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Core charitable purpose and voluntary CSR activities in charity organisations: Do they conflict?

Abstract

Purpose

A charity's core purpose is legally mandated and delivery thereof is not a CSR activity which, by definition, is voluntary in nature. Any CSR activity not required by law should be 'incidental' and be an outcome of a core purpose / object and not a focus of activity. This research, therefore, addresses the lack of research into voluntary CSR activities conducted by charities so that charities might have a clearer operating platform and do not involuntarily contravene legislation.

Design / Methodology / Approach

This was an exploratory investigation using purposive sampling of senior leaders in UK charities. It uses a case study approach to identify pragmatic areas of concern and also identify practical actions.

Findings

The conventional hierarchical ordering of Carroll's CSR pyramid (1991) for profit focussed organisations were found to be inconsistent with those for charitable organisations which were: ethical, legal, economic, philanthropic / voluntary / incidental.

Research Limitations / Implications

This was an exploratory study and would benefit from further investigation.

Practical Implications

Corporate social responsibility actions undertaken by charities need to be carefully evaluated in order to ensure that they comply with the core charitable purpose or are incidental.

Social Implications

Many employees in charities are motivated by social justice; however, they need to be cautious that they do not exceed the core purpose of the charity.

Originality / Value

No research was identified which has addressed the fundamental issue of charities' core purposes and the extent to which charities might legally undertake CSR activities.

Keywords

Corporate social responsibility; charity, Carroll's CSR pyramid.; core purpose; incidental benefits

Paper Type

Research Paper

Introduction

A charity's *raison d'être* is defined by its charitable purposes, and activities are constrained by their stated aims and objectives as enshrined by law within their governing documents, such as articles of association (Gillard and Semple, 2017). The UK's Charities Act (2011) stipulates that resources including charity funds and assets "must not be used for any purpose outside of the charity's own purpose (not even some other charitable purpose)" (Gillard and Semple, 2017, p. 177). Where other benefits occur as a result of addressing the charitable purpose, these should be incidental, "where (having regard both to its nature and to its amount) it is a necessary result or by-product of carrying out the purpose" (HM Government, 2023).

This means that delivery of the core purpose is not corporate social responsibility (CSR) which is voluntary (van Marrewijk and Werre (2003) despite the resultant societal impact. So, paradoxically, many CSR activities may fall outside the core aims of the NFP organisation. For example, an environmental charity may not consider the health and wellbeing of their local community aside from incidental benefits gained which can be associated with their core societal impact. How, then, do charities and NFPs respond to this dilemma?

In spite of perspectives such as "the social responsibility of business is to increase its profits" (Friedman 1970, 1), interest in CSR is growing in the for-profit sector (Heyward, 2022) and 90% of the S&P500 companies published a CSR report in 2019, compared with 20% just 8

years earlier (Tim, 2021). A similar picture emerges in the UK, with 100% of FTSE 100 companies now describing “the company’s purpose beyond making money for shareholders” (PWC 2021, p. 3). CSR is often considered as a concept largely driven by the for-profit sector, with much academic literature reflecting the view of the for-profit organisation as the provider of CSR benefits and charities/not-for-profit (NFP) organisations as recipients or partners (Lin-Hi *et al.*, 2015), or as organisations applying pressure or lobbying for profit organisations and government to achieve societal change (Benn and Bolton, 2011; de Bakker and den Hond, 2017).

The NFP / charity sector is also demonstrating signs of recognising the importance of CSR beyond philanthropic donations, volunteering support, and increased reach and reputation (Wymer, 2021), with articles appearing in the industry press and other sources (Adams, 2019; Corporate Governance Institute, 2021; McClimon, 2021; nfpSynergy, 2018; Slack, 2020). Despite this, an industry study showed that out of the 100 largest charities in the UK (measured by income) only two had a publicly available CSR policy, just 10 had an identifiable sustainability lead, and only 13 had an employee whose role included elements of CSR (Forster Communications, 2019). Environmental, social, governance (ESG) issues appear similarly overlooked with none of the 114 charities surveyed in 2022 having a specific description of ESG on their website or annual report (Stanley, 2023). It appears that little is known about what CSR activity UK NFPs / charities, undertake in addition to their core purpose, and their motives for undertaking this activity. This paper intends to investigate this lack of insight further.

