

Maximizing Business Returns to Corporate Social Responsibility (CSR): The Role of CSR Communication

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By engaging in corporate social responsibility (CSR) activities, companies can not only generate favorable stakeholder attitudes and better support behaviors (e.g. purchase, seeking employment, investing in the company), but also, over the long run, build corporate image, strengthen stakeholder–company relationships, and enhance stakeholders’ advocacy behaviors. However, stakeholders’ low awareness of and unfavorable attributions towards companies’ CSR activities remain critical impediments in companies’ attempts to maximize business benefits from their CSR activities, highlighting a need for companies to communicate CSR more effectively to stakeholders. In light of these challenges, a conceptual framework of CSR communication is presented and its different aspects are analyzed, from message content and communication channels to company- and stakeholder-specific factors that influence the effectiveness of CSR communication.

Introduction

Defined broadly as ‘a commitment to improve [societal] well-being through discretionary business practices and contributions of corporate resources’ (adapted from Kotler and Lee 2005), corporate social responsibility (CSR) occupies a prominent place on the global corporate agenda in today’s socially conscious market environment. More than ever, companies are devoting substantial resources to various social initiatives, ranging from community outreach and environmental protection, to socially responsible business practices. To give but two examples: Target contributed 5% of its income, amounting to more than \$150 million in 2007, to programs which inspire education, increase access

to the arts, and promote community safety (Target 2008); and similarly, as part of its Healthymagination initiative, General Electric is investing billions of dollars in healthcare technologies to reduce medical errors and improve patients’ lives (General Electric 2009).

These unprecedented CSR efforts are driven not just by ideological thinking that corporations can be a powerful and positive force for social change, but more by the multi-faceted business returns that corporations can potentially reap from their CSR endeavors. Indeed, findings from both marketplace polls and academic research suggest that key stakeholders such as consumers, employees and investors are increasingly likely to take actions to reward good corporate citizens and punish bad ones. According

to a Cone research study (2007), 87% of American consumers are likely to switch from one brand to another (price and quality being equal) if the other brand is associated with a good cause, an increase from 66% since 1993; conversely, 85% will consider switching to another company's products or services because of a company's negative corporate responsibility practices, and 66% will boycott such a company's products or services.

Consistent with these findings, a growing body of academic research attests to the wide range of business benefits that a company can reap from its engagement in CSR (e.g. Du *et al.* 2007; Fombrun *et al.* 2000; Lichtenstein *et al.* 2004; Sen and Bhattacharya 2001; Sen *et al.* 2006; Turban and Greening 1997). For example, companies can reap substantial business benefits of CSR from one stakeholder group, consumers. By being a good corporate citizen, a company can foster consumer loyalty and turn consumers into company/brand ambassadors and champions who engage in advocacy behaviors (e.g. positive word-of-mouth, willingness to pay a price premium and resilience to negative company news; Du *et al.* 2007). Of course, the business rewards of CSR are rarely confined to the consumer domain. Taking a stakeholder-driven perspective on the returns to CSR, Sen *et al.* (2006) show that individuals react to a company's CSR activities in multiple ways, by not just buying more products, but by enacting other stakeholder behaviors, such as seeking employment with the company and investing in the company. As we discuss later, such coveted, multi-faceted business returns derive from the unique ability of CSR to build and strengthen stakeholder relationships.

Needless to say, the business returns to CSR are contingent on stakeholders' awareness of a company's CSR activities. Much of the academic research to date, in its pursuit of insights into the psychological mechanisms and outcomes of CSR-driven stakeholder behaviors, has largely presumed or mandated (e.g. in laboratory studies) CSR awareness on the part of the relevant test populations. However, recent studies with real stakeholders revealed that awareness of a company's CSR activities among its external stakeholders (e.g. consumers) or even among its internal stakeholder (e.g. employees) is typically low, hence constituting a key stumbling block in the company's quest to reap strategic benefits from its CSR activities (Bhattacharya *et al.* 2008; Du *et al.* 2007; Sen *et al.* 2006). Consistent with these findings, of the 20 attributes

measured in the annual Harris Interactive corporate reputation study published by the *Wall Street Journal*, people are most in the dark about corporate responsibility; questions about whether companies are socially and environmentally responsible consistently elicit the most 'don't know' responses (Alsop 2005).

