in both deliberate and emergent processes. For example, the intuitive initiative regarding media donation to NGOs since the 1960s and Nova’s strategic planning workshop in the 1990s, reflected respectively experimental and formal forms of learning. With regard to the strategic planning workshop, the fact that the consultancy spent almost a year studying and learning about Nova and Mediacom’s operations before proposing a new form of strategic alignment between both institutions, in which non-market issues gained importance on Mediacom’s agenda, must not be ignored. These findings are consistent with those of Mintzberg (1987) and Quinn (1981), who claim that successful strategies combine deliberate decisions as well as organisational learning. While they suggest that the learning process would be more likely to occur in an informal, rather than a formal course of action, they do not reject this possibility.

In the case of Mediacom, it can be said that environmental events triggered a process of experimentation. To a great extent, these events have affected not only Mediacom’s understanding of CSR, but also the significance of such content to the company. For example, the growth of the Brazilian CSR movement and the influence of CSR centres such as Gife and Ethos, made the company more aware of the CSR theme, and contributed to the internal status upgrade of social responsibility, thereby facilitating the process of strategy formalisation in the corporation. In conclusion, the attempts of the company to use CSR for building reputational capital (Rose & Thomsen 2004) and community ties (Fombrun et al.,
2000), reflected a gradual and experimental process, full of stops and starts, which took many decades to develop, before it was consolidated in 2004.

With respect to the second reflection, this research brought to light the relevance of stakeholder theory as a tool for analysis of strategy formalisation processes. As seen previously, the focus on stakeholders allows for the analysis of a phase prior to the strategy action, in which stakeholders’ attitudes, motivations and behaviour are more clearly depicted. As a result, this approach contributes to broaden the understanding of the reasons why strategy patterns evolve towards some configurations and not others. For example, the Nova Foundation is the most important formal component of Mediacom’s CSR strategy, not because such action evolved erratically towards formalisation, but because several stakeholders influenced this pattern through complex and sometimes conflicting actions and attitudes. As seen in Chapter 5, while some stakeholders such as Newman, Alex, most business unit managers, and CSR centres progressively favoured greater formalisation, others, such as financial managers and some journalists were against the ongoing integration between both organisations, and wanted Nova to stay as a mere philanthropic appendix of the company. Thus, this study showed the existence of forces (or influences) acting towards formalisation and others stimulating the opposite, working to keep the pattern emergent, or even blocking it. The result of these several forces determines strategy evolution and configuration over time.

Stakeholder theory also offered essential support in the analysis of CSR stakeholder clusters, the diagrammatic representation based on stakeholder centrality, intentionality and impact, which was used in this study to examine Mediacom’s CSR strategy formalisation over time. For example, aspects of Rowley’s (1997) stakeholder network, such as the notion of density, were applied in order to understand the concentration of stakeholders in each phase of Mediacom’s CSR strategy, and the concept of stakeholder influence (Savage et al. 1991; Frooman 1999; Frooman & Murrell 2005) was used to examine the complexities of Mediacom’s CSR environment and the consequences of such influences on strategy formalisation.

Consistent with the conclusions highlighted in the previous section, the analysis of CSR stakeholder clusters evidenced growing levels of formalisation as the environment in Brazil became more demanding of CSR initiatives. Mediacom’s CSR strategy moved from an informal philanthropic initiative between the 1960s and 1970s to a formal strategic prevailing perspective since the mid-1990s. Throughout this period, whether intentionally or
not, stakeholders’ attitudes and behaviour increasingly exerted pressure on Mediacom, triggering increasingly formal practices for CSR. The proposed constructs, which I have named centrality, intentionality and impact, captured this evolutionary process. They can be seen as platforms that supplied the clusters with data, allowing an overall view of these variations towards formal practices throughout a nearly 50 year period. For example, research outcomes showed that active stakeholders, i.e., those who specifically intend to influence the strategy, became more numerous over time, and this was reflected in the escalating levels of formalisation. In the case of Mediacom, there appears to be a connection between intentionality and formalisation.

The third reflection, regarding intentionality, prompted the emergence of two concepts into this study: the notions of unintended influences; and strategy multi-intentionality. In the first case, the research identified the possibility of unintentional stakeholder influences in important episodes, such as when large corporations were mimicked by Mediacom (Di Maggio & Powell 1983), or when children and adolescents at social risk involuntarily focused the company’s attention on CSR actions. To some extent, it is surprising that the literature makes no explicit reference to this particular type of behaviour, given the high probability of stakeholders’ unintended influence over companies. If it is possible in our own lives to have our judgements and attitudes influenced by relatives, friends or even strangers, why should we be surprised that the same influence is exerted upon organisations? In the end, strategies are framed by decision makers who are as subject to others’ influence as any individual. A significant aspect of this research outcome is that the identification of active and passive stakeholders, i.e. those who influence a strategy deliberately or involuntarily respectively, could broaden the spectrum of influences to be analysed and offer a more consistent and comprehensive view of the strategy evolutionary process, including the dynamics of formalisation.

The second insight, concerning strategy multi-intentionality, emerged from an apparent contradiction regarding the intentions of those who have carried out Mediacom’s CSR strategy over time. While some data pointed to the normative core (Donaldson & Preston 1995) of such strategy, i.e. the moral and philosophical approaches that guide the company’s behaviour, others highlighted an instrumental perspective (Donaldson & Preston 1995) regarding the alleged use of CSR to achieve institutional outcomes.

The normative view of Mediacom’s CSR strategy can be observed in many situations, but the early years up to Nova’s revamped operations in 1995, is revealing. This refers to the
intentionality of Mark, Ingrid and James, organisational actors who carried out social actions in this period, and which was found to be very philanthropic and value-oriented. In this phase, which comprised 65% of the historic period analysed, Nova’s practices seemed to be very detached from any institutional return to Mediacom. For example, Alex cited many instances (Transcripts p.2), in which Mark and James contributed to build schools or fundraise for social institutions, at a time where corporate social involvement was not valued by Brazilian society.

In contrast, Mediacom’s instrumental view of CSR seems to have substantially increased from 1996 onwards, in a process epitomised by a gradual reframing of its social actions in an attempt to improve its reputational capital (Fombrun 2005; Suh & Amine 2007). The expectation of Brazilian society that corporations should be socially responsible (Instituto Ethos 2005; Instituto Akatu 2005), seems to have triggered efforts to develop a source of competitive advantage (Roberts & Dowling 2002), thus clearly demonstrating the growing instrumental perspective (Donaldson & Preston, 1995) of the company in relation to CSR. This change has not passed unnoticed. For example, many CSR actions at Mediacom, such as a social mobilisation safe driving campaign, were given great visibility, resulting in criticism from more orthodox left-wing segments, who argued that Mediacom has shown more concern with shape than content.

The findings of the study seemed to illustrate elements of both types of intention, one based on altruism and the other on marketing. While it should be acknowledged that Mediacom consciously attempted to link its image with social responsibility causes, it would not be correct to claim that the intent of Mediacom’s leaders was exclusively focused on increasing corporate reputational capital through CSR activities. This research found evidence that many individuals, such as Louis, Lee, Ingrid and Newman, demonstrated motivation beyond institutional goals, even after 1996.

This aspect raises the issue of intentionality behind the strategy process. In line with Mintzberg, Ahlstrand and Lampel (1998), who suggest that strategy should be grasped in its entire complexity as a multifaceted process, this study suggests that in some cases strategies must also be understood as a multi-intentional phenomenon, at least in the case of CSR strategies. The fact that Mediacom’s CSR strategy was partly guided by deontic as well as corporate performance motives corroborates this view. To some extent, it reflects Mintzberg and Waters’ (1985) idea that strategies are not likely to be purely deliberate or emergent, but situated somewhere between these two extremes.
Thus, it can be inferred from the study that Mediacom’s CSR strategy was closer to a purely moral-oriented action in the 1960s and 1970s, and gradually moved towards a marketing view over the following years. However, while multi-intentionality might be seen as a new perspective in terms of strategy, it has long been debated in the field of CSR. For example, concepts such as the ‘enlightened self-interest’ (Moir 2001) and ‘doing well by doing good’ (Waddock & Smith 2000), highlight the connection between the social benefits of CSR activities and better business performance in an authentic win-win situation.

In the case of Mediacom, while the company’s intentionality has moved along a type of intentionality ruler, CSR strategy has been affected differently over time. Perhaps the most illustrative example was the conflict involving shareholder members over Nova Foundation’s role in 1994-95, as seen in Section 5.4. Focused almost exclusively on a philanthropic perspective until 1995, Nova’s operations substantially changed in terms of program coverage and granting scheme, to reflect the concerns of upper management levels in relation to the lack of institutional returns to the company. This intervention changed the landscape of Mediacom’s CSR strategy, because Nova developed a new form of operation in which grants were given to NGOs in regions where Mediacom had business units. A clear sub-product of the new approach was the stronger presence of Nova in those regions, which is believed to have contributed to Mediacom’s image enhancement on social responsibility issues.

By claiming this, I am not saying that Nova became exclusively an advertising tool of Mediacom, but rather that its operation was significantly affected when Mediacom and the consultancy company incorporated the image enhancement element into the philanthropic equation. On this basis, multi-intentionality seems to add a new layer of complexity to the strategy phenomenon, particularly in the case of CSR strategies.

7.3 Contributions

The study can be claimed to have made five significant contributions to the field of strategy formation and stakeholders.

Firstly, it provided a new theoretical approach for the study of strategy formation historical processes. The combination of stakeholder theory, resource perspective, and environmental analysis enabled a new angle of investigation by drawing particular attention to the
determinants of such phenomena, without losing the focus on strategy patterns. While Mintzberg and McHugh (1985, p.164) searched ‘for traces of external trends and events in the environment’ to understand the process of strategy formation, the current research deepened the investigation on the determinants of strategy change, to explore how the process of formalisation was driven throughout the strategy progression. The study demonstrated that the influence of stakeholders and environmental events, as well as the existence of certain blends of organisational resources and capabilities, shaped the continuum of strategy changes in both informal and formal stages. As a result, a more comprehensive grasp of the process of strategy formation was achieved.

Secondly, this research provided a significant contribution to the management literature, not only by proposing models and constructs that expanded the body of knowledge in strategy, stakeholder and CSR fields, but also by facilitating the process of data analysis. For example, CSR stakeholder clusters and the constructs of stakeholder intentionality, centrality and impact were created as a supportive theoretical model for the analysis of the strategy formation process over a given period. An advantage of this approach is that it enables the visualisation of stakeholder influences and the inference of patterns of stakeholder intentionality and strategy formalisation throughout the clusters. In the same vein, event-stakeholder maps – the multi-cluster diagrammatic framework presented in this chapter – allow the analysis of environmental events and their respective stakeholders over time, enabling a better grasp of the dynamics of event-stakeholder influence and the occurrence of event patterns. Another theoretical contribution was provided by the identification of a ‘maturation process’, i.e. a gradual process of strategic alignment between different emergent patterns, which results in a formal broad strategy at the end of the process. These theoretical models and constructs contributed to specify and systematise the process of stakeholder influence analysis, providing a framework that can be easily replicated in future works.