NFPs also need to be responsive to the requirements of stakeholders such as: beneficiaries, charity staff, statutory agencies who purchase services, general public donors, and grant making trusts who fund their work. Key stakeholders increasingly expect those they support or fund to demonstrate their social and ethical credentials, e.g. UK governmental bodies are key purchasers of services, contributing £15.8bn in 2018/2019 which accounted for 28% of total

NFP income (National Council for Voluntary Organisations NCVO, 2021a). Central government (Cabinet Office, 2020) includes assessment of social value factors as a deciding influence in the award of contracts to both for-profit and not-for-profit organisations alike. These factors include themes such as assisting with: Covid-19 recovery, job creation, building supply chain capacity, fighting climate change, the promotion of equal opportunities in the workforce, and improving the lives of both internal and external communities through delivery of the contract.

Similarly, the drive for a net zero economy (NHS, 2020; Prime Minister's Office, 2020) presents associated reporting requirements (HM Treasury, 2020; Department for Business, Energy and Industrial Strategy, 2021a, 2021b). *Ceteris paribus*, a charity undertaking these voluntary CSR activities would be more likely to be awarded a government contract than those which didn't (Third Sector, 2021).

Furthermore, UK charitable foundations disburse over £4 billion per annum, and to date 100 grant makers have signed the Funder Commitment on Climate Change, solidifying their commitment to addressing climate change in their own operations and grant making practice (ACF, 2023). This move is reflected in philanthropy movements internationally (Philanthropy for Climate, 2023)

Given the influence of benefactors, funders and other stakeholders there is therefore clear pressure for charities /NFPs to respond to CSR considerations. How then do charities / NFPs balance the potentially conflicting tensions of fulfilling their legally stated mission and also responding to the demands of funders and stakeholders? One approach is to consider voluntary, CSR activities beyond legal requirements. Therefore, this paper aims to address the research question: “What voluntary CSR practices and behaviours beyond delivery of their stated core charitable objectives do registered charities in the UK undertake, and what is their motivation for doing so?”

For these purposes the study will initially investigate the literature around CSR and not-for-profit organisations; it will then describe the research approach taken involving a case study and semi-structured interviews with senior employees in UK charities / NFPs before presenting the findings, drawing conclusions, and making recommendations.

Literature Review

Corporate Social Responsibility

Corporate social responsibility is a broad and imprecise term which incorporates numerous concepts (Camilleri, 2017) and, consequently, there is no universally accepted definition (Carroll and Buchholtz 1999; Pedersen, 2015). However, Dahlsrud's (2008: p. 6) content analysis research concluded that although different phrases were used: "the definitions are predominantly congruent." Dahlsrud's research identified five key CSR dimensions, comprising environmental (concern for the natural environment), social (focussed on society), economic, stakeholder (how stakeholders are valued and treated), and voluntariness (going beyond legal obligations).

It is also important to note that the term 'corporate social responsibility' can equally apply to NFPs because the legal definition of a corporation encompasses any organisation which is recognised by law as a single legal entity and charities / NFPs fall within this legal specification (Gillard and Semple, 2017, Charities Act 2011).

The Voluntary Nature of CSR

A major component of CSR is its voluntary nature which features within many definitions e.g. van Marrewijk and Werre (2003, p. 107) define CSR as "activities...voluntary by definition." Dahlsrud (2008, p. 4) identified the voluntariness dimension as being "actions not prescribed by law...based on ethical values...beyond legal obligations...voluntary." And, Pedersen (2015) suggested that definitions should be multidimensional (covering social and welfare issues), voluntary (not prescribed by law), and reflect stakeholder requirements.

Furthermore, the ethical and philanthropic aspects of Carroll's pyramid reflect voluntary, additional or discretionary activities as desired by business and by society, as opposed to required (Carroll, 1991; Carroll and Buchholtz, 2009).

CSR Motivations and Drivers

If we accept that CSR is voluntary, additional or discretionary activity, it follows that there need to be motivational reasons for engaging in CSR activities. The most common driver of for-profit companies is the maximisation of financial gains for owners and shareholders (Friedman, 1970; Rasche *et al.*, 2017). This economic driver is still evident for social value with Drucker (1984, p. 62) characterising CSR as a way of tackling social problems "to engender positive 'economic benefit(s)' to ensure 'well paid jobs, and... wealth.'"