Beyond awareness, the next key challenge of CSR communication is how to minimize stakeholder skepticism. While stakeholders claim they want to know about the good deeds of the companies they buy from or invest in, they also quickly become leery of the CSR motives when companies aggressively promote their CSR efforts. In general, stakeholders' attribution of a company's CSR motives may be of two kinds: extrinsic, in which the company is seen as attempting to increase its profits; or intrinsic, in which it is viewed as acting out of a genuine concern for the focal issue. While stronger attributions of intrinsic motives lead stakeholders to make positive inferences about the company's underlying character, and thus react more positively towards the company, perceptions of predominantly extrinsic motives lead to less favorable stakeholder attitudes and behaviors toward the company (Forehand and Grier 2003; Yoon *et al.* 2006).

Since creating stakeholder awareness of and managing stakeholder attributions towards a company's CSR activities are key prerequisites for reaping CSR's strategic benefits, it is imperative for managers to have a deeper understanding of key issues related to CSR communication. These include questions surrounding what to communicate (i.e. message content), where to communicate (i.e. message channel), as well as an understanding of the company- and stakeholder-specific factors that impact the effectiveness of CSR communication. Please note that our assumption in this paper is that a company has already decided on its CSR strategy, such as what social issues to address; we are primarily concerned with the implementation aspects of CSR communication. Our major objective is to review and synthesize the existing literature on CSR communication to provide insights into how companies can communicate their CSR activities more effectively. Below, we first discuss the challenge of overcoming stakeholder skepticism and thus generating favorable CSR attributions. Then we review relevant literature that sheds light on the implementation of CSR communication (e.g. what and where to communicate). We end with a discussion on future research.

A key challenge of CSR communication: generating favorable CSR attributions

Unlike corporate ability-related information such as product superiority and new innovations, a company's CSR information reveals aspects of its corporate identity that are not only fundamental and enduring, but also often more distinctive by virtue of their disparate and idiosyncratic bases (e.g. egalitarian employment policies, sponsorship of social causes, environmental initiatives). The identity-revealing characteristics of CSR information imply that stakeholders' attributions of the motives underlying a company's CSR activities are crucial: stakeholders are likely to refrain from making positive inferences about the corporate identity when they suspect ulterior, self-serving motives (Fein and Hilton 1994). Accordingly, as mentioned in the introduction, communicating CSR is a very delicate matter, and a key challenge of CSR communication is how to minimize stakeholder skepticism and to convey intrinsic motives in a company's CSR activities.

Recent research on CSR attributions suggest that, rather than simplistically attributing a company's CSR activities to either intrinsic or extrinsic motives, stakeholders often engage in more sophisticated attribution processes, and are capable of perceiving and reconciling mixed CSR motives. Using an open-ended survey to discover the range of motives that consumers attribute to CSR activities, Ellen *et al.* (2006) found that a majority of respondents gave mixed attributions and, interestingly, when CSR attributions were mixed, respondents' reactions to CSR were actually more positive than when attributions were purely intrinsic or extrinsic. Ellen *et al.*'s (2006) finding are also consistent with other research showing that stakeholders are often tolerant of extrinsic motives as long as CSR initiatives are attributed to intrinsic motives as well (Sen *et al.* 2006). This growing tolerance of extrinsic motives indicates that, as consumers learn more about CSR and companies' motivations, they are increasingly willing to adopt a 'win-win' perspective, believing that CSR initiatives can and should serve both the needs of society and the bottom lines of business.

