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## CORPORATE SOCIAL RESPONSIBILITY IN ENERGY SECTOR

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**ABSTRACT.** *Energy companies are increasingly stimulated to deal with the growing societal challenges – like scarcity of resources, climate change, pollution, employment, ect. Citizens, environmental and government organizations define energy company environmental and social responsibility as the duty. That means that for energy companies CSR is a requirement. A company operating in the energy sector should understand the social, environmental and economic impacts created in all the regions affected by its activity. The drivers of CSR in energy sector are the mix of incentives and requirements. These drivers are market-based or requirement-based, they can be categorized in three groups: economic, social and political drivers. The paper deals with the development of corporate social responsibility in the energy sector. There are identified and characterized the critical issues, identified drivers, present critical issues of implementation of advanced corporate social responsibility.*

**KEYWORDS:** corporate social responsibility, energy sector, CSR drivers, advanced CSR.

**JEL classification:** Q01, Q40, Q43, Q51, Q52, Q58.

## **Introduction**

The expectations of what businesses should be responsible for has changed more and more as the consumer consciousness has evolved. In the context of national and international developments Corporate Social Responsibility (CSR) is becoming an increasingly important element on national and transnational policy agendas. An ever more diverse range of businesses are adopting CSR strategies as a core part of their business model. Formal writings on social responsibility are largely a product of the twentieth century, especially the past 60 years. In the past two decades, Europe has become captivated with CSR and there is considerable evidence that scholars and practitioners in Europe are taking seriously this social concern, often manifested in the form of formal writings, research, conferences, and consultancies. It is hard to sum up the history of how corporate social responsibility came to be in the European Union as a whole. For one, it was formed only 25 years ago in November of 1993. Second, it is made of 28 countries that have their own extensive histories, traditions, and cultures. Still, Europe has historically been concerned with ethical business practices for a long time. Particularly, with the rise of the Industrial Revolution, criticisms quickly emerged about the factory system and its treatment of employees. From these concerns, an industrial welfare movement progressed with the aim of preventing labour problems, improving performance, and giving back to various stakeholders of business (Carol, 2008).

The demand for energy is increasing, both in developed and in developing countries. Also an increasing pressure is put on the issue of climate change, that is strongly related to the efficiency of the usage of energy resources. All business sectors are impacted by growing societal challenges. However, especially companies in the energy industry are increasingly stimulated to deal with the social and environmental issues – like the most impacting on public wellness and environmental stability. Companies in energy industry are more and more pushed to fit their CSR strategies to the pressures of the external contexts. It is generally recognized that energy is essential for social and economic development, both in the developed world and in developing countries. Also energy supply, especially electricity, should serve the needs of a growing population, that is expected to reach 9 billion by 2050, and support its economic progress and industrial rebirth.

The global economy is estimated to grow four times faster from now and 2050, this growth could reach ten-fold in emerging countries, such as China and India. This could contribute to economic benefits and enormous improvements in people's standards of living, but it also implies a greater use of energy. Specifically, referring to developing areas, there are more than 1,2 billion people who still lack access to modern energy, while energy can help people move out of poverty, support businesses and grow local economies (Mapelli *et al.*, 2016). It means that for energy companies the challenge of resources' scarcity is deeply connected with their core business. CSR could help to manage it through a better integration of economic and socio-environmental goals.

**The aim of this paper** is to analyse the development of corporate social responsibility in the energy sector.

**Seeking to achieve this aim the main tasks are:**

- to identify and characterize the critical issues of corporate social responsibility in the energy sector;
- to identify the drivers of corporate social responsibility in energy sector;
- having systematised scientific literature and empirical studies dealing with the corporate social responsibility in energy sector, to present critical issues of implementation of advanced corporate social responsibility.

*The methods applied:* analysis of scientific literature, documents and statistical data, situational analysis, comparative analysis.

## **1. The Three Pillars of Corporate Social Responsibility in Energy Sector**

Now we can say, that Europe has the strongest culture of CSR in the world, which is reflected in the fact that the European Commission (EC) has recently sought to formalise its interpretation of the concept and promote a common vision of CSR through the member states. Access to high quality, reliable energy supply, declining energy prices, efficiency is an absolute necessity for maintaining Europe's modern economies and high standards of living. However, the energy industry is also a major source of air and water pollution and one of the world's largest emitters of greenhouse gasses, which are contributing to climate change. In fact, there is hardly another industrial sector that has such potential to contribute to economic and social development that at the same time can potentially have such negative impacts for people and planet, especially electricity. A rapidly changing climate and continuously rising electricity demand underline the urgency of defining corporate social responsibility in the context of the energy sector.

