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Item Type	Conference contribution
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Citation	Zaman, H., Renukappa, S., Subashini, S., Georgakis, P. et al (2024) Is the UK water sector responsible? Paper presented at Achieving transformation for greater good: Societal, organisational and personal barriers and enablers, 38th British Academy of Management Conference, 2 – 6 September 2024, Nottingham Trent University, U.K
Publisher	British Academy of Management
Download date	2026-04-18 06:56:41
License	<a href="https://creativecommons.org/licenses/by-nc-nd/4.0/">https://creativecommons.org/licenses/by-nc-nd/4.0/</a>
Link to Item	<a href="http://hdl.handle.net/2436/625571">http://hdl.handle.net/2436/625571</a>

## **Is the UK water sector responsible?**

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### **Summary**

At present in the UK water companies and their leaders face huge scrutiny in the media over their alleged failings. To begin to address this issue of whether the UK water organisation sector is responsible, a literature review has been carried out based around the theme of corporate social responsibility. The purpose of this paper is to examine the Corporate Social Responsibility (CSR) practices within the United Kingdom water sector organisations. The study reveals that CSR initiatives in the water sector aim to enhance societal well-being, align with regulatory requirements, and strengthen brand visibility. Social inclusion, stakeholder engagement, and environmental stewardship are the core components of CSR. Through a critical analysis, the review demonstrates the significance of CSR in marketing, shaping organisational operations, and fostering diversity and inclusion policies. The impacts of CSR include minimising operational disruptions, strengthening brand reputation, and contributing to environmental sustainability. There are challenges to consider, including climatic changes, financial constraints, and the need for a sustainable CSR culture. Furthermore, the review focuses on the role of regulations, incentives, and reporting requirements in influencing CSR practices in the UK water industry. By building stakeholder trust, building reputation, and improving operational efficiency, CSR contributes significantly to the overall performance of the UK water industry. The conclusion identifies a research gap, urging future studies to investigate the effectiveness of different CSR strategies and the application of innovative technologies for sustainable water management.

**Keywords:** Corporate Social Responsibility, water sector, stakeholders, ethics, and responsibility.

**Track 30:** Sustainable and Responsible Business

**Word count:** 6670

### **Introduction**

The United Kingdom (UK) water industry has been proven essential and resourceful for millions of people. Private companies have been responsible for water service provision in England since 1989 as the government privatised the water and sewerage industry. The

privately owned companies in Wales and England are responsible for providing decent quality water, excellent sewerage, and drainage systems to over fifty million households. However, most private companies face increasing pressure to act responsibly apart from delivering clean water in multiple homes. The government has placed a legal framework and guidance to ensure the companies meet high standards and fair pricing. Subsequently, the organizations in the sector are required to adhere to strict and relevant policies. The companies have corporate social responsibilities (CSR) to conserve the environment and natural resources (Diez-Cañamero, 2020). The organizations in the sector are responsible for advising the government on potential flood risks, facilitating sustainable development, protecting the environment, and securing social benefits. Recently, CSR has been suggested as a tool for gaining competitive advantage, building reputation and customer trust (Faroque et al., 2022). Thus, all UK water sector organisations should strive to effectively manage water sources alongside reducing the environmental effects and engaging communities in a meaningful manner.

## **Research Methodology**

Beginning this research on solid foundation involves carefully planning and selecting effective research methods, which aids in uncovering the important details required. To ensure that a comprehensive range of sources are analysed, a Systematic Literature Review (SLR) will be used to gather all available research. In this dissertation, the structured nature of an SLR will prove beneficial to compare research and categorize topics relevant to the question. In this case, the steps will follow the paraphrased process outlined below. Kitchenham's Systematic Review Process (Kitchenham, et al., 2009) In the systematic review process articulated by Kitchenham and colleagues (2009), the methodology unfolds through the following stages, providing a structured framework for inclusion in a dissertation:

### **1. Identification of General Research Area:**

- Develop a comprehensive and relevant research topic before starting the research process.

### **2. Development of Review Protocol:**

- Develop a methodical review protocol that outlines inclusion and exclusion criteria.
- Design a data extraction form to systematize information collection and organization.

### **3. Identification of Existing Research:**

- The review protocol we have developed requires systematic approaches, using relevant databases and precise key terms, to identify and collect relevant research.

### **4. Execution of the Review:**

- Conduct a rigorous evaluation of study quality.
- Collect relevant data using the designated data extraction forms.
- Identify key themes from synthesised data.