Forehand and Grier (2003) argue that stakeholders do not respond negatively to extrinsic CSR motives per se, but rather respond negatively to any marketing strategies that seem manipulative or deceptive.

Following this explanation, any discrepancies between stakeholders' perceived CSR motives and a company's publicly stated motives will trigger stakeholders' skepticism and feelings of being deceived, which in turn will drive negative reactions to its CSR activities. Forehand and Grier (2003) show that, by acknowledging both intrinsic and extrinsic motives in its CSR communication, a firm can inhibit stakeholder skepticism, enhance the credibility of its CSR message, and generate goodwill.

In sum, a key challenge in designing effective CSR communication strategy is how to reduce stakeholder skepticism and to convey favorable corporate motives in a company's CSR activities. Next, we draw upon prior literature to discuss different aspects of CSR communication in light of addressing this challenge. Figure 1 presents a conceptual framework of CSR communication.

What to communicate: message content

A company's CSR message can pertain largely to a social cause itself or to a company's specific involvement in a social cause. To give a hypothetical example (from the realm of CSR advertising), Johnson & Johnson can focus on the dangers of extinction of certain wildlife species and try to persuade consumers to support the World Wildlife Fund's efforts to save those endangered species, and merely identify the company logo as the sponsor in an understated manner. Alternatively, the company can feature its baby shampoo predominantly and promise a 10-cent donation to the World Wildlife Fund for every purchase (Menon and Kahn 2003).

When the CSR message is predominantly about a social issue (rather than about the company or its products), consumers are more likely to be suspicious of ulterior motives, because such advertising does not fit their 'schemer schema' (Friestad and Wright 1994). Accordingly, the company should emphasize the importance of the social issue and communicate a lack of vested self-interest by choosing issues that are not logically related to the company's businesses, to allay consumers' concern about ulterior motives and to enhance the credibility of the advertising (Menon and Kahn 2003).

However, most CSR communication typically focuses on a company's *involvement* in various social causes, rather than on the social causes themselves. In this context, there are several factors that the