Thirdly, this research has highlighted the role played by environmental events and stakeholders throughout the strategy phenomenon. The most revealing aspect was the connection between growing levels of environmental complexity and CSR strategy consolidation. As seen in Chapter 6, Mediacom’s increasingly complex environment appears to have driven stakeholders’ numbers, types, attitudes and behaviours towards higher levels of formalisation. In this regard, the process of strategy formation can be seen as the result of two interactive forces, environmental events, and stakeholder behaviours, which make the strategy either more or less formalised over time. The study thus reveals that there are forces
favouring and countering formalisation processes that systematically shape CSR strategy patterns in a permanent flow of influences, leading to different strategy configurations over time.

Another contribution that has been made by this case study was the use of the notion of stakeholder intentionality within the context of strategy formation. While the existing literature in this field does not explicitly mention this concept, the current research explained the role of stakeholders as active (intentional) or passive (non-intentional), providing a helpful construct for strategy formation analysis. In the case of Mediacom, as the external environment became more complex, the number of active stakeholders increased, and the number of passive stakeholders decreased. As seen in Chapters 5 and 6, from 1990 onwards, several important events, such as the children’s rights debate, the Russian Crisis, and the Brazilian CSR movement, encouraged a significant number of internal and external stakeholders to deliberately influence Mediacom’s CSR strategy, which triggered higher levels of formalisation. Thus, the findings suggested a direct connection between the number of intentional stakeholders, the complexity of the environment, and the degree of strategy formalisation. Similarly, it can be said that the concept of multi-intentionality can also offer a theoretical basis for future works. As seen in Chapters 6 and 7, different types of intentionality guided different strategic configurations over time, a phenomenon not covered in the existing literature on strategy.

Finally, from a methodological perspective this research has demonstrated that environmental and stakeholder analysis is a useful approach for the identification of events and stakeholders, which are elements of major importance for the understanding of strategy formation processes. This approach was applied to identify the events and stakeholders that most influenced Mediacom’s CSR strategy, thereby contributing to the determination of the type of influence exerted over the company.

7.4 Directions for future research

This investigation raised a number of possibilities for further research on strategy formation and stakeholder fields. An analogy can be made of the existing research field, which is that of a city in which just the main avenues (theories) have been paved by early scholars. This research can claim to have paved, at least partially, some of the side streets, based on previous works. Several other roads are just awaiting exploration by researchers who are willing to go beyond the street level and gain a holistic city landscape perspective. Below, I
provide six suggestions that could contribute to paving more of the streets and thus make the
city more easily accessible for researchers.

Firstly, in line with Barnes (2002), this investigation confirmed that internal political
disputes might affect strategy patterns, as seen in the case of Nova’s project called ‘Home’.
A more thorough analysis of the effects of organizational power and politics on strategy
formation seems a key element in helping to understand this dynamic over time.

Secondly, the ‘maturation process’ concept, a construct mentioned in the previous section,
could also be an important starting point for future studies. Why are some patterns
immediately formalised when recognised by managers, and why do others take longer? The
alignment between external context and internal political conditions (Quinn 1981) might be
a clue to answering how this process works. However, this is far from providing a
comprehensive view on this topic, and additional research is required.

Thirdly, this investigation developed specific constructs to analyse how Mediacom’s CSR
strategy evolved over time, for example stakeholder intentionality, centrality, and impact.
These were plotted in a model called ‘CSR stakeholder cluster’, which demonstrates how
stakeholders affected Mediacom’s CSR environment over a 50-year period. The study of
stakeholder influence on strategy formation is a promising area of investigation, but still
needs different concepts, models and constructs to explain it more fully. Thus, it is desirable
that further research be done on this topic in order to make the big picture clearer.

Fourthly, while qualitative research is important for the study of strategy formation
processes, quantitative investigations may also play an important role in the understanding
of this topic. They can bring more consistency and enable findings on strategy emergence
and stakeholder influence to be generalised. For example, quantitative investigations have
much to offer in terms of identifying the most common factors that influence strategies and
determining if there are similarities among organisations as regards strategy formation.

Fifthly, the study of multi-intentionality also seems promising. How can multi-intentionality
affect different types of strategy? Are there any patterns? What types of multi-intentionality
exist? These and other questions could offer insights for future works seeking to analyse the
historic track of strategy formation or examine the existence of multiple forms of
intentionality.

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Sixthly, the discussion whether or not CSR brings competitive advantage to organizations has been a widely discussed theme (Hall 1993, Hart 1995, Russo and Fouts 1997, Smith 2007) in the literature. However, a new approach to this issue could be the extent that emergent strategies contribute to competitive advantage building or whether or not only deliberate strategies are able to provide such organizational asset. Ethics in journalism also deserves special attention in future publications. As highlighted in section 5.4.1, Mediacom’s socially responsible journalistic content is a controversial theme that reminds Milton Friedman’s (1970) debate on the social responsibility of businesses. A specific discussion on the role that journalistic coverage has for boosting CSR practices or reshaping the nature of its own product in order to increase society’s general welfare require further examination.

Whilst these recommendations are surely not the only possibilities for studies on this theme, they provide fertile ground by which to explore these or related interactions between stakeholders, strategy formation, and CSR.

7.5 Limitations of the research

While the current research provided significant contributions to the body of knowledge on strategy formation, it does have limitations that need to be acknowledged. The first one concerns the use of case study design. It is well known that case studies allow a more in-depth perspective, which is particularly useful when there is little information about the issue under investigation. According to Patton (2002), the purpose of case studies is to gather comprehensive, systematic and in-depth information about each case of interest. While this research strategy is said not to be able to be generalised, similar findings and conclusions might be found in comparable studies. On this basis, the notion of transferability (Miles & Hubermann 1994) applies to this research, i.e. findings can be transferred to other similar cases for the purpose of comparison. Nevertheless, although theoretically possible, it must be conceded that the number of cases where transferability would be applicable is low. Another regular criticism of case studies is the lack of reliability. To minimise this problem, the investigation provided detailed methodological procedures, which could be tracked and tested in similar conditions as detailed in Chapter 4.

The second limitation refers to stakeholder identification. A considerable amount of time in this research was employed for the development of a consistent method by which to identify those stakeholders who had most influenced Mediacom’s CSR strategy. Stakeholders were:
i) previously identified by the company’s representatives; ii) complemented by this researcher using document analysis; and iii) extracted from data provided by interview participants. It should be acknowledged that stakeholder theory, which was mostly used in this process, does not provide a flawless method for the identification of all groups who might have potentially affected a given organisation. Thus, it is possible that some stakeholders have not been identified in the study presented here, even with all the methodological precautions taken in this research.

Third, while this research was prospective in terms of developing a consistent methodology by which to reconstruct the historical trajectory of stakeholder influence on strategy formation, a full reconstitution of all facts seems unfeasible. Parts of this rich history are likely to have been missed, especially in the early phase of the company, from 1960 to 1980. During this period documentation was usually non-existent and only a few people interviewed for the study had been present in that period. Furthermore, even for those early participants of Mediacom, memories fade over time, a fact which can pose a significant limitation on the research. On the other hand, it can be argued that in Brazil at that time, CSR was in an early stage, and was almost entirely absent at Mediacom. Therefore, the limited number of documents and interview participants available to cover this phase would not substantially change the overall picture. These gaps were partially filled out by existing books and theses about Mediacom.

The fourth limitation concerns the number of interviewees and their perceptions of the topic under investigation, namely, Mediacom’s CSR strategy formation process. Due to the nature of this research, narratives from the interviewees were essential for reconstitution of the historical path of Mediacom’s CSR strategy. The number of interviewees, 16 in total, posed a restriction in terms of this reconstitution, which could have been more comprehensively recreated if the views of a greater number of participants had been incorporated. Some difficulties also should be acknowledged throughout the interview process, as some stakeholders were not able to participate in the research. One of them was Ingrid, Mark’s widow, a person who played a crucial role in the company between 1987 and 1995, but who was very old and sick at the time of data collection.

In addition, it should be noted that it is likely that interview participants would have told the researcher their particular versions of Mediacom’s reality. This ‘filtered’ version of reality was in turn reinterpreted again by the researcher, who had his own perceptions of Mediacom’s CSR strategy process. Therefore, the picture portrayed in this research
concerning stakeholder influence on CSR strategy may, to some extent, differ from existing facts that occurred over the period analysed. The boundaries of this research were therefore delineated by the number and type of stakeholders interviewed for the study, as well as their perceptions about the various influences on Mediacom’s CSR strategy.

A final limitation is the possibility that different interpretations of data evidence regarding the categorisation of stakeholder intentionality, centrality and impact, lead to distinct results during the exercise of cluster building. While these constructs were explained in order to offer guidance for application, researchers are not immune to different interpretations of data that has been collected. Consequently, it is possible that singular understandings of how data should be categorised might have led to variations within the CSR stakeholder cluster in terms of stakeholder type (active or passive), positioning (central, intermediate or peripheral) and type of connections between stakeholders and Mediacom (strong, moderate or limited). This is not to say that results are presumed to vary on the central issues, but simply that as long as this study is not quantitative, some difference of interpretation is to be expected in this type of application.

7.6 Reflections and conclusion

My interest in studying processes of strategy formation has been associated with the essence of this theory, which reflects the unpredictable, flexible and learning nature of the organisational actors who decide the future of businesses. Unlike other schools of thought, such as Positioning and Design, emergent strategy theory seems to reveal more precisely the natural flow of organisational processes, that is, the idea that managers ‘sense’ the internal and external environment and let things evolve until required to make a strategic response (Quinn 1981).

This inclination to study the human dimension of strategy formation phenomenon led me to broaden the usual scope of analysis, which is commonly focused on internal actors, to also include the perspective of stakeholders, be they internal or external. The understanding of the real universe of stakeholders’ intentions, motivations and behaviours, and the influence exerted by them over a given strategy, seemed attractive from an academic viewpoint, due to the clear links with the reality of organisational phenomena. This was in opposition to prescriptive models that, although important, tend to reduce the real world to previously established responses from other actors.
From a methodological perspective, it should be acknowledged that the insider perspective used in this study significantly contributed to a more in-depth analysis of the phenomenon under investigation. My previous work affiliation with Mediacom enabled me to have a more thorough understanding of not so obvious phenomena, such as the influence of passive stakeholders on Mediacom, the complexities of internal politics for strategy formation, and the identification of emerging CSR strategy patterns (e.g. local social mobilisation campaigns). Despite the potential criticism that the insider approach may attract from more conventional schools of thought, these important insights would not have been possible had I not been a former employee of the organisation under investigation.

This study recreated the narrative of Mediacom, a media corporation that had to learn and adapt itself to the dynamic Brazilian environment. The case of Mediacom reflects a wide diversity of influences, which many other business organisations appear to be subject to. Mediacom’s CSR strategy was shaped by striking economic and social events, intricate internal political disputes, and individuals’ moral reasoning, just to cite a few forms of influence. Throughout this process, the organisation’s understanding of CSR gradually evolved, as Mediacom realised its importance to Brazilian society, and realised the impact of CSR on corporate performance. However, as mentioned earlier, this did not occur without several stops and starts, a process that, after all, was part of Mediacom’s organisational learning.

This organisational learning can be said to be reflected in a more finely tuned understanding of the instrumental use of CSR for institutional purposes. From this point on, strategy consolidation accelerated. Interestingly, during the time that Mediacom’s intentionality moved from mainly normative in the 1970s and 1980s, to a shared instrumental-normative view in the second half of the 1990s, it appears that the company’s type of interference in the environment also changed. Consistent with Utting’s (2005) ideas, Mediacom appears to have moved from a reactionary attitude to outside pressures, such as the case of children and adolescents’ rights and the Brazilian CSR growth, to attempts to influence and lead CSR issues to its own advantage. A clear example is the social mobilisation campaigns, which as seen in Chapter 5 had great acceptance in the community at large, which boosted Mediacom’s image as a socially responsible corporation since 2000. This also explains the reasons why CSR strategy became increasingly more formal. As Mediacom realised that CSR could be a means trough which to build competitive advantage (Fombrun 2005; Suh & Amine 2007; Barney 1991), this practice emerged as a consistent strategic pattern, which
needed to fit into the organisational logic – that is, to become formalised, controlled and measured as any other business practice.