Whilst there is considerable discussion on whether CSR impacts profits or corporate financial performance, with sources arguing both in favour of a positive correlation (Orlitzky *et al.*, 2003; Van Beurden and Gössling, 2008) and against (Fleming and Jones, 2013; Margolis and Walsh, 2001; Vogel, 2006) - the salient point is that the desire to benefit financially is often a motivating factor, irrespective of whether the intended benefits are realised in practice.

There are also substantial crossovers between motivation dimensions, for example, Carroll and Buchholtz (2009) mention recruiting and retaining employees which can be viewed as having instrumental (Neergaard, 2006), financial (Brønn and Vidaver-Cohen, 2009), and economic (Werther and Chandler, 2011) motives as staff turnover costs decrease because of CSR practice. Neergaard's (2006) model classifies CSR motivations as institutional (it is expected / normal), instrumental (it pays off), or emotional (the right thing to do); and appears to encompass many of the other terms identified by other researchers (Brønn and Vidaver-Cohen (2009); Rasche *et al.* (2017); Werther and Chandler, 2011; Porter and Kramer (2006); Carroll and Buchholtz

(2009; Wymer (2021); Carroll (1979). Neergaard's motivations were therefore selected as the basis for the thematic empirical research.

Executives also exert significant influence on CSR activity (Waldman *et al.*, 2006) if they place personal value on social good and view CSR as a moral duty, contributing to a firm's decision to invest in this area or not (Brønn and Vidaver-Cohen, 2009). Pedersen and Neergaard (2009, p. 1261) concurred:

“If managers do not give priority to CSR and are willing and able to allocate the necessary human and financial resources to social and environmental improvements, CSR will tend to remain at the rhetorical level and an add-on to the everyday business practices.”

Executive motivations, therefore, may prove especially relevant within NFP organisations, as core motivations for staff choosing to work within the sector are likely to be altruistic in nature (Third Sector, 2003; Jobome, 2006). Graafland and Mazereeuw-van der Duijn Schouten (2012) describe executive motivations in terms of being extrinsic (or financial), and intrinsic (ethical and altruistic), broadly in agreement with the instrumental and emotional motives detailed in Neergaard's (2006) model of company motives for CSR.

Barriers to CSR may be considered to potentially act as negative motivating factors and some authors identified a significant number of barriers to, and motivations for, CSR activity in for-profit organisations (Laudal, 2011; Shen *et al.*, 2015; Govindasamy and Suresh, 2017). A composite model which largely summarises the factors identified elsewhere was developed by Pedersen (2015) who proposed four barriers impacting the operationalisation of CSR: commitment, consciousness, capacity, and consensus issues and these will be used in the empirical research below.

CSR in the Charity Sector

The limited literature pertaining to the NFPs' / charities' CSR activities is usually as a recipient of benefits (Wymer, 2001) or a driver of change through activism, civic engagement, and societal pressure (de Bakker and den Hond, 2017; Joutsenvirta and Kourula, 2015). This point is corroborated by Lin-Hi *et al.* (2015, p. 1946): "...the debate about CSR focuses almost exclusively on the social responsibility of for-profit organizations while paying little attention to the social responsibility of non-profit organizations." Similar observations around the lack of research for NFPs were made by Plaisance (2021, p. 8) who noted that: "NPOs and CSR seem extremely close because the values and missions of these organisations already integrate a social and environmental vision." This reflects the view that CSR goals are embedded within the core purpose delivery of the charity (Waters and Ott, 2014) and Valentinov's (2021) perspective of the NFP sector and CSR as being functionally equivalent.

Importantly, however, given the voluntariness requirement present in many definitions, delivery of core activity (mandated by law) should not be viewed as CSR. Indeed, Plaisance (2021, p. 25) stresses this point, asserting that CSR is: "...not intrinsic to NPOs."

Research Design and Methodology

The purpose of this study was to address the research question: What additional CSR practices and behaviours beyond delivery of their stated core charitable objectives do registered charities in the UK undertake, and what is their motivation for doing so? This question was chosen to address the gap in the literature and in order to identify potential strategic considerations for a charity in which one of the authors works. Therefore, the approach selected was one of pragmatism which: “asserts that concepts are only relevant in as much as they are relevant for action” (Kelemen and Rumens, 2008, p. 40).