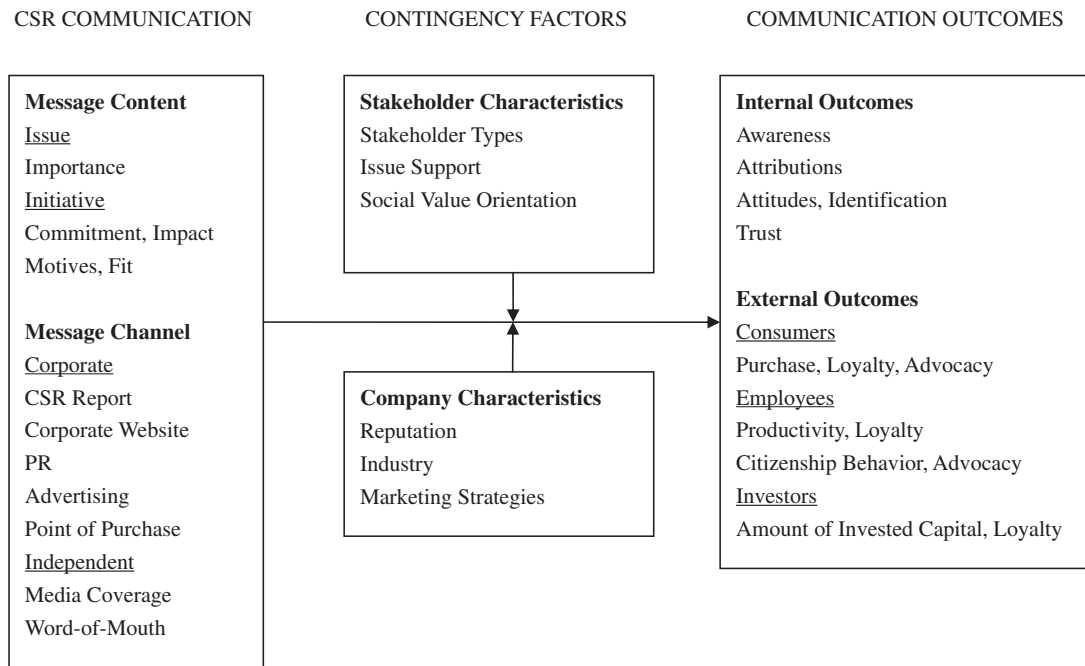


Figure 1. A framework of CSR communication

company can emphasize in its CSR communication, such as its commitment to a cause, the impact it has on the cause, why it engages in a particular social initiative (i.e. CSR motives), and the congruity between the cause and the company’s business (i.e. CSR fit). We discuss these next.

CSR commitment

A company can focus on its commitment to a social cause in various ways, including donating funds, in-kind contributions or providing other corporate resources such as marketing expertise, human capital (e.g. employee volunteering), and R&D capability dedicated to a cause. There are several aspects of commitment: the amount of input, the durability of the association and the consistency of input (Dwyer *et al.* 1987). A company can choose to focus on one or several aspects of its commitment to a social cause. For example, in its 2007 corporate responsibility report (Target 2008), Target talked about its signature Take Charge of Education (ECOE) program: ‘Target . . . donates a percentage of purchases made on Target credit cards to K-12 schools that cardholders designate. Since we launched the program in 1997, we’ve donated more than \$246 million to schools.’ Here the company emphasized all

three aspects of its commitment: the substantial amount of input (i.e. \$246 million) as well as the durability (i.e. since 1997) and consistency of support (i.e. one percentage of purchase made on Target credit cards).

CSR impact

Instead of focusing on the input side of its involvement in a social cause, a company can focus on the output side of its CSR endeavor, that is, the societal impact, or the actual benefits that have accrued (or will accrue) to the target audience of a social cause. For example, in a press release by the National Institute of Child Health and Human Development (1999) on various corporate partners’ support for ‘Back to Sleep’ campaign in the fight against Sudden Infant Death Syndrome, it estimated that the lives of about 3500 American babies were saved by 2002 thanks to corporate support. Similarly, in partnership with the United Nations Children’s Fund (i.e. UNICEF), Pampers has launched a social initiative, ‘1 Pack = 1 Vaccine’ to give tetanus vaccines to expectant women in developing countries, and this saves their newborns from a disease called newborn tetanus. The title of this program clearly communicates the societal impact of the program and the impact of

consumer's purchase of the Pampers' products designated for the social program.

Emphasizing a company's CSR commitment or the social impact of its CSR endeavor is an effective communication strategy because, as suggested by prior research, CSR communication should be factual and avoid the impression of 'bragging' (Sen *et al.* 2009). Furthermore, a company's CSR commitment and its social impact also serve as diagnostic cues with regard to its underlying CSR motives. Webb and Mohr (1998) found that the durability of support for a cause was used as a cue for judging a firm's motives: longer-term commitments were more likely to be seen as driven by a genuine concern for increasing societal/community welfare, while shorter-term campaigns were more likely to be viewed as a way of exploiting the cause for the sake of profit. Similarly, Du *et al.* (2009) documented positive associations between the perceived societal impact of a company's CSR initiative and consumers' intrinsic attributions, and consequently, consumers' advocacy behaviors toward the company.

CSR motives

In addition to CSR commitment and CSR impact, CSR communication can also focus on CSR motives. As we have stated earlier, one key challenge in CSR communication is to reduce stakeholder skepticism. In light of this, should companies only emphasize altruistic, intrinsic motives, denying business-related motives in their CSR communication? Or should they be honest and acknowledge the business motives underlying their CSR initiatives? A study of businesses' CSR communication at their websites (Maignan and Ralston 2002) finds that companies vary as to the types of CSR motives they communicate to stakeholders. Some stress the intrinsic motives for their CSR activities. For example, PNC states at the company website, 'Giving back is a bedrock value at PNC'. Alternatively, other companies stress the business case for engagement in CSR. For example, Carrefour explains the rationale for its environmental initiative as follows: 'Consumers are increasingly attentive to everything that has to do with safety and environmental health. Safeguarding the environment is a criterion they will increasingly consider.' Research on CSR attributions shows that consumers often perceive multiple motives, and they understand that companies often seek to achieve certain business goals through their CSR initiatives (Ellen *et al.* 2006). According to Forehand and Grier