The European energy industry social partners, scientists, researchers have endorsed the EC's definition of CSR and recognize that CSR is a broad concept that entails economic, environmental and social issues. Following this definition, it is necessary to determine the specific social, economic and environmental issues and international standards relevant for the energy sector. There exists a broad array of literature from academic, governmental, industry, trade union, and non governmental organizations sources related to standards and criteria for sustainable energy provision in developing countries. ECOTEC's (2007) study provides a background on CSR policies of European and international institutions and indicates key factors in the success of CSR policies in electricity and gas markets. Wilde-Ramsing (2009) conducted a comprehensive survey of literature and extracted one of the most relevant critical issues and internationally accepted normative standards for sustainable electricity provision. These internal and external norms are the source of the moral pressure on electricity companies to align their CSR policies and practices with the principles of sustainable development. The Latin American Energy Organization OLADE (2014) made a methodology for the electrical and renewable energy sector companies that will allow them to measure their activities regarding corporate social responsibility. The methodology focuses on the social responsibility of companies with a focus on gender and the role they play as promoters of development in the countries of the region.

The critical issues identified by Uusimaa Regional Council in Cooperation with Baltic Sea Region countries (2007) and Wilde-Ramsing (2009) represent a comprehensive list of indicators from the literature that should provide the basis for developing a comprehensive CSR policy. These issues can be categorised into the three pillars of sustainable development: social issues, environmental issues, economic issues.

**Social issues.** In a modern business world, social responsibility is the newest of the three dimensions of CSR and it is getting more attention nowadays. A growing number of organisations are becoming increasingly active in addressing social issues. Social responsibility means being accountable for the social effects the company has on people directly and indirectly. This includes the people within the company, in the supply chain of the company, in the community the company is in and as customers of the company. It refers to the management's obligation to make choices and take actions that will contribute to the welfare and interests of society as well as those of the organisation. Organizations depend on

the stability, health, and prosperity of the communities in which they exist. The reputation of organization at its location, its image as an employer and producer, but also as a member in the local area, certainly influences its competitiveness. Being responsible to customers has a direct positive effect on the company's profits as well. The organisations should disseminate information to their customers about incentives and guidance to save energy, GHG emissions of their energy consumption, ect.

Social issues refer to the impact that an electricity company's operations have on the social wellbeing of a country or community. Despite the fact that social issues are generally of great concern to developing countries, ECOTEC's analysis of electricity industry CSR reports found that the social pillar of sustainable development is often the most neglected by electricity companies. This may be due to the fact that electricity companies have a longer history of reporting on economic and environmental issues than on the social impacts of their operations. Social issues are also often overshadowed by the dominance of the current debate on global warming, which has focused CSR concerns on the environmental aspects of sustainable development (Kerckhoffs, Wilde-Ramsing, 2010).

**Environmental issues.** Environmental issues have been an important topic of discussion for the past forty years in the business world. The knowledge and issues within the dimension have progressed across a landscape of changing business realities. Energy production and transmission may have many types of effects on the environment. Usually environmental impact refers to the negative effects occurring in the surrounding natural environment due to business operations. Such impacts may include: overuse of natural, non-renewable resources, climate change, waste, pollution, degeneration of biodiversity, deforestation, etc. Since many business-related environmental problems transcend national boundaries, most companies are actors in the global environment (Uusimaa Regional Council in Cooperation, 2007). Environmental impacts can be measured in various ways: ecological footprint, through environmentally extended input-output tables, life cycle assessment, material input per service unit (MIPS) calculations, ect. There are many databases and resources containing the information and data needed for measure (*Table 1*).