This exploratory study took the form of a mono-method qualitative case study (Yin, 2018) focussing on the phenomenon of CSR as practised by charities in the UK on a cross-sectional time basis (Saunders *et al.*, 2019). It is a case study of the phenomenon of CSR in the charity sector, rather than a multiple case study of separate charities (Eisenhardt 1989). Case studies build theory as the researcher seeks to “compare theory and data—iterating toward a theory which closely fits the data.” (Eisenhardt 1989, 541). There are weaknesses in this approach, including the possibility of the theories generated being overly complex, a loss of sense of relative importance of gathered data and how it influences theory development, and the possibility of theories generated being narrow in application because generalisation is not always possible (Eisenhardt, 1989, p. 547). However, other researchers highlight the benefits, summarised as the ability to: “generate insights from intensive and in-depth research into the study of a phenomenon in its real-life context, leading to rich, empirical descriptions and the development of theory” (Saunders *et al.*, 2019, p. 197).

Moreover, other scholars maintain that in the case of theoretical generalisation “case studies are likely to produce the best theory” (Walton, 1992, p. 129). This is salient in this case, given that the CSR literature and theory in the for-profit domain is well developed in comparison to

the not-for profit context. Here, the context is a significant variable. The initial theory domain relates to CSR within the for-profit sector, but here new observations are being sought within the NFP domain, which may lead to extended, refined, or new theories. This study utilised analytic generalisation, where: “a previously developed theory is used as a template with which to compare the empirical results of the case study” (Yin, 2003, p. 32–3). This is evidenced through the interview design, and thematic coding which drew upon three for-profit models: Dahlsrud’s (2008) CSR dimensions; Neergaard’s (2006) motivations; and, Pedersen’s (2015) barriers to CSR.

Based upon the nature of the research question, purposive sampling (Schreier, 2017) was used to select six senior management level employees. The sample: “is homogeneous with respect to the selected criteria (but may be heterogeneous in other respects)” (Schreier, 2017, p. 93). This heterogeneity is present within charity core purpose, size (NCVO, 2019), and geographical focus – amongst other factors.

Semi-structured interviews were utilised due to their ability to offer deeper understanding of the phenomenon researched (Rubin and Rubin, 2012). These were conducted via video call using the Google Meet platform (Google.com, 2020) which ensured information security as recordings were automatically saved to a university’s secure storage. Recordings were automatically transcribed using Otter (2021), with manual edits made afterwards to verify and ensure validity.

To frame the specifics of any CSR activity participants were asked how their organisation reflected voluntary CSR activity in terms of Dahlsrud’s (2008) dimensions of environmental, social, economic, stakeholder, voluntariness and leadership; with the additional areas of leadership, vision, and values as these were not evident in Dahlsrud’s definition but are reflected in other models (Blowfield and Murray, 2019) and, executive motivation was also identified as

a motivating factor (Neergaard, 2006). These terms were introduced and briefly explained as each question was asked.

The questions followed a similar format for each of the identified dimensions, asking “What activities over and above your core purpose does [charity name] undertake which make a difference which could be classed as [dimension]” (for example, voluntary in nature, being of benefit to key stakeholders)? Clarification questions were utilised as required to gain fuller understanding of each activity.

Following the interviews, the transcriptions were loaded into Nvivo (2022), a software package designed to aid content analysis, and were coded thematically (Miles and Huberman, 1994). Using this approach, data is analysed against pre-existing theories, with coding following observations made (Flick, 2018; Hsieh and Shannon, 2005). Additional phenomena of interest (including observations on activity, motivations, or barriers which fell outside of the extant comparator definitions) occurring in sufficient volume to be worthy of analysis were coded appropriately using a short descriptor phrase (Charmaz, 2014).

One limitation of this exploratory study was the small number of charities interviewed with five of the six charities delivering support directly to people, and three being linked to disability. NCVO (2021b) lists 18 subsectors across the UK charity sector (e.g., environmental charities, animal welfare), and this study was unable to cover them all. This lack of diversity within the sample may have restricted the findings and may not fully represent all the dimensions of voluntary CSR activity in relation to stated core activities.

Analysis and Discussion

The interview responses were thematically analysed and coded against Dahlsrud's (2008) five dimensions of CSR i.e. environmental, social, economic, stakeholder and voluntariness; plus leadership vision and values and these are individually discussed below. They were then ranked for mentions from highest to lowest with the stakeholder dimension having the most mentions.