(2003), acknowledgement of extrinsic, firm-serving motives in its CSR message will actually enhance the credibility of a company's CSR communication and inhibit stakeholder skepticism, which underlies the potential boomerang effect of CSR communication. Therefore, a company should emphasize the convergence of social and business interests, and frankly acknowledge that its CSR endeavors are beneficial to both society and itself (Porter and Kramer 2006).

CSR fit

Another important factor to communicate is CSR fit, or the perceived congruence between a social issue and the company's business. Stakeholders often expect companies to sponsor only those social issues that have a good fit, or a logical association, with their core corporate activities (Cone 2007; Haley 1996). Corporate social responsibility fit may result from common associations that a brand shares with the cause, such as product dimensions (e.g. a herbal products brand sponsors the protection of rain forests), affinity with specific target segments (e.g. Avon fights breast cancer), or corporate image associations created by the brand's past conduct in a specific social domain (e.g. Ben & Jerry's and the Body Shop's activities in environment protection; Menon and Kahn 2003).

Corporate social responsibility fit is important because it affects stakeholders' CSR attributions (Menon and Kahn 2003; Simmons and Becker-Olsen 2006). According to the two-stage model of attributions (Gilbert 1989), consumers will first attribute CSR activities to dispositional motives (i.e. intrinsic motives), and then 'correct' this inference, if they allocate sufficient processing capabilities and engage in more effortful elaboration by considering alternative, contextual factors (e.g. competitive pressure, financial motivations). Low CSR fit, owing to the lack of logical connection between a social issue and a company's business, is likely to increase cognitive elaboration and make extrinsic motives more salient, thereby reducing stakeholders' positive reactions to a company's CSR activities. Therefore, a company should highlight the CSR fit of its social initiative if there is congruence between the social issue and its business. When a company does not have a good natural fit with the social cause it supports, it should elaborate on the rationale for its social initiative to increase perceived fit. For example, DenTek Oral Care, a sponsor of the American Diabetes Association, includes in its

sponsorship communications the information that diabetes can lead to tooth decay, bad breath, dry mouth and gum disease (Simmons and Becker-Olsen 2006). Because many people may not know about diabetes-related dental problems, the sponsorship might otherwise seem to be a bad fit. By elucidating the underlying link between the sponsorship and its core business, the company is able to create a high perceived fit and hence enjoy greater business returns to its CSR activities.

Interestingly, however, research by Bloom *et al.* (2006; see also Menon and Kahn 2003) indicates that, under certain circumstances, communication of low fit may actually lead to more favorable stakeholder reactions; aligning with a low-fit cause might differentiate a company as being more sincere in its motive and thus increase the effectiveness of its CSR communication.

Where to communicate: message channels

There are a variety of communication channels through which information about a company's CSR activities or record can be disseminated. A company can communicate its CSR activities through official documents, such as an annual corporate responsibility report or press releases, and dedicate a section of its official corporate website to CSR; it can also use TV commercials, magazine or billboard advertisements, and product packaging to communicate its CSR initiatives. Corporate responsibility reporting has gone mainstream: nearly 80% of the largest 250 companies worldwide issued corporate responsibility reports, up from about 50% in 2005 (KPMG International Survey of Corporate Responsibility Reporting 2008). In addition to corporate responsibility reporting and dedicating a section of corporate websites to CSR, companies also use traditional advertising channels to communicate their CSR activities. For example, Diet Coke has been running TV commercials on its CSR initiative to help raise women's awareness about heart disease, and the brand has also set up a website, <http://www.dietcoke.com/reddress>, to communicate the brand's involvement in the cause and various ways for consumers to get involved. Companies can also use product packaging to communicate its CSR initiatives. For example, Stonyfield Farm prints messages on the lids of its 6-oz cup yogurt to communicate the company's involvement in a wide

variety of health and environmental initiatives to stakeholders.