**Table 1. Databases and resources**

The European Union organisations	European Environment Information and Observation Network (Eionet) Eurostat (Statistical Office of the European Union) European Central Bank European Union database (EUROPA) European Parliament database
Inter-governmental organisations	Organisation for Economic Co-operation and Development (OECD) International Energy Agency (IEA) United Nations Economic Commission for Europe Statistics Data Locator United Nations Statistics Division Food and Agriculture Organization of the United Nations (FAO) World Bank World Meteorological Organization (WMO)
National organisations	Websites and database of national statistical agencies
Non-governmental organisations	International Statistical Institute (ISI) International Association for Official Statistics (IAOS) World Resources Institute (WRI)

Source: Streimikiene and Siksnelyte *et al.* (2016).

To full commit to its environmental responsibilities, a company should change its traditional modus operandi towards a more environmentally oriented one. The environmentally more responsible perspective could include such issues as cleaner

production, an increasing of resource productivity, and active dialogue with the company's stakeholders, ect. Many businesses have found that for them, establishing an environmental management system is the best basis for good environmental performance. Quality, health and safety issues can also be integrated into the same management system very well.

The production, transmission, distribution and use of energy create pressure on environments and ecosystems in the household, the workplace, the community, the city, and the natural surroundings at national, regional and global levels. It is therefore imperative that energy companies strive to minimise the environmental impact over the full life cycle of their product, from inputs such as fuels, water and materials, to waste products such as emissions and effluents. The electric power industry is among the world's largest consumers of fossil fuels and, as a result, largest emitters of carbon dioxide, making fuel use and fuel mix a critical concern. Energy, especially electricity, generation can result in significant negative environmental impacts such as climate change; diminishing air, soil and water quality; production of radioactive waste; loss of biodiversity, in which developing countries are particularly rich; and acid rain. In developing countries, where large numbers of people live in environmental problems, insecure situations, climate change and pollution affect a greater number of people and have a more direct and more intense impact on people.

Furthermore, electricity infrastructure such as hydroelectric dams and high-voltage transmission lines are often located in ecologically sensitive areas rich in biodiversity. Electricity companies have a responsibility to ensure the environmental sustainability of their operations. Companies need to have in place initiatives to stimulate the increase of renewable sources of energy for electricity and a long-term strategy for phasing out fossil fuels and completely switching to renewables. In addition to increasing the use of renewables, electricity companies should also implement other strategies to reduce their impact on climate change and GHG emissions, and disclose proper information regarding their performance to the public. They should also install control systems for waste and pollution, thereby minimising ecosystem impacts. Other, related environmental indicators include the company's impact on biodiversity and natural resource depletion (Kerckhoffs, Wilde-Ramsing, 2010).

Citizens, environmental and government organizations define energy company environmental responsibility as the duty to cover the environmental implications of the company's operations, products and facilities; maximize the efficiency and productivity of its resources; eliminate waste and emissions; and minimize practices that might adversely affect the enjoyment of the country's resources by future generations. Partners in business, citizens, environmental and government organizations, and consumers want to know what is inside a company. This transparency of business practices means that for energy companies CSR is a requirement.

**Economic issues.** Economic issues have long been overlooked in the discussion on CSR. For many years, the dimension has been widely assumed to be well managed. However, it is actually the least understood by many of the people shaping the corporate and public-policy agendas, and underrepresented in the corporate-responsibility agenda. The reason for this is that CSR is often mistakenly considered to be synonymous with financial issues, which is why it has been assumed easier to implement than the other two dimensions of the CSR. However, economic responsibility is not simply a matter of companies being financially accountable and recording employment figures and debts in their latest corporate-responsibility report. The economic dimension of the sustainability agenda should rather consider the direct and indirect economic impacts that the organisation's operations have on the surrounding community and on the company's stakeholders. It makes up corporate

economic responsibility (Uusimaa Regional Council in Cooperation, 2007). In practice, many companies have found that CSR has often had a positive impact on corporate profits. The International Financial Corporation, Sustainability, Ethose Institute (2002) reached the conclusion, based on the experiences of over 170 companies, that many businesses have achieved cost savings, revenue growth and other benefits.