The Stakeholder Dimension

The highest number of CSR mentions was stakeholder activity with key stakeholders identified being beneficiaries, employees, funders, other charities, and suppliers (Freeman, 1984). The stakeholders identified included a mixture of stakeholders who would benefit directly, and societal impact (van Marrewijk, 2003). The benefit from many of these activities is extrinsic, leading to potential payback in the future (Graafland and Mazereeuw-van der Duijn Schouten, 2012).

The Environmental Dimension

Environmental considerations received the second highest number of mentions in the interviews. Charities are especially responsive to the demands of funders and these have increased with regard to environmental statements with: *“a progression in how seriously it appears to be taken.”* Another respondent described how often: *“when we tender for new work, we will be required to formalise our approach to responsible environmental practice”*; which is in line with governmental expectations described earlier.

Transport featured significantly among all interviewees with organisations seeking to *“...prioritise greener forms of transport...”* and minimise unnecessary national and

international travel. Furthermore, event planning took into consideration the environmental impact on stakeholders including staff and beneficiaries e.g. *“Where the event is, we don't want to encourage more driving. We want it to be community based...to be walkable.”*

However, not all the driving forces originated from environmental perspectives. One interviewee noted that the reduction in national and international travel was a response to the Covid-19 pandemic and: *“There wasn't like, a particular intention or drive towards doing something for the environment.”* This raises the question of whether incidental CSR is still CSR if it is not directly intended or strategic (Witek-Crabb, 2019). In like manner, decisions around financial savings may be narrowly focused with one interviewee describing the decision to move out of a large office building: *“I think getting rid of a big building was our biggest, biggest environmental move because that was clearly needed... I guess it was more economic consideration than environmental.”* This evidences that even if not the primary driver, environmental issues could still have a role in business decisions.

The Social Dimension

A key theme was the fact that many charities are embedded in, and operate as part of, their local community: *“they are shaped by the communities that they have sprung up from.”* What was also noticeable was that NFPs did not purely restrict themselves to their core purpose:

“We do get people coming through our door who...wouldn't be part of our core stakeholder group, but are in need of support guidance, signposting... And I think that is where a pure corporate or absence of social mindedness would say, ‘I'm sorry, we're unable to help you,’ and that would be a transactional relationship, actually, what happens here is our investment in people and communities does bleed into that to the

point where we will invest charitable resources for people who are not part of our core stakeholder group.”

Another interviewee’s organisation went above and beyond in their delivery overseas: *“providing food to families...providing medical, covering medical bills and like, advice to people in the community.”*

The Economic Dimension

Mentions of the economic dimension of CSR activity were limited perhaps due to the underlying assumptions that financial considerations were often paramount. Offering the use of an asset for room bookings was identified:

“We are a community so anyone can book a room and pay for it and that is not at all related to our core purpose, but allows us to use that surplus to contribute towards it.”

Other responses focussed on income generation activities related directly to the core purpose but with no additional benefits. One interviewee shared how they served their core beneficiaries as a charity by waiving the usual school fees for parents who couldn’t pay. Whilst done with the motivation of impacting the outcomes for the beneficiary (the student), this should be considered in light of the activity undertaken by this organisation in the community as the organisation embedded itself in the community. Here, their reputation was key to legitimacy of operation, and this activity fed into that.

The Voluntariness Dimension

The voluntariness dimension encompasses the other CSR dimensions discussed here and has similarities with the three-domain model of CSR proposed by Schwartz and Carroll (2003),

whereby activity is considered in terms of the describing categories overlapping, rather than being distinct and independently delineated. Interviewees therefore experienced conceptual difficulty with this dimension:

“...technically everything we do will be linked to the core objective because autistic people are in all facets of society...so I'm not entirely sure how to answer that...anything we did for greater society would benefit autistic people.”

This conceptual overlap was echoed by another respondent:

“I'm struggling to separate out the core from the added value because I think some of it is about how we approach people, just meaning social people and communities, which comes from our core purpose”

Lobbying activities and sharing information with other NFPs were also mentioned even though they might not result in a direct benefit. Also, one UK-based organisation with beneficiaries based in developing countries overseas described how, as part of their embedding into the community, covered medical bills within the community, ran feeding programmes, and helped to rebuild community homes after a natural disaster. An interviewee stated of this activity that *“we've not been required by law to do. And some of them we've done at a cost.”*

Leadership, Vision and Values

The development of sectorial strength was a key theme. A senior leader at an organisation served voluntarily as the chairperson of a member group for disability charities with a significant membership, taking a role influencing the sector:

“Sitting as the chair he, you know, he's connected with other... similar organisations, I suppose, and is keeping abreast of issues and, and using his influence as well.”