This study showed the remarkable influences of environmental events and stakeholders on the CSR strategy of a large Brazilian media corporation. These shaped the strategy contours, from an emergent philanthropic initiative, to a formal, consolidated corporate strategy, and highlighted the multitude of variables that drove the CSR strategy to its current configuration and which hardly any strategic planning exercise could have predicted. Thus, the research reinforced the importance of points emphasised by emergent strategy scholars, such as Mintzberg (1987), of the need for a return to the intuitive forms of management, which have been put aside over the past decades. In the world of SWOT analysis, generic strategies and BCG matrices, intuition must still be the main skill of managers in strategy decision making and cannot be replaced by techniques of strategic analysis; only supported by them.

It is understandable why managers represent one of the most important niches for prescriptive techniques of strategy decision making. They are frequently so overwhelmed by organisational demands, that models and matrices certainly offer important support for reducing the uncertainties of this process, restricting the universe of options down to a manageable number of alternatives. Some academic prescriptions can indeed support managers, giving credibility to their strategic choices. For example, Porter’s five forces model was extensively used by business consultancies and large corporations around the world in the 1980s (Mintzberg, Ahlstrand & Lampel 1998).

However, the strengths of such models are also their weakness. Corner et al. (2001) remind us that prescriptive models reduce the universe of possibilities to those provided by the modelling, consequently posing significant constraints on strategic analysis. It is well known that reality brings quite different elements into play, which usually do not reflect the simplified contexts presented in prescriptive models. For example, the current study showed the complexities faced by Mediacom when constructing its CSR strategy: it took a long time to be consolidated; faced significant internal opposition; and was greatly driven by unpredictable organisational and external factors, such as the founder’s death, and social and economic events.

Therefore, perhaps it is time for a reflection on the excessive dependence of practitioners on strategy analysis techniques, and whether the extensive use of the most fashionable
prescriptive model of the time has been offering managers enough elements for the creation or conduction of good strategies. This is not to say they are of no value. Indeed, the wide acceptance in business circles of schemes that abridge the complexities of organisational phenomena means that in the real world simplicity is an important element. But strategising requires more than that. It calls for a detailed look inside the organisation, involving an in-depth understanding of the historic paths of the strategy patterns.

In this regard, the current study provided two descriptive models, namely event-stakeholder map of influences and CSR stakeholder clusters, which showed how Mediacom’s CSR strategy had been influenced by environmental events and stakeholders between 1960 and 2009. The virtue of descriptive models is that they do not offer ‘recipes’ for success, neither ‘predict’ best organisational behaviours or strategic postures, but rather they attempt to understand the reasons why the strategy evolved in such a way (Mintzberg, Ahlstrand & Lampel 1998). On this basis, I believe that descriptive models, including the ones proposed in this study, more fully reflect the historical complexities of CSR strategy formation process.

This ‘organisational memory’ (Walsh & Ungson 1991; Brooking 1999) is an invaluable asset, which should not be simply disregarded or lost from the organisation, because it represents an important starting point for any original and tailored strategy. After all, for one to shape a future strategy a key condition is to visit the past and learn from the various facts, patterns, organisational politics, historical stakeholders and major forces that all drive such a strategy. By claiming this, I am not saying that past events will project the future, but they will undoubtedly allow business strategists to obtain a better grasp on the very fabric of strategy formation, as well as place managers in a better position to develop or conduct effective strategies.
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Appendix A Generic Letter for Companies.

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[Date]

Dear Ms/Mr.............,

I am a PhD student from the University of Western Sydney, carrying out a study about corporate social responsibility (CSR) strategies in a large Brazilian corporation.

It is my pleasure to invite you to participate in this study which will involve a 1 hour interview in your organisation, at a time convenient for you. The interview will be conducted by myself in the next four weeks. You will be asked about your views on how stakeholders might influence social responsibility strategies in your organization. Additionally you will also be requested to identify and prioritize the most important stakeholders of your company according to a special template I will provide, so I can contact them to organise interviews. Your permission will be sought to interview an operational member of your team (e.g., a CSR coordinator) indicated by myself, which will supplement and enrich the information collected for the study. Interviews will be recorded with your permission only. Please find attached an information sheet providing further details on the study.

I stress that your participation in the study is totally voluntary and you may withdraw at any stage of the study without any penalties. Pseudonyms will be used for the corporation involved, and also for participants. All information provided will be treated as confidential.

You may respond to this invitation by emailing me on m.mostardeiro@uws.edu.au or contacting me by telephone on 02.95270378.

I am looking forward to your reply.

Marcio Milleto Mostardeiro
University of Western Sydney
Australia

NOTE: This study has been approved by the University of Western Sydney Human Research Ethics Committee. The approval Number is H6322. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Office of Research Services. Any issue raised will be treated in confidence and you will be informed of the outcomes.
Prezado Sr/Sra...

Eu sou estudante de doutorado pela University of Western Sydney, realizando uma pesquisa sobre a evolução de estratégias de responsabilidade social em uma grande empresa brasileira.

Gostaria de convidá-lo (a) a participar deste estudo, que será realizado por meio de uma entrevista de 1 hora, na data e hora mais apropriado a você. A entrevista será conduzida por mim nas próximas 4 semanas e abordará a sua visão sobre como os stakeholders organizacionais podem influenciar a estratégia de responsabilidade social em sua empresa. Você também será solicitado a identificar e priorizar os stakeholders mais importantes de sua organização, de acordo com um modelo que eu apresentarei no momento da entrevista. Dessa forma, eu poderei realizar outras entrevistas complementares a sua. Adicionalmente, gostaria de entrevistar um membro de sua equipe de responsabilidade social (por exemplo, um coordenador de projetos) indicado por mim, que terá por objetivo suplementar as informações coletadas sobre o tópico. As entrevistas serão gravadas apenas com a sua permissão. Para maiores detalhes sobre a pesquisa, segue em anexo documento com informações específicas do estudo.

Reitero que sua participação no estudo é totalmente voluntária, sendo que você poderá desistir a qualquer momento sem nenhuma penalidade. Pseudônimos serão usados de forma a proteger a empresa e os participantes. Toda a informação coletada será tratada de maneira confidencial.

Você pode responder a este convite via email para m.mostardeiro@uws.edu.au ou me contactando pelo telefone 61.02..95270378.

Aguardo seu contato.

Marcio Milleto Mostardeiro
University of Western Sydney
Australia

Nota: Este estudo foi aprovado pelo comitê de ética da University of Western Sydney. O número de aprovação é H6322. Se você tiver alguma reclamação ou dúvidas sobre a conduta ética desta pesquisa, por favor contacte o comitê de ética pelo fone 02-4736 0083 Fax 02-4736 0013 ou email humanethics@uws.edu.au. Qualquer questão será tratada confidencialmente e você será informado dos resultados da investigação.
Appendix B Generic Letter for Stakeholders.

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[Date]

Dear Ms/Mr……………,

I am a PhD student from the University of Western Sydney, carrying out a study about corporate social responsibility strategies in a large Brazilian corporation.

It is my pleasure to invite you to participate in this study which will involve a 1 hour interview in your organisation, at a time convenient for you. You/ your institution was identified by <Company’s name> as being an important stakeholder with regards CSR issues. The identification process involved the application of a questionnaire according to Mitchell’s et al template in which the corporations’ representative identified and scored stakeholders according to their importance to the company, considering CSR aspects.

The interview will be conducted by myself in the next four weeks. You will be asked about your views on how your organization might have contributed to shaping social responsibility strategies in (Company “X”) over time. There will not be “right” or “wrong” answers; only your personal opinion. Interviews will be recorded with your permission only. Attached is an information sheet providing further details on the study.

I stress that your participation in the study is totally voluntary and you may withdraw at any stage of the study without any penalties. Pseudonyms will be used for the corporation involved, and also for participants. All information provided will be treated as confidential.

You may respond to this invitation by emailing me on m.mostardeiro@uws.edu.au or contacting me by telephone on 02.95270378.

I am looking forward to your reply.

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Prezado Sr/Sra,

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Gostaria de convidá-lo (a) a participar deste estudo, que será realizado por meio de uma entrevista de 1 hora, na data e hora mais apropriado a você. A sua organização foi identificada pela <nome da empresa> como sendo um importante stakeholder na área de responsabilidade social corporativa. O processo de identificação envolveu a aplicação de um questionário baseado no modelo de Mitchell et al, a partir do qual o representante da empresa identificou e pontuou stakeholders de acordo com a sua importância em relação a questões de responsabilidade social.

A entrevista será conduzida por mim nas próximas 4 semanas e abordará a sua visão sobre como sua organização pode ter contribuído para influenciar as estratégias de responsabilidade social da <nome da empresa> ao longo do tempo. Não haverão respostas certas ou erradas, apenas a sua opinião. As entrevistas serão gravadas apenas com a sua permissão. Para maiores detalhes sobre a pesquisa, segue em anexo documento com informações específicas do estudo.

Reitero que sua participação no estudo é totalmente voluntária, sendo que você poderá desistir a qualquer momento sem nenhuma penalidade. Pseudônimos serão usados de forma a proteger a empresa e os participantes. Toda a informação coletada será tratada de maneira confidencial.

Você pode responder a este convite via email para m.mostardeiro@uws.edu.au ou me contactando pelo telefone 61.0420745602.

Aguardo seu contato.

Marcio Milleto Mostardeiro
University of Western Sydney
Australia

Nota: Este estudo foi aprovado pelo comite de ética da University of Western Sydney. O número de aprovação é H6322. Se você tiver alguma reclamação ou dúvidas sobre a conduta ética desta pesquisa, por favor contacte o comite de ética pelo fone 02-4736 0083 Fax 02-4736 0013 ou email humanethics@uws.edu.au. Qualquer questão será tratada confidencialmente e você será informado dos resultados da investigação.
PARTICIPANT INFORMATION SHEET

Project title:
From Informal Initiatives to Formal Strategies: The Role of Stakeholders in CSR strategy Formation of a Large Media Corporation in Brazil

Who is carrying out the study?
Marcio Milleto Mostardeiro - PhD student
Dr. Fernanda Duarte - PhD supervisor
Wayne Fallon - PhD co-supervisor

What is the study about?
The study will examine the role of stakeholders (ie organisations that affect and are affected by a corporation's decisions and actions) in shaping corporate social responsibility (CSR) strategies over time. In other words, it will investigate how stakeholders contribute to transform ideas of social responsibility into corporate strategy

What does the study involve?
The study involves a 1 hour interview at your organisation, at a time convenient for you. The interview is divided in 2 parts: 1) a brief questionnaire and 2) a face-to-face interview. The questionnaire will be used to identify the stakeholders that have influenced a specific CSR strategy over time, from the moment it emerged to the time that it became formalized in documents such as strategic plans. In a second stage, 8 stakeholders will be selected and also interviewed so as to complement the information provided.