Economic issues affect the progress and sustainability of economic development. While it is clear that energy companies must make a profit in order to continue their operations, economic aspects of companies' operations and impacts are increasingly debated from a CSR perspective. Energy companies are expected to contribute to sustainable economic development in their host country by investing in and improving electricity infrastructure, researching and developing sustainable new technologies that can be utilised by the host country in the future, ensuring a reliable supply of electricity for local residences and businesses in the short and long-term, managing demand, paying fair and appropriate taxes, and conducting their operations in an efficient, honest, and transparent manner. In order to maximise contribution to local economic development, energy companies should first assess the local needs and determine whether new generation capacity is truly necessary or whether the demand could be met through efficiency measures and other demand-side initiatives rather than additional supply. Reliability of supply refers to the ability of energy system to provide an adequate, secure and uninterrupted supply of energy at any point in time. Efficiency refers to reducing the impact on natural resources for producing goods and services (Kerckhoffs, Wilde-Ramsing, 2010). Other economic indicators of sustainable energy supply include taxation, competition, corruption, appropriate diligence, regulation, and research and development.

All pillars should be in balance and grounded on accountability - overall reliability and transparency of operations. The most important issues within each pillar in energy sector are summarised in *Table 2*.

**Table 2. Social, environmental and economic responsibility in energy sector**

<b>Social responsibility</b>	<b>Environmental responsibility</b>	<b>Economic responsibility</b>
<ul style="list-style-type: none"> <li>• Personnel's welfare, skills and motivation;</li> <li>• Open interaction with stakeholders;</li> <li>• The quality of energy supply;</li> <li>• Good practice of business and cooperation with the stakeholders, networking with other companies;</li> <li>• Correct price for energy.</li> </ul>	<ul style="list-style-type: none"> <li>• Measuring of environmental impact;</li> <li>• Awareness and reduction of environmental impacts of energy production and transfer;</li> <li>• Minimisation of use of fossil fuels;</li> <li>• Reduction of pollution and emissions;</li> <li>• Renewable sources development;</li> <li>• Control systems for waste and pollution.</li> </ul>	<ul style="list-style-type: none"> <li>• Cost-effective operations;</li> <li>• Fair prices and good service;</li> <li>• Investing in new technologies;</li> <li>• Reliability of energy supply;</li> <li>• Financial risk management.</li> </ul>

*Source:* created by authors.

Energy industry is a significant part of the society, and should take a role as a bringer of well-being.

## **2. The Drivers of Corporate Social Responsibility in Energy Sector**

What drives a firm to be committed to social and environmental issues can be unpacked into dynamic layers of internal, sector-specific and external influences. While many

studies provide descriptions of a firm's CSER motivations both within and across sectors. What drives a firm to be committed to social and environmental issues can be unpacked into dynamic layers of internal, sector-specific and external influences. While many studies provide descriptions of a firm's CSR motivations both within and across sectors. Based on an extensive review of the literature, Lynes, Andrachuk (2008) have developed a model to illustrate how a firm first processes and interprets motivations derived from external and sector-specific influences. There are four parts to the model. Part I introduces four broad external and sector-specific systems of influence (market systems, political systems, social systems and scientific systems) that impact how a firm operates. Part II lists a firm's possible motivations for CSR, based on combinations of the four systems of influence. Part III proposes ways in which motivations are mobilized within a firm through various catalysts such as internal leadership and the financial position of the organization. Part IV presents the resulting level of commitment to CSR that a firm demonstrates based on its interpretation of Parts I–III of the model. The four components of this model provide a systematic approach to analysing motivations for CSR at the level of the firm (Lynes, Andrachuk, 2008).

The drivers of CSR in energy sector are the mix of incentives and risks directed at companies to improve standards. These drivers are market-based, usually beginning when a firm anticipates or responds to a risk associated with the social, labor or environmental impact; and requirement-based, usually it depends on sustainability initiatives in countries and regions. The drivers can be categorized in three groups: economic, social and political drivers (*Table 3*).

**Table 3. Economic, social and political drivers in energy sector**

<b>Economic drivers</b>	<b>Social drivers</b>	<b>Political drivers</b>
<ul style="list-style-type: none"> <li>• company image/reputation;</li> <li>• support mechanisms (usually depends on government);</li> <li>• improved risk management;</li> <li>• competitive advantage;</li> <li>• pressure from environmental and government organizations;</li> <li>• pressure from costumers/citizens;</li> <li>• pressure from investors;</li> <li>• price justification.</li> </ul>	<ul style="list-style-type: none"> <li>• pressure from non-governmental organizations;</li> <li>• pressure from civil society organizations;</li> <li>• pressure from local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• legal drivers</li> <li>• regulatory drivers</li> <li>• licence to operate</li> </ul>

*Source:* created by authors.