The impact of leadership values extended beyond the paid staff team to the trustees of the charity, who did not engage in activity above and beyond the core purpose of the organisation:

“I think because of the history of the charity, their focus, and their role should be to focus on what is core to the charity actually, it would probably be remiss of them to spend too long on anything that isn't directly charity related, because ultimately, that's why they exist”

Motivations and Drivers

Neergaard's (2006) CSR motivation model was used for thematic coding of motivations identified in the interviews and these were found to be congruent with the three main dimensions of the model i.e. *instrumental* (it pays off) (13 responses), *emotional* (the right thing to do) (10 responses) and *institutional* (it is expected) (3 responses). This hierarchical ordering of responses for each dimension appears to illustrate the dedication to core purpose as instrumental activity resulted in extrinsic benefits to the charity (Graafland and Mazereeuw-van der Duijn Schouten, 2012), such as greater surplus generation, or cost reduction (e.g., through improvements in staffing metrics such as retention and performance).

The motivations identified were broadly categorised into two groups: positive motivating factors (CSR drivers), and negative motivating factors (CSR barriers).

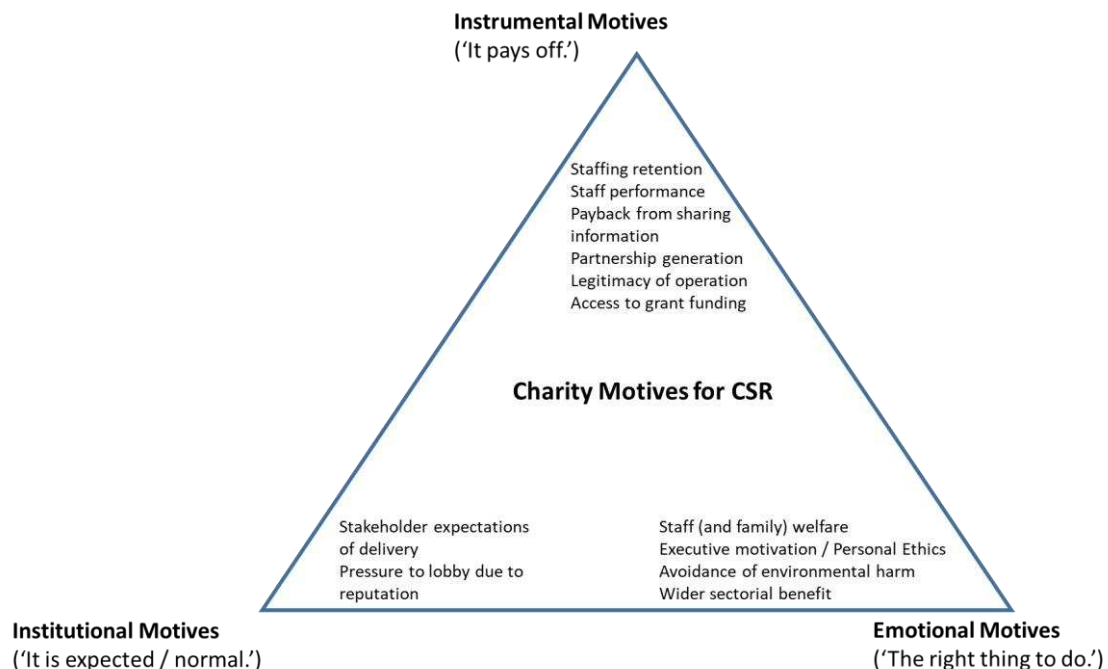


Figure 1: Motivating CSR factors based on Neergaard's (2006 p25) model

b

Instrumental Motivations

Instrumental motivations featured significantly and included staffing issues (impacting retention, recruitment, and performance), payback from sharing information, increased reputation leading to partnerships, legitimacy of operation, and funding motivators.

With regard to CSR voluntariness there were strong expressions of support around prioritising the wellbeing of staff which has a positive impact on work performance. For example, during the pandemic, one organisation brought forward a pay increase and provided gift baskets to make staff feel valued which led to increased staff retention (which is challenging in social care).