How much time will the study take?
Introductions and survey will take 15 minutes. The Interview will 45 minutes. The total participation time will be 1 hour.
Will the study benefit me?
This study will create a better understanding of the pressures impacting on corporations as CSR strategies are formed. This will provide managers with a better grasp of these complex processes.

Will the study involve any discomfort for me?
It is not expected this research will cause any discomfort to you. You do not have to answer any questions that make you feel uncomfortable, and can withdraw from the study at any time. Participation will be kept anonymous, and confidentiality is guaranteed under University of Western Sydney ethics policy.

How is this study being paid for?
The study is unfunded as it is part of my PhD degree.

Will anyone else know the results? How will the results be disseminated?
No. Only the researchers will have access to information on your company and people participating in the study.

Can I withdraw from the study?
Participation in this study is entirely voluntary. If you do participate you can withdraw at any time without giving any reason and without any consequences.

Can I tell other people about the study?
Yes, you can tell other people about the study by providing them with the chief investigator's contact details. They can contact the chief investigator to discuss their participation in the research project and obtain an information sheet.

What if I require further information?
When you have read this information, Marcio Mostardeiro will discuss it with you further and answer any questions you may have.

What if I have a complaint?
This study has been approved by the University of Western Sydney Human Research Ethics Committee. The approval Number is H6322. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Office of Research Services. Any issue raised will be treated in confidence and you will be informed of the outcomes.

If you agree to participate in this study, you will be asked to sign the Participant Consent Form.

Marcio Milleto Mostardeiro
Tel: 61-0420745602 (Mobile)
Appendix C-1 Informações específicas do estudo.

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INFORMAÇÕES ESPECÍFICAS DO ESTUDO

Titulo do projeto:
De iniciativas informais a estratégias formais: o papel dos stakeholders na formação de estratégias de responsabilidade social corporativa em uma grande empresa de mídia no Brasil

Quem está realizando este estudo?
Marcio Milleto Mostardeiro - PhD student
Dr. Fernanda Duarte - PhD supervisor
Wayne Fallon - PhD co-supervisor

Qual o tema do estudo?
O estudo examinara o papel do stakeholders (por exemplo, organizações ou indivíduos que afetam ou são afetados (as) pelas decisões ou operações da empresa) em influenciar as estratégias de responsabilidade social corporativa ao longo do tempo. Em outras palavras, será investigado como os stakeholders contribuem para transformar iniciativas informais de responsabilidade social (RSC) em estratégias corporativas.

Qual a demanda do estudo?
Este estudo envolve uma entrevista de 1 hora na sua organização, em dia e hora mais conveniente a você. A entrevista será dividida em duas partes: 1) um rápido questionário e 2) entrevistas individuais. O questionário será usado para identificar stakeholders que tenham influenciado a estratégia de RSC ao longo do tempo, desde que ela emergiu até o momento que tornou-se formalizada em documentos, tais como planos estratégicos. Em um segundo estágio, 8 stakeholders serão selecionados e também entrevistados de forma a complementar as suas informações.

Quanto tempo levará?
Os comentários iniciais e o questionário tomarão 15 minutos e a entrevista mais 45 minutos. O total de sua participação é estimado em 1 hora.
O estudo me beneficiaria?

O estudo permitirá um melhor entendimento das pressões que impactam as corporações a medida que as estratégias de responsabilidade social são formadas. Assim, os gerentes terão mais informações sobre como lidar com processos complexos de influência de stakeholders em estratégias corporativas.

Este estudo gera alguma desconforto para mim?

Não esperamos que esta pesquisa gere algum tipo de desconforto. Você não precisa responder qualquer pergunta que o faça sentir dessa forma. Além disso, você pode se retirar do estudo a qualquer momento que desejar sem penalidade. Sua participação será mantida anônima e a confidencialidade garantida pela política de ética da University of Western Sydney.

Como o estudo será financiado?

O estudo não é financiado por nenhuma fonte específica, sendo parte da minha tese de PhD.

Alguém mais sabera destas informações? Como os resultados serão comunicados?

Não. Apenas os pesquisadores terão acesso a informações sobre de suas organizações.

Posso me retirar do estudo?

Sim, a participação no estudo é voluntária. Você pode abandonar a pesquisa a qualquer momento sem precisar explicar o motivo e sem penalidade.

Posso falar para outras pessoas a respeito do estudo?

Sim, você pode falar a outras pessoas sobre o estudo, fornecendo aos interessados o contato do pesquisador-chefe. Eles poderão entrar em contato e debater uma eventual participação no projeto ou receber mais dados do estudo.

E se eu quiser mais informações?

Apos ler este documento, Marcio Mostardeiro ira entrar em maiores detalhes do estudo e responder quaisquer dúvidas que você tenha.

E se eu tiver alguma reclamação?

Este estudo foi aprovado pelo comitê de ética da University of Western Sydney. O número de aprovação é H6322. Se você tiver alguma reclamação ou dúvidas sobre a conduta ética desta pesquisa, por favor contacte o comitê de ética pelo fone 02-4736 0083 Fax 02-4736 0013 ou email humanethics@uws.edu.au. Qualquer questão será tratada confidencialmente e você será informado dos resultados da investigação.

Se você concordar com este estudo você será solicitado a assinar a carta de autorização.

Marcio Milleto Mostardeiro
Tel: 61-0420745602 (Cel)
Appendix D Participant Consent Form

PARTICIPANT CONSENT FORM

I,…………………………., consent to participate in the research project titled From Informal initiatives to Formal Strategies: The Role of Stakeholders in CSR strategy Formation of a Large Media Corporation in Brazil.

I acknowledge that:

I have read the participant information sheet and have been given the opportunity to discuss the information and my involvement in the project with the researcher/s.

The procedures required for the project and the time involved have been explained to me, and any questions I have about the project have been answered to my satisfaction.

I consent to the questionnaire survey, face-to-face interview and audio taping in order to allow appropriate research methods for this study.

I understand that my involvement is confidential and that the information gained during the study may be published but no information about me will be used in any way that reveals my identity.

I understand that I can withdraw from the study at any time, without affecting my relationship with the researcher/s now or in the future.

Signature: ______________________________________________
Organization:________________________________________________
Date: ___________________________________________________
Email/Tel: _______________________________________________

NOTE: This study has been approved by the University of Western Sydney Human Research Ethics Committee. The approval Number is H6322. If you have any complaints or reservations about the ethical conduct of this research, you may contact the Ethics Committee through the Office of Research Services. Any issue raised will be treated in confidence and you will be informed of the outcomes.
CARTA DE AUTORIZAÇÃO DO PARTICIPANTE

Eu, ...................................................................................................... concordo em participar na pesquisa de tese de doutorado entitulada De iniciativas informais a estrategias formais: o papel dos stakeholders na formacao de estrategias de responsabilidade social corporativa em uma grande empresa de midia no Brasil.

Eu li a página de informações deste estudo e fui informado/a sobre os detalhes da entrevista, incluindo o fato de que esta será gravada. Também tive a oportunidade de fazer perguntas, que foram respondidas de acordo com a minha satisfação. Eu entendo que se eu precisar saber mais sobre o estudo, eu posso fazer perguntas a qualquer momento.

Eu entendo que estou livre para desistir da entrevista a qualquer momento e obter de volta a minha autorização por escrito e todas as informações fornecidas, sem qualquer problema.

Eu concordei em fornecer informações para os pesquisadores desde que eles protejam meu anonimato e não usem qualquer informação fornecida para fins diferentes daqueles que constam neste projeto, a não ser que eu dê minha permissão por escrito.

Assinatura: ______________________________________________
Empresa:________________________________________________
Data: ___________________________________________________
Email/Tel: _______________________________________________
Appendix E Stakeholder Identification Questionnaire for Mediacom

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Sector:  
City:  
State:  
Name of the interviewee:  
Phone:  
Email:  
Position:  

The purpose of this questionnaire is to identify the stakeholders (i.e., outside organisations that affect and are affected by your company’s decisions and actions) which might have had some influence on the formation of corporate social responsibility (CSR) strategies in your company over time. Thus, could you please: 1) identify stakeholders that have had influence in the formation of a given CSR strategy and 2) rank these stakeholders from 1 (less important) to 10 (most important) in relation to the attributes listed below (based on Mitchell’s et al 1997).

In your opinion what are the main stakeholders that have contributed to shape a specific CSR strategy or strategies in your company?

**Power:** To what extent can the stakeholder impose its will in the relationship with the company?

**Legitimacy:** How legitimate is the claim of the stakeholder to influence the corporate strategy? (legitimacy may be based on legal or contractual duties, moral claim or whether a stakeholder is at risk due to company’s activities, for example)

**Urgency:** To what extent does the stakeholder claim call for immediate attention?

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<thead>
<tr>
<th>Stakeholder</th>
<th>Power</th>
<th>Legitimacy</th>
<th>Urgency</th>
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**Additional comments:**

NB: This questionnaire is based on a template conceptualised by Mitchel, Agle & Wood (1997)
Appendix E-1  Questionario de identificacao de Stakeholders Corporativos

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<td>Nome do entrevistado:</td>
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O proposito deste questionario e identificar os stakeholders (por exemplo, organizacoes ou individuos que afetam ou sao afetados (as) pela decisoes e operacoes da empresa) os quais podem ter tido alguma influencia no processo de formacao de estrategias de responsabilidade social (RSC) em sua empresa ao longo do tempo. Por favor, 1) identifique os stakeholders que tiveram influencia no processo de formacao da estrategia de RSC e 2) pontue estes stakeholders de 1 (menor importancia) a 10 (maior importancia) em relacao aos atributos listados abaixo (basedo no modelo de Mitchell et al, 1997).

Na sua opiniao quais sao os principais stakeholders que contribuiram para influenciar a estrategia de RS de sua empresa?

**Poder:** Em que medida o stakeholder impos a sua vontade no relacionamento com a empresa?

**Legitimidade:** Como a legitimidade do stakeholder pode influenciar a estrategia corporative? (a legitimidade pode ter origem em obrigacoes legais, morais ou se o stakeholder esta sob risco devido as operacoes da empresa, por exemplo)

**Urgencia:** Em que medida o stakeholder exige imediata atencao?

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<thead>
<tr>
<th>Stakeholder</th>
<th>Poder</th>
<th>Legitimidade</th>
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Comentários adicionais:

Nota: Este questionario e baseado no modelo de saliencia de Mitchel, Agle & Wood (1997)
Appendix F Company’s interview guide.

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Sequence of tasks
- Introductions
- Provide information sheet to participants;
- Consent sheet; written permission for recording the interview
- Confidentiality for the information provided
- Research objectives and rationale the relevance of the investigation
- Overview of the tasks involved and clarification of queries
- Administration of questionnaire
- Interview conduction
- Acknowledgements

Suggested questions
1. Please tell me about the current CSR strategies of your company.
2. What are the reasons and context for the company to undertake CSR strategies?
3. How is the CSR strategy under discussion connected to the corporate strategy? Is it in the periphery or in the core of the corporate strategies?
4. Now this CSR strategy is formalized and documented. But at some point in the past it wasn’t. Could you tell me how the strategy started and evolved over time? I mean what were the main internal or external events that defined the strategy over time?
5. Could you indicate in a timeline the main milestones that decisively contributed to shape the strategy over time?
6. Could you briefly describe the role played by the stakeholders listed on the questionnaire to shape the CSR strategy?
7. Do stakeholders remain the same or do they vary during the strategy formation process?
8. In your opinion, what are the stakeholders’ motivations to influence CSR strategies?
9. What strategies or methods do stakeholders use to influence the strategy?
10. Did the stakeholders have a stable importance in shaping the strategy over time or they had played different roles at different stages?