There are a lot of organizations and initiatives, which can be considered and valued by organizations to give impulse to their social responsibility practices and actions, and contribute to competitiveness of the company and build societies that are more equitable. Below are the main organizations and initiatives that promote countries governments and energy corporations to seek sustainable development goals:

- **17 Sustainable Development Goals (SDGs).** On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development - adopted by world leaders in September 2015 at an historic UN Summit - officially came into force. Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. The SDGs, also known as Global Goals, build on the success of the Millennium Development Goals (MDGs) and aim to go further to end all forms of poverty. The new Goals are unique in that they call for action by all countries, poor, rich and middle-income to promote prosperity while protecting the planet.

They recognize that ending poverty must go hand-in-hand with strategies that build economic growth and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. While the SDGs are not legally binding, governments are expected to take ownership and establish national frameworks for the achievement of the 17 Goals. Countries have the primary responsibility for follow-up and review of the progress made in implementing the Goals, which will require quality, accessible and timely data collection. Regional follow-up and review will be based on national-level analyses and contribute to follow-up and review at the global level (United Nations, 2017, 2015).

- **European Commission (EC).** The EC promotes CSR in the EU and encourages enterprises to adhere to international guidelines and principles. The EU's policy is built on an agenda for action to support this approach. It includes: enhancing the visibility of CSR and disseminating good practices; improving and tracking levels of trust in business; improving self and co-regulation processes; enhancing market rewards for CSR; improving company disclosure of social and environmental information; further integrating CSR into education, training, and research; emphasising the importance of national and sub-national CSR policies; better aligning European and global approaches to CSR. The EC's CSR strategy is built upon Guidelines and Principles: United Nations Global Compact, United Nations Guiding Principles on Business and Human Rights, ISO 26000 Guidance Standard on Social Responsibility, International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy, OECD Guidelines for Multinational Enterprises (European Commission, 2017; Williamson *et al.*, 2014).

- **European Energy Strategy (by 2020, by 2030, by 2050).** By 2020, the EU aims to reduce its greenhouse gas emissions by at least 20%, increase the share of renewable energy to at least 20% of consumption, and achieve energy savings of 20% or more. All EU countries must also achieve a 10% share of renewable energy in their transport sector. Targets for 2030: a 40% cut in greenhouse gas emissions compared to 1990 levels; at least a 27% share of renewable energy consumption; at least 27% energy savings compared with the business-as-usual scenario. The EU has set itself a long-term goal of reducing greenhouse gas emissions by 80-95% when compared to 1990 levels by 2050. The Energy Roadmap 2050 explores the transition of the energy system in ways that would be compatible with this greenhouse gas reductions target while also increasing competitiveness and security of supply (European Commission, 2010, 2011, 2014).

- **Central American Sustainable Energy Strategy 2020.** It was approved by the Energy Ministers of Central America at their meeting of November 13, 2007, in Guatemala City and its goal is to ensure the quality, quantity and diversity of sources of the energy supply of Central America necessary for sustainable development, taking into account social equality, economic growth, governance and compatibility with the environment, according to international environmental commitments (OLADE, 2014). It describes the following goals that the countries hope to achieve by 2020: to achieve electricity coverage of at least 90% in each country of the region; to reduce the consumption of firewood for cooking by 10% using efficient stoves; to reduce the use of electricity in the residential, commercial, industrial sectors and public lighting by 12% by introducing efficient lighting systems; to reduce the use of electricity for refrigeration in the residential sector by 35% by replacing inefficient refrigerators; to reduce the use of electricity in industry by 10% through efficient motors; to reduce losses in power systems by at least 12%; to reduce the consumption of petroleum products by the public and private transport by 10% through energy efficiency measures; to



increase the share of energy from renewable sources in electrical production by 11%; to replacing 15% of petroleum consumption in public and private transport with biofuels.

- **Sustainable Energy for All (SE4ALL).** Sustainable Energy for All is about driving actions and mobilizing commitments to positively transform the world's energy systems. The Secretary-General's High-Level Group on Sustainable Energy for All has created a Global Action Agenda to guide efforts undertaken in support of achieving the initiative's three objectives. It contains 11 Action Areas and provides a framework for identifying the high impact opportunities that will catalyse change and prompt innovation. Using this framework, countries and stakeholders can create their own pathways towards Sustainable Energy for All. The Action Areas are grouped into two categories – sectorial and enabling. The seven sectorial Action Areas address both power generation and the principle sectors of energy consumption. The four enabling Action Areas characterize cross-cutting mechanisms designed to support effective sectorial action and address existing obstacles. SE4ALL is working towards three ambitious objectives for 2030: ensuring universal access to modern energy services; doubling the share of renewable energy in the global energy mix; doubling the global rate of improvement in energy efficiency (Sustainable Energy for All, 2017).