### **5. Presentation of Review Findings:**

- Themes commonly emerging from the collective body of literature reviewed should be articulated.
- Outline any discrepancies found between research findings.
- Identify a cohesive link between the uncovered insights and the original research question.

However, even though Kitchenham's steps follow one another, some steps may have to be revisited later. For example, when researching new words or phrases arise when looking at the studies, more research may need to be collected using those new terms in the future. Having a back-and-forth method of working ensures understanding of the research.

### Identifying a Research Area

Identifying a research gap around Corporate Social Responsibility (CSR) within the United Kingdom water sector organisation requires a comprehensive literature review. As an integral part of the research process, a literature review provides the foundation for this study, guides methodological choices, and ensures that it contributes meaningfully to the understanding of the subject. It is essential to guide the search and the resulting analysis in accordance with the initial topic; the Setting, Population, Intervention, Comparator and Evaluation (SPICE) framework, as described by Booth (2004), is beneficial to use to provide a structured approach for designing, implementing, and evaluating studies. It acts as a set of guidelines to ensure clarity and consistency in the research process. In the figure below each component of the framework is briefly described, in context to this study.

	<b>Description</b>	<b>In context with study</b>
<b>S- Spice</b>	Defines the context or environment where the research takes place.	This study will focus on various water utility organizations and related entities that operate within the United Kingdom water sector.
<b>P -Population</b>	Identifies the group or individuals under study, often specifying characteristics such as demographics.	The population for this study would include professionals, stakeholders, and decision-makers within the United Kingdom water sector organizations; this may include individuals at different hierarchical levels, including executives, managers, employees, as well as consumers and community members.

<b>I -Intervention</b>	Describes the planned action or treatment applied during the research.	In this context, intervention refers to implementing Corporate Social Responsibility (CSR) practices within United Kingdom water companies. Examine how these organisations integrate CSR initiatives into their operations and decision-making processes.
<b>C- Comparator</b>	Specifies the reference group used for comparison, often a standard treatment or control group.	In this case, the comparator might involve comparing organizations with well-established CSR practices to those with limited or no CSR initiatives within the UK water sector. This comparative analysis would assist in identifying differences in significance, roles, impacts, and challenges associated with CSR.
<b>E -Evaluation</b>	Outlines the criteria and methods used to assess the outcomes or effects of the intervention.	The evaluation process would involve assessing the significance, role, impact, and challenges of CSR within the UKwater sector organizations. This could be conducted through a combination of qualitative and quantitative research methods, including surveys, interviews, document analysis, and possibly benchmarking against industry standards. The aim is to critically analyse the existing state of CSR in the sector and identify any gaps in the current literature.

## **Findings**

### **Role of Corporate Social Responsibility in UK Water Sector**

The water sector organisations formulate corporate social responsibilities (CSR) to improve society's well-being. The UK has numerous regulations requiring companies to outline their commitment to society and environmental sustainability. The role of CSR for water sector organisations in the UK is to ensure that the companies have the opportunity to do better to the community, strengthening their brand visibility and public relations (Diez-Cañamero, 2020). Given the criticality of water, CSR provides an opportunity for water sector organisations to add value to society and optimise profitability with limited risk. Private organisations release the critical role CSR play in fulfilling the new global sustainability development goals. Water organisations ensure the availability and sustainability of water resources and sanitation for society. Hence, the primary role of CSR in the UK water sector is to ensure that companies add value to society through sustainable management of water resources. The role of CSR on the UK water sector organisations is multidimensional as it spans from environmental stewardship to stakeholder engagement. Water firms manage essential environmental resources and CSR helps them maintain ambitious standards of environmental stewardship. Kraus et al. (2020) highlight that CSR encourages water organisations to improve water quality and reduce energy consumptions. Environmental stewardship practices like minimising water leakage preserves the environments and reduces operational costs for such organisations (Faroque et al., 2022). CSR encourages dialogue between water firms and communities, customers, and regulators. As such, transparent communication become a customary practice for most water firms concerning water usage, infrastructure plans, and potential disruptions. Lawson et al. (2020) state that such positive engagements foster strong relationships between water organisations and the communities they serve. CSR has a bigger role in promoting employee wellbeing and development as it encourages firms to prioritise diversity inclusion and employee training. Undeniably, the more the inclusive and diverse employees in an organisation, the higher the productivity and improvement in customer services. CSR in UK water firms helps them foster a culture of responsibility on their supply chains. Water firms influence suppliers to adopt sustainable environmental management practices (Faroque et al., 2022). For example, water firms may influence the supplier's responsible sourcing of materials and waste management to avoid water pollution. Therefore, CSR is integral for water organisations in the UK because it facilitates environmental stewardship, stakeholder engagement and social inclusion.