Additional comments
Appendix G Stakeholders’ interview guide.

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**Sequence of tasks**
- Introductions
- Provide information sheet to participants;
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- Confidentiality for the information provided
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- Overview of the tasks involved and clarification of queries
- Interview conduction
- Acknowledgements

**Suggested questions**

1. What do you know about the company and its socially responsible practice?
2. In your opinion, what are the reasons and context for the company to undertake CSR strategies?
3. How did you know about the CSR strategy “X” / Program “X” (to be defined)?
4. At this stage, do you know whether the strategy was already formalized by the company or it was still under development?
5. Do you consider you had some role to shape the company’s strategy?
6. What were your motivations to shape the strategy?
7. What were your methods to shape the strategy?
8. How the relationship with the company varied over time (e.g. from a more conflictive to a more collaborative perspective)?

**Additional comments:**
### Appendix H Coding Process – categories, dimensions and sub-dimensions

<table>
<thead>
<tr>
<th>Thematic categories</th>
<th>Dimensions</th>
<th>Sub dimensions</th>
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<tbody>
<tr>
<td>Environmental, organisational and individual factors</td>
<td>Environmental factors</td>
<td>The society polarisation in Rio Grande do Sul State</td>
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<tr>
<td>Cultural context</td>
<td>The society polarisation in Rio Grande do Sul State</td>
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<tr>
<td>Political context</td>
<td>Dictatorship and redemocratisation period</td>
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<tr>
<td>Conflict Mediacom vs PT</td>
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<tr>
<td>Social context</td>
<td>CSR and Third Sector movement strengthening</td>
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<tr>
<td>The Child labour debate</td>
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<tr>
<td>Economic context</td>
<td>Economic downturns in Brazil since 95</td>
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<tr>
<td>Industry influence on Mediacom’s CSR strategy</td>
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<tr>
<td>Organisational factors</td>
<td>Significant generational changes arising from the Founder’s death</td>
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<tr>
<td>Creation of Mediacom and Nova Foundation</td>
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<td>Mediacom’s economic and institutional crises</td>
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<tr>
<td>Nova Foundation crises</td>
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<tr>
<td>Conflicts between Nova Foundation and Mediacom</td>
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<tr>
<td>Individual factors</td>
<td>The role of leadership in promoting CSR, religious and individual values</td>
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<tr>
<td>Stakeholders</td>
<td>Internal stakeholders</td>
<td>Historic stakeholders:</td>
</tr>
<tr>
<td>Mark (founder – he passed away in 1986), Ingrid (Mark’s widow), James (shareholder – Mark’s brother), Newman (shareholder and CEO – Mark’s son), Alfred (Television VP), Lee (Director of FMS during 7 years), Alex (current Nova’s Director, Nova, Business unit managers</td>
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<tr>
<td>Recent stakeholders:</td>
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<td>Arnold (Financial and Management VP), Peter (Executive Vice President), top management</td>
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<tr>
<td>External stakeholders</td>
<td>Society, Mediacom Costumers, Government, Lancaster, Social Movements, Worker’s Party, Gife, Ethos, large corporations, children and adolescents</td>
<td></td>
</tr>
<tr>
<td>Strategies</td>
<td>Resources and capabilities</td>
<td>For third parties: Editorial space, advertising space donated, grantmaking, network, credibility of Mediacom brand</td>
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<tr>
<td>For Mediacom: Perceived credibility, legitimacy, impartiality as vital resources for a media company</td>
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<tr>
<td>Formal strategies</td>
<td>Mediacom: From personal values and philanthropic attitude to a corporate strategy</td>
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<tr>
<td>Mediacom’s social commitment strategy</td>
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<td>Nova Foundation and its hard alignment to Mediacom’s CSR strategy</td>
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<tr>
<td>CSR reporting, indicators and nodes</td>
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<td>Informal</td>
<td>Shareholder values and philanthropic attitude</td>
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<td>strategies</td>
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<tr>
<td>The use of corporate resources for private philanthropy</td>
<td>Business Unit managers escaping from corporate control</td>
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<td>Nova Foundation’s influence on Mediacom’s socially responsible practice</td>
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### 1960-1980

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<tr>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Impact</th>
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<tr>
<td>Shareholder family</td>
<td>Central. Several members of the shareholder family have direct management positions within Mediacom and control important corporate resources. They are powerful decision makers.</td>
<td>Passive stakeholders. At this stage they planted the seeds of a future CSR strategy, but had no intention to create it in this period. Their action reflected more a religious and philanthropic view, rather than a strategic approach.</td>
<td>Moderate influence. The shareholder family allowed the use of non-commercialized and editorial spaces to support NGOs.</td>
</tr>
<tr>
<td>Financial and management executive directors</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
<td>Limited influence. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
</tr>
<tr>
<td>Business unit managers</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
<td>Limited influence. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
</tr>
<tr>
<td>Nova</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Government</td>
<td>Intermediate. Government can create laws that enforce the company towards formalized actions.</td>
<td>Passive stakeholders. The Government did not create any legislation or other mechanisms in this period that importantly affected Mediacom CSR related issues.</td>
<td>Limited influence. Government actions did have impact over Mediacom CSR related issues.</td>
</tr>
<tr>
<td>Social Movements</td>
<td>Peripheral. Social movements have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Social movements were still demobilized due to the military regime. They were perceived by the military as communists, thus representing a threat to the regime.</td>
<td>Limited influence. Social movements were still demobilized due to the military regime. They were perceived by the military as communists, thus representing a threat to the regime.</td>
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<tr>
<td>Gife</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Instituto Ethos</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>NGOs</td>
<td>Peripheral. NGOs have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. While NGOs put pressure over Mediacom for financial and media support, the influence over the strategy was not intentional.</td>
<td>Moderate influence. NGOs requested space on media and were attended. However at this period no formal practices were established.</td>
</tr>
<tr>
<td>Financial Partners (State Government, UNESCO, business partners)</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Consultancy</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Lancaster Network</td>
<td>Peripheral. The contractual relationship between Lancaster and Mediacom was purely operational – with no obligations with regards joint CSR actions.</td>
<td>Passive stakeholder. In this period Lancaster didn’t have a formal CSR strategy and had no intentions to align its actions to its affiliates’.</td>
<td>Limited influence. There were no attempts from Lancaster to influence Mediacom action. Their actions were philanthropic, personal and isolated.</td>
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<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Large corporations</td>
<td>Peripheral. Large corporations have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Social investments by large corporations were very rare at this period. Unlike CSR centres, large corporations do not operate in an organized way to influence their peers in any period.</td>
<td>Limited influence. The lack of social pressure and the military regime contributed to keep low levels of corporate social involvement in Brazil in this period. Any attempts to influence Mediacom CSR behaviour were identified.</td>
</tr>
<tr>
<td>Community</td>
<td>Peripheral. Community has no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Mediacom has been adopting the strategy of “localism”, that usually facilitates the adaptation of the company to local values and rules. It was not identified any community pressure aiming to change Mediacom’s behaviour.</td>
<td>Limited influence. It was not identified any community pressure aiming to change Mediacom’s behaviour.</td>
</tr>
<tr>
<td>Children and adolescents at social risk</td>
<td>Peripheral. Children and adolescents at social risk have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Children and adolescents at social risk are a diffuse and fragile actor in the Brazilian society. Their situation of poverty has been drawing attention of several social sectors, including Mediacom, but only from 1980 on.</td>
<td>Limited influence. While problematic, the situation of children and adolescents at social risk was not yet considered as a major social problem in Brazil. This would occur in 1980s, in the fall of the military regime and rebirth of Brazilian social movement.</td>
</tr>
</tbody>
</table>
## Appendix J Mediacom’s stakeholders centrality, intentionality and impact - 1981 to 1985

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder family</td>
<td>Central. Several members of the shareholder family have direct management positions within Mediacom and control important corporate resources. They are powerful decision makers.</td>
<td>Passive stakeholders. The creation of Mediacom Foundation was not aligned to any corporate goals. It was a philanthropic action from the shareholder family.</td>
<td>Strong influence. The shareholder family created Mediacom Foundation, a clear formal structure, the embryo of Nova.</td>
</tr>
<tr>
<td>Financial and management executive directors</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
<td>Limited influence. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
</tr>
<tr>
<td>Business unit managers</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
<td>Limited influence. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
</tr>
<tr>
<td>Nova</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Government</td>
<td>Intermediate. Government can create laws that enforce the company towards formalized actions.</td>
<td>Passive stakeholders. The Government did not create any legislation or other mechanisms in this period that importantly affected Mediacom CSR related issues.</td>
<td>Limited influence. Government actions did have impact over Mediacom CSR related issues.</td>
</tr>
<tr>
<td>Social Movements</td>
<td>Peripheral. Social movements have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Social movements pressed authorities for a new C&amp;A legislation, but did not have intention to influence Mediacom’s behaviour.</td>
<td>Limited. Social movements’ influence was not translated into formal CSR practices.</td>
</tr>
<tr>
<td>Gife</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Instituto Ethos</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>NGOs</td>
<td>Peripheral. NGOs have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. While NGOs put pressure over Mediacom for financial and media support, the influence over the strategy was not intentional.</td>
<td>Moderate influence. NGOs requested space on media and were attended. However at this period no formal practices were established.</td>
</tr>
<tr>
<td>Financial Partners (State Government, UNESCO, business partners)</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Consultancy</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lancaster Network</td>
<td>Peripheral. The contractual relationship between Lancaster and Mediacom was purely</td>
<td>Passive stakeholder. In this period Lancaster didn’t have a formal CSR strategy and had no intentions to align its</td>
<td>Limited influence. There were no attempts from Lancaster to influence Mediacom action. Their</td>
</tr>
<tr>
<td>Stakeholder Group</td>
<td>Position</td>
<td>Actions</td>
<td>Influence</td>
</tr>
<tr>
<td>-----------------------------------</td>
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</tr>
<tr>
<td>Large corporations</td>
<td>Peripheral.</td>
<td>Operational – with no obligations with regards joint CSR actions.</td>
<td>Limited influence. The lack of social pressure and the military regime contributed to keep low levels of corporate social involvement in Brazil in this period. Any attempts to influence Mediacom CSR behaviour were identified.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>actions to its affiliates’.</td>
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<tr>
<td></td>
<td></td>
<td>actions were philanthropic, personal and isolated.</td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Peripheral.</td>
<td>Passive stakeholders. Social investments by large corporations were very rare at this period. Unlike CSR centres, large corporations do not operate in an organized way to influence their peers in any period.</td>
<td>Limited influence. It was not identified any community pressure aiming to change Mediacom’s behaviour.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Children and adolescents at social risk</td>
<td>Peripheral.</td>
<td>Passive stakeholders. Children and adolescents at social risk have no direct power over Mediacom’s strategy formalization process.</td>
<td>Strong influence. The family shareholders created a Foundation that aimed to assist C&amp;A. While not a clear strategy it was a formal structure, the embryo of Nova.</td>
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</tbody>
</table>
### Appendix K Mediacom’s stakeholders centrality, intentionality and impact - 1986 to 1990