- **The Organization for Economic Co-operation and Development (OECD).** The mission of the OECD is to promote policies that will improve the economic and social well-being of people around the world. The OECD provides a forum in which governments can work together to share experiences and seek solutions to common problems. The Organization works with governments to understand what drives economic, social and environmental change and measures productivity and global flows of trade and investment. The OECD analyses and compares data to predict future trends and sets international standards on a wide range of things, from agriculture and tax to the safety of chemicals.

- **ISO Standard 26000.** ISO 26000:2010 provides guidance rather than requirements, so it cannot be certified to unlike some other well-known ISO standards. Instead, it helps clarify what social responsibility is, helps businesses and organizations translate principles into effective actions and shares best practices relating to social responsibility, globally. It is aimed at all types of organizations regardless of their activity, size or location. The standard was launched in 2010 following five years of negotiations between many different stakeholders across the world. Representatives from government, industry, consumer groups and labour organizations around the world were involved in its development, which means it represents an international consensus. This standard states that every organization should consider at least seven general principles when making a decision to contribute to sustainable development; 1) Accountability, 2) Transparency, 3) Ethical behavior, 4) Respect for the interests of its stakeholders, 5) Respect for the law, 6) Respect for international standards of behavior, and 7) Respect for Human Rights. ISO 26000 states that an organization should conscientiously and methodically manage its own impacts associated with each core subject and monitor the impacts of the organizations within its sphere of influence (Global Reporting Initiative, 2014; ISO, 2010).

- **World Business Council for Sustainable Development (WBCSD).** It is a global partnership of 200 companies that promote and do business with a focus on sustainable development. The Association provides a platform for the companies, explores opportunities to support sustainable development, and shares knowledge, experiences and best practices in collaboration with governments, NGOs and intergovernmental organizations.

- **Business for Social Responsibility (BSR).** BSR is a global non-profit organization that works with its network of more than 250 member companies and other partners to build a

just and sustainable world. From its offices in Asia, Europe, and North America, BSR develops sustainable business strategies and solutions through consulting, research, and cross-sector collaboration.

- **Global Reporting Initiative (GRI).** GRI is an international independent organization that helps businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, corruption and many others. GRI produces a comprehensive Framework for the preparation of Sustainability Reports, which is widely used worldwide. The Framework, which includes the Guidelines for preparing Reports, sets out the principles and indicators organizations can use to measure and disclose their economic, environmental and social performance. GRI is committed continuously improving and increasing the use of these Guidelines, which are available to the public free of charge (Global Reporting Initiative, 2014).

### **3. Implementation of Advanced Corporate Social Responsibility**

As a first step, the goals of the company in terms of CSR need to be identified and fixed. Within the definition process, some new trends can be recognized as well as novel influencing factors. Referring to the definition of the objectives related to CSR a company sets, new processes are diffusing. If traditionally companies were used to define economic objectives and, then, to identify how they can fit with socio-environmental requirements and issues and how to manage related risks, now an integration of socio-environmental objectives is gaining importance. Indeed, different authors recognize the need to better integrate socio-environmental objectives together with economic goals in for-profit companies' strategies (Varga, 2015).

The concept of the Triple Bottom Line, which has been often linked with the measurement of social, environmental and economic results of a company, is evolving into a new concept that is the so-called shared value. Shared value has been defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates (Porter, Kramer, 2011). It is focused on expanding the connections between societal and economic progress to enhance the positive economic results for the company and, at the same time, positive impacts on the society.