### **Significance of CSR with in the Water sector**

CSR is significant to private companies as it defines the organisation's relationship with the community. For instance, in marketing the service, the corporation educates society on the importance of considering the environmental impacts while making purchasing decisions (Diez-Cañamero, 2020). CSR is significant in aligning the organisation's operations with the expectations and ethical values of the stakeholders. Consequently, CSR acts as a branding strategy for water companies. CSR allows the corporation to satisfy the customers, investors, employees, competitors, and suppliers. The UK water sector become the source of social changes through environmental sustainability, highlighted in the company's CSR policies. Lawson et al. (2020) indicate that CSR is vital for attracting and retaining talent. CSR initiative increase employee engagement and facilitate diversity in an organisation.

Diversity and inclusion policies help water companies in the UK create a positive work environment that attracts and retains top talents. An organisation with top talents achieves higher productivity and profitability. Most importantly, water organisations with top talents offer exceptional customer services that lead to a corresponding positive image to an organisation. CSR allows water organisations in the UK to address various environmental concerns including preventing water pollution, and sustainable resource management.

According to Das and Cirella (2020), CSR has helped most UK water firms implement eco-friendly practices that contribute to the long-term health of water systems over the past years. As such, CSR has enabled water companies in the UK to supply communities with stable and clean water. Water firms in the UK must maintain strong and good relationships with the community just like other firms to advance their mutual interests. Faroque et al. (2022) indicate that CSR has enabled UK water companies to socially engage communities and individuals in outreach programs and educational projects that target at conserving water sources. CSR has also helped the companies in the UK to build trust among consumers, regulators, and the wider public. Firms with that have higher public trust and confidence tend to gain a wider customer base and they promote resource conservation to protect the organisations' image. Most companies in the UK use CSR to ensure compliance with government regulations (Faroque et al., 2022). Firms that comply with government regulations avoid fines and legal liabilities that can derail an organisations' projects and profit-making initiative. Thus, CSR is a vital tool for UK water companies and firms should use it to enhance public trust, promote sustainability and comply with government regulations.

### **The impacts of Corporate Social Responsibility on the UK water sector**

Corporate social responsibility makes private companies minimise operational disruptions. Private organisations that commit to strict CSR policies ensure the sustainability of natural resources that protect the water sources (Lawson et al., 2022). Consequently, there is less operational disruption as the companies never experience water shortages. The private water and wastewater organisation strengthens its brand and gains a competitive advantage due to the implementation of CSR policies. CSR promotes water management practices, conservation efforts, and pollution reduction measures that contribute to environmental sustainability. Lawson et al. (2020) indicate that environmental sustainability practices contribute to healthier ecosystems and resolve multiple environmental concerns related to water pollution. CSR has also been suggested to promote a shared responsibility between communities and organisations (Gallego-Álvarez and Pucheta-Martínez, 2022).

Strong relationships between communities and water firms in the UK creates a sense of belonging to customers and the public. Therefore, CSR assures investors and consumers that the organisation is viable and will last longer alongside enabling water organisations to contribute positively to local communities. CSR has a positive impact on the firms' reputation. CSR develops the brand's image when organisations actively participate in CSR initiatives. Most CSR initiatives influence customer, regulator and investor perceptions. Positive reputation and brand image develop customer trust and their loyalty to support water organisations.

According to Das and Cirella (2020), CSR has both internal and external impacts to an organisation whereby the internal impacts include enhanced operational efficiency and increased employee engagement. On the other hand, the external effects of CSR to UK water

organisations include reduction of vulnerability and promotion of social equity, sustainability promotion and improvement of public trust. CSR programs for water firms in the UK like water conservation and energy-saving practices reduce operational costs and resource consumption. As a result, UK water firms reinvest in infrastructure improvements and deliver better services at lower costs. Similarly, CSR fosters a positive work environment through employee development programs, ethical practices, and community involvement (Gallego- Álvarez and Pucheta-Martínez, 2022). Such community programs increase morale, loyalty, and productivity among stakeholders that further contribute to a happier and more effective workforce.

Finally, increased public trust and more sustainability programs encourage strong partnership between water firms in the UK and the communities they serve. Thus, CSR has a huge positive impact on UK water organisations and the communities they serve.