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder family</td>
<td>Central. Several members of the shareholder family have direct management positions within Mediacom and control important corporate resources. They are powerful decision makers.</td>
<td>Passive stakeholders. The creation of Nova Foundation was an individual philanthropic action not aligned to Mediacom’s corporate goals.</td>
<td>Strong influence. While not intentional, Nova would represent in the forthcoming years the most important tool of Mediacom’ CSR strategy. It completely reshaped the way Mediacom interacted with NGOs and local community. The role of the family shareholder was definitive for the creation of Nova.</td>
</tr>
<tr>
<td>Financial and management executive directors</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
<td>Limited influence. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
</tr>
<tr>
<td>Business unit managers</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
<td>Limited influence. At this period they were not sensitive to social issues. Philanthropy was a subject exclusively related to the shareholder family.</td>
</tr>
<tr>
<td>Nova</td>
<td>Intermediate. the Foundation was not only a separate institution, but also Mediacom had no interest on its activities.</td>
<td>Passive stakeholders. Nova was concerned to accomplish its own mission and respond to shareholders philanthropic motives. At this stage there was no intention to influence or to be part of Mediacom’s CSR strategy.</td>
<td>Strong influence. Nova creation demanded a formal budget and specific workforce – all paid by Mediacom.</td>
</tr>
<tr>
<td>Government</td>
<td>Intermediate. Government can create laws that enforce the company towards formalized actions.</td>
<td>Passive stakeholders. The Federal Government and the National Congress approved the new Brazilian Constitution with several C&amp;A related articles. It contributed to make the theme important but the impact over Mediacom’s CSR practices was unintentional.</td>
<td>Strong influence. The Federal Government and other stakeholders were responsible for creating consistency around the C&amp;A debate. It influenced the shareholder family to define C&amp;A as the main audience of Mediacom social mobilization campaigns and Nova’s social programs.</td>
</tr>
<tr>
<td>Social Movements</td>
<td>Peripheral. Social movements have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Social movements pressed the Federal Government and Congress for a modern C&amp;A legislation. The non-intentional action contributed to the definition of C&amp;A as the main CSR audience.</td>
<td>Strong influence. It influenced the shareholder family to define C&amp;A as the main audience of Mediacom social mobilization campaigns and Nova’s social programs.</td>
</tr>
<tr>
<td>Gife</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Instituto Ethos</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>NGOs</td>
<td>Peripheral. NGOs have no direct power over</td>
<td>Passive stakeholders. While NGOs put pressure over</td>
<td>Moderate influence, NGOs requested space on media and</td>
</tr>
<tr>
<td></td>
<td>Mediacom’s strategy formalization process.</td>
<td>Mediacom for financial and media support, the influence over the strategy was not intentional.</td>
<td>were attended. However at this period no formal practices were established.</td>
</tr>
<tr>
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<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Financial Partners (State Government, UNESCO, business partners)</strong></td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Consultancy</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Lancaster Network</strong></td>
<td>Peripheral. The contractual relationship between Lancaster and Mediacom was purely operational – with no obligations with regards joint CSR actions.</td>
<td>Passive stakeholder. Lancaster network was unaware it had been benchmarked by Mediacom.</td>
<td>Moderate influence. Mediacom mimicked Lancaster’s first steps in CSR. It created a Foundation in the same way Lancaster had created its own 8 years before.</td>
</tr>
<tr>
<td><strong>Large corporations</strong></td>
<td>Peripheral. Large corporations have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. They influenced Mediacom by investing in CSR projects and being open-minded with respect corporate social involvement.</td>
<td>Limited influence. Some specific large corporations influenced Mediacom, such as Lancaster network. However, CSR is not yet a relevant theme in corporate Brazil.</td>
</tr>
<tr>
<td>Community</td>
<td>Peripheral. Community has no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholder. The growing awareness and importance given by the Brazilian society on C&amp;A’s issue contributed to influence Mediacom’s definition of C&amp;A as the main audience of social programs. However, the influence is not considered intentional.</td>
<td>Moderate influence. Brazilian society awareness on children and adolescents increased in this period as a result of social movement mobilization. It contributed to influence Mediacom’s definition of C&amp;A as the main audience of social programs.</td>
</tr>
<tr>
<td>Children and adolescents at social risk</td>
<td>Peripheral. Children and adolescents at social risk have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Children and adolescents at social risk are a diffuse and fragile actor in the Brazilian society. Their situation of poverty has been drawing attention of several social sectors, including Mediacom.</td>
<td>Strong influence. The family shareholders created a Foundation that aimed to assist C&amp;A. While not a clear strategy it was a formal structure, the embryo of Nova.</td>
</tr>
</tbody>
</table>
Appendix L Mediacom’s stakeholders centrality, intentionality and impact - 1991 to 1995

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder family</td>
<td>Central. Several members of the shareholder family have direct management positions within Mediacom and control important corporate resources. They are powerful decision makers.</td>
<td>Active stakeholder. For the first time the family shareholder attempted to align Nova’s operations with Mediacom corporate goals.</td>
<td>Strong influence. Newman accepted the first strategic realignment between Nova and Mediacom proposed by the consultancy.</td>
</tr>
<tr>
<td>Financial and management executive directors</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Active stakeholder. Several executive directors participated in the workshop that defined Nova alignment to Mediacom corporate goals in 1995.</td>
<td>Strong influence. Top executives corroborated the consultancy’s proposal of strategic alignment between the company and Nova.</td>
</tr>
<tr>
<td>Business unit managers</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. Business unit managers started to donate media as a means of having good relationship with local actors, such as NGOs. However it is not an intentional strategy.</td>
<td>Limited influence. The media donation was not translated in any corporate policies at this stage.</td>
</tr>
<tr>
<td>Nova</td>
<td>Intermediate. the Foundation was not only a separate institution, but also Mediacom had no interest on its activities.</td>
<td>Passive stakeholders. Throughout almost period between 1991 and 1995, Nova was concerned to accomplish its own mission and respond to shareholders philanthropic motives. At this stage there was no intention to influence or to be part of Mediacom’s CSR strategy. It just changed at the very ending of this period, in late 1995.</td>
<td>Strong influence. Nova demanded an even higher budget to accomplish the project called Home. Its workforce increased 5 times in relation to the second half of the 1980s. The company started to rethink its participation.</td>
</tr>
<tr>
<td>Government</td>
<td>Intermediate. Government can create laws that enforce the company towards formalized actions.</td>
<td>Passive stakeholder. The Government approved the C&amp;A Statute in 1991, a legislation that aimed to improve the rights of this audience. It contributed to reinforce C&amp;A as the main target of social projects, however the impact over Mediacom’s CSR practices was unintentional.</td>
<td>Strong influence. It contributed to a growing corporate focus on children and adolescents, be they through Nova, social campaigns or media coverage.</td>
</tr>
<tr>
<td>Social Movements</td>
<td>Peripheral. Social movements have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Social movements pressed the Federal Government and Congress for a modern C&amp;A legislation, what occurred in 1991 with the C&amp;A Statute. The non-intentional action contributed to the definition of C&amp;A as the main CSR audience.</td>
<td>Strong influence. Social movements contributed to put C&amp;A on the top of Mediacom CSR agenda. Governments and social movements mobilized the whole society, including businesses to promote C&amp;A new rights. The mobilization allowed Nova to gain space and increase its budget and workforce.</td>
</tr>
<tr>
<td>Organization</td>
<td>Type</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Gife</td>
<td>Intermediate. Nova is associated to Gife. To be associated to Gife means that the organization must follow some practices of social investment, rather than philanthropic action. Thus, to some extent this entrance profile rules provides Gife some power over its associates.</td>
<td>Active stakeholder. Gife was created in 1995. It started to influence its associates since the beginning through experience exchange with national and international NGOs, workshops and conferences. Limited influence. Gife was created in 1995. At this very beginning the influence of Gife over Nova and consequently Mediacom was still weak. This would change in the forthcoming years.</td>
<td></td>
</tr>
<tr>
<td>Instituto Ethos</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>NGOs</td>
<td>Peripheral. NGOs have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. While NGOs put pressure over Mediacom for financial and media support, the influence over the strategy was not intentional. Moderate influence. NGOs requested space on media and were attended. However at this period no formal practices were established.</td>
<td></td>
</tr>
<tr>
<td>Financial Partners</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Consultancy</td>
<td>Intermediate. The consultancy was hired to propose Nova a new strategic approach.</td>
<td>Active stakeholder. The consultancy proposed a new strategic approach to Nova’s operations. Strong influence. It suggested a close alignment between the company and its Foundation. It proposed the donation of financial resources to NGOs in areas where Mediacom operated. Nova gradually has been incorporated in Mediacom corporate goals and operations.</td>
<td></td>
</tr>
<tr>
<td>Lancaster Network</td>
<td>Peripheral. The contractual relationship between Lancaster and Mediacom was purely operational – with no obligations with regards joint CSR actions.</td>
<td>Passive stakeholders. Passively stimulated the use of non-financial resources by Mediacom in CSR actions. Limited influence. At this stage, Lancaster network had not created yet a clear CSR strategy nor demanded actions from its affiliates.</td>
<td></td>
</tr>
<tr>
<td>Large corporations</td>
<td>Peripheral. Large corporations have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. They influenced Mediacom by investing in CSR projects and being open-minded with respect corporate social involvement. Limited influence. CSR movement is in its dawn. Mediacom still follows a very particular practice of CSR with few external corporate influences.</td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Peripheral. Community has no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholder. The growing awareness and importance given by the Brazilian society on C&amp;A’s issue contributed to influence Mediacom’s definition of C&amp;A as the main audience of social programs. However, the influence is not considered intentional. Moderate influence. Brazilian society awareness on children and adolescents increased in this period as a result of social movement mobilization. It contributed to influence Mediacom’s definition of C&amp;A as the main audience of social programs..</td>
<td></td>
</tr>
<tr>
<td>Children and adolescents at social risk</td>
<td>Peripheral. Children and adolescents at social risk have no direct power over Mediacom’s strategy</td>
<td>Passive stakeholders. Children and adolescents at social risk are a diffuse and fragile actor in the Brazilian society. Their situation of poverty has been Strong influence. Mediacom attempted to raise the problematic issue of children and adolescents through, social campaigns, donating</td>
<td></td>
</tr>
<tr>
<td>formalization process.</td>
<td>drawing attention of several social sectors, including Mediacom.</td>
<td>media to NGOs that target this audience and through its Foundation. Nova increased 5 times its workforce to work with this audience in relation to the second half of the 1980s.</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix M Mediacom’s stakeholders centrality, intentionality and impact - 1996 to 2000