Organisational reputation also assists in staff recruitment and partnerships: *“...about the environment... doing good work, brings... reaps rewards...it shows you are a caring, interesting business that makes people want to work for you.”*

Payback was also mentioned in terms of the ability to attract new funding by standing out in the marketplace: *“We kind of go above and beyond...I think it's a reputation thing to kind of show that we're trying to offer something quality. And then that does bring in more funding because people look at it and go ‘Oh actually all of the other services aren't offering this, you're doing something quite bespoke.’”*

Emotional Motivations

Emotional motivations, or “the right thing to do” (Neergaard, 2006) were evident in the analysis in terms of environmental activity, staff treatment, and sectorial benefit and there was specific mention of: *“Doing the right thing... we're all aware of... how important the environment is.”*

This motivation was especially prevalent when speaking about the planet, as motivation for activity is *“...just sort of born out of a genuine concern and a consciousness”* This emotional

drive to do the right thing also spoke to one organisation as part of a global society: *“I mean, it's one thing looking out for autistic people, but if they've not got a suitable environment, and the planet is dying, everything's pointless, really, isn't it?”*

Being environmentally considerate doesn't always have an economic premium as one respondent stated: *“It wasn't any greater financial burden. And it was the right thing to do.”*

The “right thing to do” in terms of ethics played a part in motivations to the treatment of staff with one organisation describing the decision to pay the living wage (Living Wage Foundation, 2022) which was higher than that required by law.

Institutional Motivations

Motivations categorised as *institutional* were mentioned significantly less than the other two factors, potentially because the ‘expected’ activity most directly relates to the charities’ core purpose. Where institutional reasons were mentioned, they related to expectations from the community to deliver a service which was no longer funded, and to lobby the government for change due to the reputation and size of the charity. Note this response from the largest organisation in the study:

“...we think because we have occupied this space for some time, and we think we know that we're quite influential as well. So if we continue to lobby and campaign then other organisations will follow suit.”

Both activities could be viewed as connected to reputation. This conjecture was affirmed by one interviewee speaking about the reason for continuing the non-funded work:

“...it's part of our DNA. It's an area that it's probably...the thing that the public would know us for.”

Executive Motivations

Executive motivation is known to be a driving factor for CSR activity in the for-profit sector (Waldman *et al.*, 2006), and analysis identified that this also featured significantly in the interviews. The four main areas of executive motivations identified were: personal employment history, personal fulfilment, personal belief systems; intrinsic altruistic nature of sector staff. Some senior leaders were drivers of specific agenda and activities: “...if those individuals were not there, I would struggle to think going above and beyond is a core enough value that those things would happen anyway.” Delving deeper into why these executives exert this influence, several factors emerge, including adverse personal employment history: “...it's because I've had terrible employment before when no one's really cared.” This was echoed by another participant who stated “Well, when I was not the boss, I liked to be treated well”.

Speaking about going above and beyond the core service offered to their beneficiaries, one interviewee mentioned personal fulfilment for the practitioner as a motivating factor: “I think it's because I want to do the very best job.” A similar sentiment was expressed by another interviewee who spoke about the proactive curation of a positive working culture by stating that “I enjoyed myself more because it is an environment that is more enjoyable.”

The desire to find personal fulfilment was also mentioned by a further respondent who spoke about the motivations of executives who work within the sector:

“I think the vast majority of us are on our role because we have some sort of human feelings about other people. And actually, that our jobs are a means to an end to find meaning ourselves.”

The intrinsic altruistic nature of the NFP executives (Jobome, 2006; Third Sector, 2003) was also highlighted:

“...people in the charity sector are very interested in - for want of the better word - issues and are...I don't want to make themselves to be do-gooders, but you know, people, charity sector attracts a certain type of person...”

Hui, (2008) identified that faith was also a driver, and this was confirmed in the research:

“There is a strong overlap between the makeup of the organisation and like faith, belief system and all of that. So there is probably some...some major motivations from their beliefs faith-wise”

Barriers

Barriers act as negative motivating factors and identified barriers were classified against Pedersen's (2015) model of factors affecting the operationalisation of CSR i.e. commitment, capacity, consensus and consciousness.

Resource constraints such as *commitment* to core purpose and human and financial capacity were the most common factors influencing choice of activities:

“... a major barrier to doing both of those would be the finances. So, it'd be having the money that means you're able to...fulfil your core purposes and then go above and beyond.”