A counterpoint to such company-controlled CSR communication channels is the large and increasing number of external communicators of CSR (e.g. media, customers, monitoring groups, consumer forums/blogs) that are not entirely controlled by the company. A company can control the content of CSR communication through its own corporate communication channels (e.g. Wal-Mart is a good steward for the environment), but usually has little control over how its CSR record is communicated in the media (e.g. Wal-Mart provides insufficient healthcare for its employees). Similarly, a company can exert greater control over the content of CSR communication by members of its value chain (e.g. employees, channel members) than by those who are not part of the value chain (e.g. monitoring group, customers). In summary, there are many communication channels of CSR which are likely to vary in the extent to which they are controllable by the company.

Moreover, there is likely to be a trade-off between the controllability and credibility of CSR communication; the less controllable the communicator is, the more credible it is, and vice versa. Stakeholders will probably perceive the company as more self-interested than other non-corporate sources in CSR communication. Since individuals are often more critical of messages from sources they perceive to be biased or self-interested (Wiener *et al.* 1990), CSR communication via corporate sources will trigger more skepticism and have less credibility than non-corporate sources. For example, Szykman *et al.* (2004) found that consumers who viewed an anti-drinking and driving message sponsored by a beer company (as opposed to a non-profit organization) inferred more self-serving motives of the sponsor. Similarly, Yoon *et al.* (2006; see also Simmons and Becker-Olsen 2006) showed that consumers reacted more positively to a company's CSR activities when they learned about its CSR activities from a neutral source (e.g. an independent organization that provides unbiased evaluations of corporate activities) than from a corporate source.

Therefore, although getting media co-operation is often difficult, companies should try hard to get positive media coverage from independent, unbiased sources, such as editorial coverage on television or in the press. It would greatly enhance a company's CSR associations if it were reported positively by specialty publications such as *Business Ethics*, or if it

received a good CSR rating by independent organizations such as *Fortune* magazine.

Also importantly, companies should try to encourage informal yet credible communication channels such as word-of-mouth by stakeholders. For example, Dawkins (2004) emphasized that companies should not underestimate the power and reach of employees as CSR communicators. Dawkins' research (2004) on employee advocacy showed that about a third of employees have advised someone to use their company because it had acted responsibly. Since employees typically have a wide reach among other stakeholder groups through their social ties, and are often considered a source of credible information, companies should 'tune up' their internal CSR communication strategy and find ways to engage employees and convert them into companies' CSR advocates.

Another powerful stakeholder group, consumers, can also serve as an informal yet highly credible CSR communication channel. In particular, the power of consumer word-of-mouth has been greatly magnified given the popularity and vast reach of Internet communication media such as blogs, chat rooms and social media sites (e.g. Facebook). Companies such as Stonyfield Farm and Ben & Jerry's have been benefiting from consumer ambassadors who raved, in the virtual world, about their social responsibility endeavors. For example, one consumer wrote enthusiastically about Ben & Jerry's butter pecan ice cream and its support for an educational foundation, 'besides the great flavor that the Ben & Jerry's Butter Pecan Ice Cream offers you, a portion of the proceeds go to the Tom Joyner Foundation . . . [that] provides financial support to students attending historically black colleges and universities' (Associated Content 2008). Companies can be proactive in using social media to engage consumers to be their CSR advocates. Timberland, a company that is known for its environmental stewardship, launched the Earthkeeper campaign in 2008 to recruit one million people to become part of an online network designed to inspire real environmental behavior change. As part of the Earthkeeper program, Timberland launched an innovative global network of online social networking tools, including a strong Facebook presence, a YouTube Earthkeeper Brand Channel and a richly populated Earthkeeper blog, as well as an Earthkeeper product collection which serves as the pinnacle expression of the company's environmental commitment (CSRWire 2008). Through this campaign, Timberland not only effectively communi-

cates its sustainability initiative, but also engages consumers to spread the word about this initiative and, importantly, the company's involvement in this initiative.