When we are talking about advanced CSR, long-term local, regional, and global perspective are necessary for implementing CSR in companies. This usually requires integrated planning. There are some initiatives, when several companies engage in such strategies in order to develop a social innovation friendly eco-system, which can create more favourable conditions for strategic business returns in the long run. A corporate designing its strategies has to account for not only the impacts it has on the final customers' market, but also on all areas that are directly or indirectly affected by its activities. In a complex and interconnected world, corporations should be able to understand global as well as local contexts (Mapelli *et al.*, 2016; Porter, Kramer, 2011). Considering firms working in energy industry this is particularly relevant in the regions where fossil fuel is used. The possibility to create new profit opportunities by integrating the core business with social and environmental requirements applies equally to advanced economies and developing ones, even if the latter often appear to be more promising (Porter, Kramer, 2011).

A deeper involvement of the stakeholders is required. It allows to take into account social and environmental issues that the stakeholders themselves evaluate as prominent.

Traditionally stakeholders were used to be involved more formal, to define how to structure the sustainability report of company or how to adjust its strategy so that to efficiently manage socio-environmental risks, but now a continuous engagement of the stakeholders is becoming more common. Indeed, the role that stakeholders could play is central: multiple stakeholders' engagement provides CSR with the needed multifaceted perspectives to effectively solve sustainability challenges.

Another element that is necessary to better balance socio-environmental objectives with the economic ones are the willingness of companies to proactively address emerging needs of the communities they interact with. It means that the company is not merely focused on the compliance with imposed standards, as it is for a reactive approach, but it aims to solve the issues affecting communities and contexts in which it is inserted (Mapelli *et al.*, 2016).

## Conclusions

Energy industry has faced a variety of concerns related to environmental and social issues for last decades. The energy industry companies face environmental risks, health and safety risks, and reputational risk, which are critical to the corporations' long-term success and existence. Therefore, the energy industry is expected to meet higher standards of environmental performance, it is important to recognize that governments play an important role. Citizens, environmental and government organizations define energy company environmental and social responsibility as the duty. That means that for energy companies CSR is a requirement.

The drivers of CSR in energy sector are the mix of incentives and requirements. These drivers are market-based or requirement-based, they can be categorized in three groups: economic, social and political drivers. A company operating in the energy sector should understand the social, environmental and economic impacts created in all the regions affected by its activity. In order to be able to operate on global and local scale, reaching actual long-term impacts, the collaboration with external organisations could help to gain authority, increase credibility and achieve economic benefits.

The topic of advanced CSR has been already investigated by several authors, in the energy field as well as in other fields, but a comprehensive framework to analyse the shift from traditional CSR to advanced CSR is not yet available in literature a lot. But the main dimensions characterizing advanced CSR are: priority of social and environmental issues; shared value; long-term perspective; integrated planning; innovations; deeper involvement of the stakeholders; active focus to solve the issues affecting community.

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**ĮMONIŲ SOCIALINĖ ATSAKOMYBĖ ENERGETIKOS SEKTORIUJE****Jelena Stjepcevic, Indrė Šikšnelytė****SANTRAUKA**

Energetikos įmonės vis dažniau raginamos prisidėti ir padėti susidoroti su augančiais visuomenės iššūkiais: išteklių trūkumu, klimato kaita, tarša, užimtumo problemomis ir pan. Šiandien piliečiai, aplinkos apsaugos, vyriausybės ir nevyriausybės organizacijos apibrėžia aplinkos ir socialinę atsakomybę energetikos įmonėms kaip pareigą. Tai reiškia, kad energetikos įmonėms būti socialiai atsakingomis tampa privalu. Energetikos sektoriaus įmonės vadovai turėtų suprasti tiek socialinį, tiek aplinkosaugos, tiek ir ekonominių poveikius, kuriuos ji sukuria veikdama vietos ir regioniniu mastu. Įmonių socialinė atsakomybė (ĮSA) energetikos sektoriuje yra iniciatyvų ir reikalavimų derinys, kuris gali būti suformuotas rinkos pagrindu arba pagrįstas reikalavimais.

Straipsnyje analizuojami klausimai, susiję su ĮSA energetikos sektoriuje plėtra. Nustatyti ir apibūdinti pagrindiniai aspektai, susiję su ĮSA energetikos sektoriuje. Išaiškinti ĮSA skatinantys veiksniai ir esami kritiniai klausimai. Straipsnyje statytas pažangios ĮSA suvokimo modelis.

**REIKŠMINIAI ŽODŽIAI:** įmonių socialinė atsakomybė, energetikos sektorius, ĮSA skatinantys veiksniai, pažangi ĮSA.