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholder family</strong></td>
<td>Central. Several members of the</td>
<td>Active stakeholder. For the first time the family shareholder attempted to align</td>
<td>Strong influence. For the first time the shareholder family attempted to align Nova’s operations with Mediacom corporate goals. Shareholders and management executives also recognized and formalized Mediacom’s social campaigns. The campaigns should be annual and always approach a theme of public interest.</td>
</tr>
<tr>
<td></td>
<td>shareholder family have direct</td>
<td>Nova’s operations with Mediacom corporate goals. The shareholder family and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>management positions within Mediacom</td>
<td>executives recognized and formalized social mobilization campaigns as part of the</td>
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<tr>
<td></td>
<td>and control important</td>
<td>strategic approach to the community.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>corporate resources. They are powerful</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>decision makers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Financial and management</td>
<td>Central. As internal stakeholders in</td>
<td>Active stakeholder. Executive directors became increasingly aware of the potential</td>
<td>Strong influence. They stimulated the use of media resources to publicize social campaigns. Financial executives cut Nova budget in 1999 provoking a provisional rearrangement.</td>
</tr>
<tr>
<td>executive directors</td>
<td>high level positions they are able to</td>
<td>use of media to draw community attention to social issues. The shareholder family</td>
<td></td>
</tr>
<tr>
<td></td>
<td>formalize practices.</td>
<td>and executives recognized and formalized social mobilization campaigns as part of</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>the strategic approach to the community.</td>
<td></td>
</tr>
<tr>
<td><strong>Business unit managers</strong></td>
<td>Central. As internal stakeholders in</td>
<td>Passive stakeholders. Business unit managers continue to donate media as a means</td>
<td>Moderate influence. While the visibility given by business unit managers to NGOs was not translated into any corporate policies, it reinforced current practices.</td>
</tr>
<tr>
<td></td>
<td>high level positions they are able to</td>
<td>of having good relationship with local actors, such as NGOs. However it is not</td>
<td></td>
</tr>
<tr>
<td></td>
<td>formalize practices.</td>
<td>an intentional strategy yet.</td>
<td></td>
</tr>
<tr>
<td><strong>Nova</strong></td>
<td>Central. After a strategic planning</td>
<td>Active stakeholder. Nova’s new management team (1996) actively started attempting</td>
<td>Strong influence. The organization’s new model of operation and partnerships with internal stakeholders were the basis for the future integration and formalization of Mediacom’s CSR strategy.</td>
</tr>
<tr>
<td></td>
<td>workshop Nova became formally a strategic</td>
<td>to influence Mediacom’s CSR strategy. To a great extent this movement had an</td>
<td></td>
</tr>
<tr>
<td></td>
<td>tool of Mediacom and much more</td>
<td>ideological perspective – a sociologist (the former Nova director) – attempting to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>integrated to its operations.</td>
<td>stimulate one of the largest communication groups of the country to be more</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>socially responsible.</td>
<td></td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>Intermediate. Government can create</td>
<td>Active stakeholder. The Tangara State Legislature, (Government), created an award</td>
<td>Moderate influence. It contributed to a growing corporate focus on children and adolescents and to reinforce current CSR practices.</td>
</tr>
<tr>
<td></td>
<td>laws that enforce the company</td>
<td>in 2000 to stimulate corporate socially responsible behaviour. It intentionally</td>
<td></td>
</tr>
<tr>
<td></td>
<td>towards formalized actions.</td>
<td>wanted participants to be more socially responsible.</td>
<td></td>
</tr>
<tr>
<td><strong>Social Movements</strong></td>
<td>Peripheral. Social movements have no</td>
<td>Passive stakeholders. Social movements acted as watchdogs to monitor the application</td>
<td>Moderate influence. Social movements contributed to put C&amp;A on the top of Mediacom CSR agenda. However, its influence became moderate because the focus on C&amp;A is already consolidated. The influence in this phase is mostly reinforcing, rather than</td>
</tr>
<tr>
<td></td>
<td>direct power over Mediacom’s strategy</td>
<td>of C&amp;A legislation. The non-intentional action contributed to reinforce the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>formalization process.</td>
<td>definition of C&amp;A as the main CSR audience.</td>
<td></td>
</tr>
<tr>
<td>Stakeholder</td>
<td>Type</td>
<td>Description</td>
<td>Influence</td>
</tr>
<tr>
<td>-------------</td>
<td>------</td>
<td>-------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Gife</td>
<td>Intermediate. The fact that Mediacom is associated to Gife gives it more power to stimulate the company than peripheral stakeholders.</td>
<td>Active stakeholder. Gife deliberately intended to influence its members through experience exchange with other national and international NGOs, workshops and conferences. Gife’s aim is to qualify its associates’ social investment. Thus, Gife is pursuing its mission.</td>
<td>Moderate influence. It contributed to better CSR programs and develop Nova’s expertise on social issues through qualification programs and experience exchange with other peers. Hence, it mostly reinforce current formalized practices.</td>
</tr>
<tr>
<td>Instituto Ethos</td>
<td>Intermediate. The fact that Mediacom is associated to Ethos gives it more power to stimulate the company than peripheral stakeholders.</td>
<td>Active stakeholder. Instituto Ethos mission is to stimulate companies to have better CSR practices. In the same vein of Gife, Ethos stimulates its associates through experience exchange, conferences, workshops and CSR tools, such as CSR indicators and reports.</td>
<td>Moderate influence. It contributed to upgrade CSR within Mediacom and simulated the use different formal tools such as CSR indicators, CSR reports, eventually new social projects. Hence, it mostly reinforces current formalized practices.</td>
</tr>
<tr>
<td>NGOs</td>
<td>Peripheral. NGOs have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. While NGOs demanded increasing financial and media support, the influence over the strategy was not intentional.</td>
<td>Moderate influence, NGOs requested space on media and were attended. However at this period no formal practices were established.</td>
</tr>
<tr>
<td>Financial Partners (State Government, UNESCO, business partners)</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Consultancy</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Lancaster Network</td>
<td>Peripheral. The contractual relationship between Lancaster and Mediacom was purely operational – with no obligations with regards joint CSR actions.</td>
<td>Passive stakeholders. Passively stimulated the use of non-financial resources by Mediacom in CSR actions.</td>
<td>Limited influence. At this stage, Lancaster network had not created yet a clear CSR strategy nor demanded actions from its affiliates.</td>
</tr>
<tr>
<td>Large corporations</td>
<td>Peripheral. Large corporations have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Large corporations were benchmarked by Nova/Mediacom. They did not have intentionality to influence Mediacom’s corporate behaviour.</td>
<td>Moderate influence. Large corporations’ impact migrated from limited to moderate because there was influence over Mediacom’s CSR practices. Nova’s technical and cooperation program is an example.</td>
</tr>
<tr>
<td>Community</td>
<td>Peripheral. Community has no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholder. The growing awareness and importance given by the Brazilian society on C&amp;A’s issue contributed to influence Mediacom’s definition of C&amp;A as the main audience of social programs. However, the influence is not considered intentional.</td>
<td>Moderate influence. C&amp;A had already been consolidated as the main target of Mediacom’s social programs.</td>
</tr>
<tr>
<td>Children and adolescents at social risk</td>
<td>Peripheral. Children and adolescents at social risk have no direct power over</td>
<td>Passive stakeholders. Children and adolescents at social risk are a diffuse and fragile actor in the Brazilian society. Their situation</td>
<td>Moderate influence. Mediacom attempted to draw attention to C&amp;A’s problematic issue by</td>
</tr>
<tr>
<td>Mediacom’s strategy</td>
<td>of poverty has been drawing attention of several social sectors, including Mediacom.</td>
<td>promoting social campaigns, donating media to NGOs that target this audience and implementing social programs through its Foundation. The audience is already consolidated and the tools mentioned above are already formalized.</td>
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</tbody>
</table>
## Appendix N Mediacom’s stakeholders centrality, intentionality and impact - 2001 to 2005

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholder family</strong></td>
<td>Central. Several members of the shareholder family have direct management positions within Mediacom and control important corporate resources. They are powerful decision makers.</td>
<td>Active stakeholder. The shareholder family validated all actions, that affected CSR, be they proposed by executives (Nova’s budget reduction) or Nova (new positional niche). The shareholder family is growingly aware of the importance of a CSR strategy.</td>
<td>Strong influence. Newman accepted Nova’s budget cut proposed by financial and management executive directors as well as the second strategic realignment proposed by Nova direction. He also approved a formalized Mediacom’s CSR strategy.</td>
</tr>
<tr>
<td><strong>Financial and management executive directors</strong></td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Active stakeholder. Several executive directors participated in Nova’s second strategic planning workshop in 2004 that increased Nova’s alignment to Mediacom corporate goals. In addition they had a growing importance in demanding CSR actions to Nova and allow the use of non-financial resources.</td>
<td>Strong influence. In 2003, financial executives cut Nova’s budget to a third of previous years. However in Nova’s second strategic planning workshop they validated the use of non-financial resources, such as media donated and the social projects cost outsourcing. Nova was also demanded by the top management executives to develop internal CSR projects.</td>
</tr>
<tr>
<td><strong>Business unit managers</strong></td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. Business unit managers continue to donate media as a means of having good relationship with local actors, such as NGOs. They also mimicked social mobilization campaigns locally. However it is not an intentional strategy yet.</td>
<td>Strong influence. Most business unit managers started developing their own local social campaigns. The growing figures on media donation made the company create a media donation policy.</td>
</tr>
<tr>
<td><strong>Nova</strong></td>
<td>Central. After a strategic planning workshop Nova became formally a strategic tool of Mediacom and much more integrated to its operations.</td>
<td>Active stakeholder. Nova actively attempted to influence Mediacom’s CSR strategy. After, the 2002/2003 financial crisis, Nova contributed to negotiate and formulate its new positional niche in a context with fewer financial resources.</td>
<td>Strong influence. Deliberately attempted to influence Mediacom CSR actions, even in themes other than community issues in 2000-2002. It assumed some corporate tasks, such as to elaborate Mediacom CSR report. Experienced a brutal drop in its budget and workforce as a consequence of Mediacom financial crisis. Formalized a different approach in 2004. Forced by the lack of resources, the institution increasingly used Mediacom non-financial resources, such as media donated. For the same reasons it started to outsource social projects’ costs to third parties, such as large corporations.</td>
</tr>
</tbody>
</table>
Nova actively participated in second strategic planning workshop in 2004 to shape its own positional niche. In addition, it created Mediacom’s media donation policy and operated the approvals to NGOs.

**Government**
- Intermediate. Government can create laws that enforce the company towards formalized actions.
- Active stakeholder. The Tangara State government had partnering and endorsing roles in this period, aiming to stimulate socially responsible behaviour.
- Moderate influence. The Tangara State Legislature approved an award to stimulated companies to improve its CSR actions. In addition, Tangara State Administration approved a law to stimulate community investment by companies through fiscal exemptions. Nova became one of the operators. Mediacom/Nova participated in both actions, however CSR practices were just reinforced, rather than new structures or other formal processes created.

**Social Movements**
- Peripheral. Social movements have no direct power over Mediacom’s strategy formalization process.
- Passive stakeholders. Social movements acted as watchdogs to monitor the application of C&A legislation. The non-intentional action contributed to reinforce the definition of C&A as the main CSR audience.
- Moderate influence. Social movements contributed to put C&A on the top of Mediacom CSR agenda. However, its influence became moderate because the focus on C&A is already consolidated. The influence in this phase is mostly reinforcing, rather than creating a new formal component.

**Gife**
- Intermediate. The fact that Mediacom is associated to Gife gives it more power to stimulate the company than peripheral stakeholders.
- Active stakeholder. Gife deliberately intended to influence its associates through experience exchange with other national and international NGOs, workshops and conferences. Gife’s aim is to qualify its associates’ social investment. Thus, Gife is pursuing its mission.
- Limited influence. The budget slump resulted from Mediacom’s cut of expenses affected the participation of Nova on Gife. The lack of contact with Gife and its members stagnated Nova’s prime position on social issues, promoting its fall from the first class of Brazilian grantmakers.

**Instituto Ethos**
- Intermediate. The fact that Mediacom is associated to Ethos gives it more power to stimulate the company than peripheral stakeholders.
- Active stakeholder. Instituto Ethos mission is to stimulate companies to have better CSR practices. The institution developed series of workshops, conferences to stimulate and influence corporate behaviour.
- Moderate influence. Mediacom used several tools proposed by Instituto Ethos to measure its social responsibility, such as CSR reports and indicator. The spread of CSR movement made the company more aware about exploring opportunities to connect its image to the theme and to develop a more consistent CSR strategy.