### **Challenges of implementing CSR in water sector organisations**

Changes in climatic conditions challenge the implementation of CSR policies on environmental sustainability. There is increased future uncertainty in preserving the environment due to dynamic environmental alteration globally. The hydro-climate variability has threatened the certainty of sustainable water resources. Moreover, limited funding limits the organisation's ability to apply emerging and advanced treatment methods due to inadequate finances to purchase the necessary infrastructure. It is challenging to apply satisfying CSR policies as social values and expectations change with time (Lawson et al., 2022). Despite the extraneous difficulties and variability in the environment, water corporations in the UK must strive to meet social expectations. Studies also argue that CSR implementation in the UK water firms is resource intensive and start-up firms may face considerable financial problems that hamper CSR policy implementation (Faroque et al., 2022; Gallego-Álvarez and Pucheta-Martínez, 2022).

CSR implementations require both human and capital resources which most firms lack while those that have adequate resources may fail to balance the sustainability costs and operational costs due to budget constraints. Notably, most CSR initiatives have long-term results which requires water firms to have a prolonged CSR culture to achieve sustainable goals (Gallego-Álvarez and Pucheta-Martínez, 2022). Therefore, maintaining the long-term CSR goals alongside economic constraints, changing leadership and market pressures present formidable challenges that negatively affect UK water firms' ability to achieve sustainability goals.

### **Effect of Government Policies on CSR for UK Water Industry**

Government policies set standards and regulations that UK water firms use to attain the needed environmental standards. Government policies highlight sustainable and water quality guidelines that companies use to operate responsibly within the law (Debaere and Kapral, 2021). Other UK government policies aim at introducing penalties and incentives that motivate water firms to implement CSR policies. Evidence indicates that tax breaks and incentives motivate water companies to implement CSR policies while penalties for noncompliance with CSR compel organizations to embrace sustainable management practices (Kraus et al., 2020). Reports also indicate that government policies compel water organisations to disclose their CSR practices through mandatory reporting mechanisms (Lawson et al., 2020). The reporting requirements promote accountability and transparency to the public and investors. As a result, water organisations consistently strive to adopt robust CSR practices to create a positive firm

reputation. Finally, some government policies aim to encourage partnership with private organisations to enhance sustainability. Thus, public-private partnerships and collaborative projects can be incentivised to solve significant social and environmental challenges affecting UK communities.

The Water Services Regulation Authority, or Ofwat, regulates and oversees the water and wastewater industry in England and Wales. It sets price controls, establishes performance expectations, and ensures that water companies deliver efficient, affordable, and high quality services to consumers. Government policymakers receive consultations, reports, and recommendations from Ofwat regarding water infrastructure, environmental sustainability, and customer interests. By collaborating with government bodies, it fosters a regulatory framework aligned with wider policy objectives.

## **Conclusion**

The CSR role in the overall performance of UK water industry is overwhelming because it builds reputation and stakeholder trust, and it contributes to operational efficiency. The private water and wastewater firms strengthens its brand and gains a competitive advantage due to the implementation of CSR policies. CSR promotes water management practices, conservation efforts, and pollution reduction measures that contribute to environmental sustainability. Lawson et al. (2020) indicate that sustainability practices contribute to healthier ecosystems and resolve multiple environmental concerns related to water pollution. CSR has also been suggested to promote a shared responsibility between communities and organisations. Strong relationships between communities and water firms in the UK creates a sense of belonging to customers and the general public. CSR has also helped the companies in the UK to build trust among consumers, regulators, and the wider public. Firms with that have higher public trust and confidence tend to gain a wider customer base and they promote resource conservation to protect the organizations' image. Most companies in the UK use CSR to ensure compliance with government regulations. Firms that comply with government regulations avoid fines and legal liabilities that can derail an organizations' projects and profit-making initiative. Thus, CSR is a vital tool for improving performance of UK water companies. However, existing research fail to address the effectiveness of different CSR strategies within the UK water sector. As such, future research should address the effectiveness of the several types of programs including community projects, environmental conservation efforts, and supply chain sustainability. Each initiative has benefits and knowing their benefits could potentially help UK water firms understand the most effective initiatives to use in promoting sustainability. Most importantly, there is minimum research on how innovative technology can be applied to accelerate sustainable water management and social responsibility within the UK water industry. Undoubtedly, technologies such as smart water grids, artificial intelligence-powered leak detection, and digital platforms for community engagement can help achieve sustainability. Thus, future research should focus on how technology can be leveraged to improve CSR policy implementation.

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