Another commented: *“...it's down to the finances and our support services don't really make that much money.”*

Other interviewees framed the lack of resources against delivery of core purposes which took priority:

“In the face of hundreds of competing priorities and... very limited resource... So those softer behaviours can't come at the expense of something that is a must do.”

“...we have had an increase in calls, we've had an increase in the waiting list. So, we don't have the capacity to go out there and solve the world's problems.”

It would appear that the empirical research confirms Pedersen's (2015) four barriers or obstacles to the implementation of CSR. A *consciousness* barrier i.e. awareness barrier, might be addressed through the provision of training (e.g. hidden bias), or targeted recruitment. In addition, the *consensus* and *commitment* barriers are linked to a preference for core delivery. The same applies for *capacity* as executives are able to allocate resource where they deem appropriate (barring the legal requirements of core delivery). Given these, all the barriers identified can be framed as decisions made to prioritise core purpose delivery above CSR delivery.

Conclusions and Recommendations

Charities are required by law to focus on their core purpose and any additional benefits which arise from their operations must be incidental and be “a necessary result or by-product of carrying out the purpose” (HM Government, 2023). This has the potential to constrain additional voluntary CSR activities if they are not integral to the core purpose even though clients, funders etc. may wish to encourage such behaviour. This paper has attempted to explore, identify and disentangle some of these elements so that charities might have a clearer operating platform and not involuntarily contravene legislation.

The conventional hierarchical ordering of Carroll's CSR pyramid (1991) for profit focussed organisations consists of four layers (beginning at the base): economic, legal, ethical and philanthropic dimensions. The empirical findings above have identified an alternative ordering

and prioritization for charitable organisations. Underpinning the foundations of a charity and informing its *raison d’etre* is an ethical responsibility providing the reason for their existence. Above this, is the legal requirement for the delivery of the core purpose; followed by income generating responsibilities; and, finally, by philanthropic / voluntary / incidental / activities of being a good charitable citizen over and above core purpose.



Figure 2: CSR in the NFP sector, adapted from Carroll’s pyramid (1991)

Capacity and resource constraints drive NFPs to focus on core purpose even where there may be additional societal benefits from CSR activities. However, all the investigated organisations appeared to demonstrate additional voluntary activities which went above and beyond the core purpose of the organisation. Some of these additional voluntary activities were intentional and others were a result of overlap and conceptual ambiguity around the boundaries of what might be considered a core purpose activity. Interviewees described how it was sometimes difficult delineating core from voluntary activities e.g. there are difficulties in putting boundaries around people who are supported e.g. service users are to be found in many societal dimensions.

In addition, there are sometimes secondary effects of action in one area which impact on adjacent areas e.g. financial savings on buildings may result in positive environmental impacts. The question was also raised as to whether incidental activities such as reduction in travel due

to Covid-19 might be considered CSR when they were not intentionally directed? Furthermore, many CSR activities may be categorised under multiple headings and there are challenges faced in clearly delineating core activities from more peripheral ones.

Given the growing attention from funders and other stakeholders, the importance of CSR activity is likely to increase in the future e.g. as the UK seeks to achieve the target of being net zero by 2050. Even if a charity is not directly impacted by this, they may still feel the impact of reporting (and activity) demands as they cascade down supply chains. It may therefore be prudent to proactively take steps towards net zero considering the import assigned to this by governmental supply chains such as offsetting the impact of employees and charity activities.

The drive for CSR was not found to be explicitly embedded within the culture of organisations, however, charities might consider defining what CSR activity is acceptable or may be materially relevant to them, and then putting KPIs and reporting systems in place which are cascaded throughout the organisation. This may also be an area for future research to investigate the material benefits and competitive advantage of CSR activities.

Following from the above discussion, there would appear to be a number of areas for further research including: an international comparative study; further research in different charity sectors; a detailed quantitative study; ‘incidental CSR’; and, appropriateness of Carroll’s pyramid to NFPs.

Finally, these capacity barriers result in the allocation of resources towards core purpose delivery rather than on voluntary CSR activities and are thus congruent with legal requirements: “charity funds and assets must be protected and used correctly, towards the charitable purposes of the organisation” (Gillard and Semple, 2017 p26). This is analogous to Friedman’s (1970)

view of the for-profit business world which was paraphrased by Moon (2014, p. 102) as: “The business of business is business.” Here, the less snappy inferred paradigm is that *the business of charities is delivery of their own charitable purpose.*

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