**NGOs**
- Peripheral. NGOs have no direct power over Mediacom’s strategy formalization process.
- Passive stakeholders. While NGOs demanded increasing financial and media support, the influence over the strategy was not intentional.
- Moderate influence. NGOs requested space on media and were attended. However at this period no formal practices were established.

**Financial**
- Intermediate.
- Passive stakeholders.
- Moderate influence. Financial
| Partners (State Government, UNESCO, business partners) | Financial partners have contracts with Mediacom and Nova. They have some power over the company with regards the social projects cost outsourcing. Without them this practice would collapse. | Financial partners do not have the intention to influence Mediacom’s CSR strategy. Rather, they validate it. | partners gave support and contributed to validate Mediacom’s new approach social projects cost outsourcing. They reinforced this current practice. |
| Consultancy | X | X | |
| Lancaster Network | Intermediate. The contractual relationship between Lancaster and Mediacom started including obligations with regards joint CSR actions. | Active stakeholder. Lancaster developed a reasonably clear CSR strategy in this period. It intentionally attempted to spoke its social programs to the affiliates, including Mediacom. | Limited influence. Lancaster developed a reasonably clear CSR strategy in this period. It intentionally attempted to spoke its actions (Friends of School, Child Hope, among others) to the affiliates. In the case of Mediacom, Lancaster was unsuccessful, because the company did not have interest in replicating foreign social projects. |
| Large corporations | Peripheral. Large corporations have no direct power over Mediacom’s strategy formalization process. | Passive stakeholders. Large corporations were benchmarked by Nova/Mediacom. They did not have intentionality to influence Mediacom’s corporate behaviour. | Moderate influence. Large corporations’ impact migrated from limited to moderate because there was influence over Mediacom’s CSR practices. Nova’s technical and cooperation program is an example. |
| Community | Peripheral. Community has no direct power over Mediacom’s strategy formalization process. | Passive stakeholder. The growing awareness and importance given by the Brazilian society on C&A’s issue contributed to influence Mediacom’s definition of C&A as the main audience of social programs. However, the influence is not considered intentional. | Moderate influence. C&A had already been consolidated as the main target of Mediacom’s social programs. |
| Children and adolescents at social risk | Peripheral. Children and adolescents at social risk have no direct power over Mediacom’s strategy formalization process. | Passive stakeholders. Children and adolescents at social risk are a diffuse and fragile actor in the Brazilian society. Their situation of poverty has been drawing attention of several social sectors, including Mediacom. | Moderate influence. Mediacom attempted to draw attention to C&A’s problematic issue by promoting social campaigns, donating media to NGOs that target this audience and implementing social programs through its Foundation. The audience is already consolidated and the tools mentioned above are already formalized. |
## Appendix O: Mediacom’s stakeholders centrality, intentionality and impact - 2006 to 2009

<table>
<thead>
<tr>
<th>2006-2009</th>
<th>Stakeholders</th>
<th>Centrality</th>
<th>Intentionality</th>
<th>Level of change towards formalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder family</td>
<td>Central. Several members of the shareholder family have direct management positions within Mediacom and control important corporate resources. They are powerful decision makers.</td>
<td>Active stakeholder. The shareholder family and Nova, created internal political arrangements to position CSR as relevant and neutralize Mediacom’s internal opposing groups.</td>
<td>Moderate influence. In this period the shareholder family validated current CSR practices, mostly fruit of definitions occurred in the past cycle.</td>
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</tr>
<tr>
<td>Financial and management executive directors</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Active stakeholder. Allegedly management executives attempted to widen the concept of CSR to include non-financial in addition to financial resources.</td>
<td>Moderate influence. Financial directors allowed Nova budget increase. Management directors are increasingly emphasizing a continuous strategic alignment between Mediacom and Nova. Lancaster network demanded participation of its affiliates in its social projects. Both Mediacom and Nova participate in the meetings.</td>
<td></td>
</tr>
<tr>
<td>Business unit managers</td>
<td>Central. As internal stakeholders in high level positions they are able to formalize practices.</td>
<td>Passive stakeholders. Business unit managers continue to donate media as a means of having good relationship with local actors, such as NGOs. They also mimicked social mobilization campaigns locally. However it is not an intentional strategy yet.</td>
<td>Moderate influence. Business unit managers reinforced past formal practices regarding media donation. Most business unit managers develop their own local social campaigns.</td>
<td></td>
</tr>
<tr>
<td>Nova</td>
<td>Central. After a strategic planning workshop Nova became formally a strategic tool of Mediacom and much more integrated to its operations.</td>
<td>Active stakeholder. Nova actively attempted to influence Mediacom’s CSR strategy. After, the 2002/2003 financial crisis, Nova contributed to negotiate and formulate its new positional niche in a context with fewer financial resources.</td>
<td>Moderate influence. In this cycle Nova is still developing practices related to its new positioning. It has been increasingly assuming some corporate tasks, such as representing the company in CSR events, raise information for Mediacom CSR report, and working on corporate social projects.</td>
<td></td>
</tr>
<tr>
<td>Government</td>
<td>Intermediate. Government can create laws that enforce the company towards formalized actions.</td>
<td>Active stakeholder. The Tangara State government had partnering and endorsing roles in this period, aiming to stimulate socially responsible behaviour.</td>
<td>Moderate influence. The Tangara State Legislature approved an award to stimulated companies to improve its CSR actions. In addition, Tangara State Administration approved a law to stimulate community investment by companies through fiscal exemptions. Nova became one of the operators. Mediacom/Nova participated in both actions, however CSR practices were just reinforced, rather than new structures or other formal</td>
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<tr>
<td>Stakeholder</td>
<td>Position</td>
<td>Description</td>
<td>Influence</td>
<td>Notes</td>
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<tr>
<td><strong>Social Movements</strong></td>
<td>Peripheral. Social movements have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. Social movements acted as watchdogs to monitor the application of C&amp;A legislation. The non-intentional action contributed to reinforce the definition of C&amp;A as the main CSR audience.</td>
<td>Moderate influence. Social movements contributed to put C&amp;A on the top of Mediacom CSR agenda. However, its influence became moderate because the focus on C&amp;A is already consolidated. The influence in this phase is mostly reinforcing, rather than creating a new formal component.</td>
<td></td>
</tr>
<tr>
<td><strong>Gife</strong></td>
<td>Intermediate. The fact that Mediacom is associated to Gife gives it more power to stimulate the company than peripheral stakeholders.</td>
<td>Active stakeholder. Gife deliberately intended to influence its associates through experience exchange with other national and international NGOs, workshops and conferences. Gife’s aim is to qualify its associates’ social investment. Thus, Gife is pursuing its mission.</td>
<td>Limited influence. The budget slump resulted from Mediacom’s cut of expenses affected the participation of Nova on Gife. The lack of contact with Gife and its members stagnated Nova’s prime position on social issues, promoting its fall from the first class of Brazilian grantmakers.</td>
<td></td>
</tr>
<tr>
<td><strong>Instituto Ethos</strong></td>
<td>Intermediate. The fact that Mediacom is associated to Ethos gives it more power to stimulate the company than peripheral stakeholders.</td>
<td>Active stakeholder. Instituto Ethos mission is to stimulate companies to have better CSR practices. The institution developed series of workshops, conferences to stimulate and influence corporate behaviour.</td>
<td>Moderate influence. Mediacom used several tools proposed by Instituto Ethos to measure its social responsibility, such as CSR reports and indicator. The spread of CSR movement made the company more aware about exploring opportunities to connect its image to the theme and to develop a more consistent CSR strategy.</td>
<td></td>
</tr>
<tr>
<td><strong>NGOs</strong></td>
<td>Peripheral. NGOs have no direct power over Mediacom’s strategy formalization process.</td>
<td>Passive stakeholders. While NGOs demanded increasing financial and media support, the influence over the strategy was not intentional.</td>
<td>Moderate influence. NGOs requested space on media and were attended. However at this period no formal practices were established.</td>
<td></td>
</tr>
<tr>
<td><strong>Financial Partners (State Government, UNESCO, business partners)</strong></td>
<td>Intermediate. Financial partners have contracts with Mediacom and Nova. They have some power over the company with regards the social projects cost outsourcing. Without them this practice would collapse.</td>
<td>Passive stakeholders. Financial partners do not have the intention to influence Mediacom’s CSR strategy. Rather, they validate it.</td>
<td>Moderate influence. Financial partners gave support and contributed to validate Mediacom’s new approach social projects cost outsourcing. They reinforced this current practice.</td>
<td></td>
</tr>
<tr>
<td><strong>Consultancy</strong></td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Lancaster Network</strong></td>
<td>Intermediate. The contractual relationship between Lancaster and Mediacom started including obligations with regards joint</td>
<td>Active stakeholder. Lancaster developed a reasonably clear CSR strategy in this period. It intentionally attempted to spoke its social programs to the affiliates, including Mediacom.</td>
<td>Moderate influence. As an affiliate, Mediacom has contractual obligations with Lancaster network. It intentionally attempted to spoke its actions (Friends of School, Child Hope, among others) to the affiliates. Mediacom /Nova have been more</td>
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<tr>
<td>CSR actions.</td>
<td>open to participate in some joint actions.</td>
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<tr>
<td><strong>Large corporations</strong></td>
<td>Peripheral. Large corporations have no direct power over Mediacom’s strategy formalization process.</td>
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<tr>
<td>Active Stakeholders. Blue Steel attempted to stimulate Mediacom to implement a specific social project. The company offered technical support to Mediacom so as the implementation could be taken more smoothly. Hence, beyond the overall pressure from large corporations for higher levels of social responsibility, specific companies such as Blue Steel also had more direct influence over Mediacom.</td>
<td>Moderate influence. Blue Steel attempted to stimulate Mediacom to implement a specific social project. The project is within the current Mediacom portfolio of social projects.</td>
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<tr>
<td><strong>Community</strong></td>
<td>Peripheral. Community has no direct power over Mediacom’s strategy formalization process.</td>
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<tr>
<td>Passive stakeholder. The growing awareness and importance given by the Brazilian society on C&amp;A’s issue contributed to influence Mediacom’s definition of C&amp;A as the main audience of social programs. However, the influence is not considered intentional.</td>
<td>Moderate influence. C&amp;A had already been consolidated as the main target of Mediacom’s social programs.</td>
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<tr>
<td><strong>Children and adolescents at social risk</strong></td>
<td>Peripheral. Children and adolescents at social risk have no direct power over Mediacom’s strategy formalization process.</td>
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<tr>
<td>Passive stakeholders. Children and adolescents at social risk are a diffuse and fragile actor in the Brazilian society. Their situation of poverty has been drawing attention of several social sectors, including Mediacom.</td>
<td>Moderate influence. Mediacom attempted to draw attention to C&amp;A’s problematic issue by promoting social campaigns, donating media to NGOs that target this audience and implementing social programs through its Foundation. The audience is already consolidated and the tools mentioned above are already formalized.</td>
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<td><strong>Gife</strong></td>
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<td><strong>Consultancy</strong></td>
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<td><strong>Lancaster Network</strong></td>
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<td><strong>Large corporations</strong></td>
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Appendix P Categorisation of Mediacom’s Stakeholders according to their centrality, impact and intentionality between 1960 and 2009
<table>
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<td>Peripheral Moderate Passive</td>
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