Having discussed the challenges related to message content and message challenge, we now highlight a set of context-specific factors pertaining to both the stakeholder and the company, which either amplify or dampen the effectiveness of a company's CSR communication efforts.

Moderators of communication effectiveness: company-specific factors

By revealing the character of the information sender, some company-specific factors will probably influence the effectiveness of CSR communication. We talk about two factors that have been discussed in the CSR literature, corporate reputation and CSR positioning. We expect the influence of these factors on the effectiveness of CSR communication to be greater for company-controlled communication than for third-party communication, because company-controlled message channels are more likely to trigger these company-specific knowledge structures.

Corporate reputation

Conceptualized as 'a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders' (Gardberg and Fombrun 2002), corporate reputation encompasses different dimensions, such as product quality, innovation, investment value, people management and CSR. Reputation will moderate the effectiveness of CSR communication because it often serves as a pre-existing schema upon which stakeholders rely to interpret ambiguous information about the company (Fombrun and Shanley 1990), including its CSR activities. Companies with good reputations, perceived to have high source credibility, will probably find the positive effects of their CSR communications to be amplified, whereas the effects of CSR communication in the case of companies with poor reputations will be dampened or even backfire (Yoon et al. 2006). Interestingly, research has also shown that, because of positive disconfirmation, companies with a neutral ethical reputation are likely to reap greater business benefits from CSR communication than companies with a positive ethical reputation (Strahilevitz 2003).

One aspect of corporate reputation, a company's existing or prior CSR record, will be perceived as a particularly diagnostic cue in stakeholders' evaluation of its CSR communication. For example, amid a series of negative media coverage regarding its low pay and insufficient support for employee welfare, Wal-Mart announced that it would invest \$500 million a year in energy efficiency in an effort to become a 'good steward for the environment'. Not surprisingly, stakeholders were skeptical and considered this environmental initiative a publicity stunt (Guardian 2006).

In addition to corporate reputation, the industry in which a company operates will also moderate the effectiveness of CSR communication. For instance, stakeholders are often suspicious of companies in certain industries (e.g. tobacco, oil) which can pose a significant challenge in their CSR communication (Bhattacharya and Sen 2004; Yoon *et al.* 2006).

CSR positioning

Another company-specific factor, CSR positioning, is also likely to influence the effectiveness of CSR communication. Corporate social responsibility positioning refers to 'the extent to which a company relies on its CSR activities to position itself, relative to the competition, in the minds of consumers' (adapted from Du *et al.* 2007). While many companies affiliate themselves with causes, some, such as Timberland, Ben & Jerry's and the Whole Foods Market, go beyond just engaging in CSR to position themselves wholly in terms of CSR, becoming known as the socially responsible brand in a category. In the US supermarket category, for example, the Whole Foods Market, positioned on CSR, espouses the core value of 'caring about our communities and our environment'. Moreover, this value pervades virtually every aspect of its business, from organic and sustainable sourcing to environmentally sensitive retailing, from devoting at least 5% of its annual profits to a variety of causes to encouraging community service among its employees on company time. A company's CSR positioning is likely to amplify the effectiveness of CSR communication because, given that the company has taken the relatively uncommon and perhaps risky stance of positioning itself on CSR rather than superficially engaging in such activities, stakeholders are likely not only to pay more attention to its CSR message, but also to believe in the authenticity of its CSR

endeavors, resulting in greater persuasion in favor of the company (Du *et al.* 2007).

Moderators of communication effectiveness: stakeholder-specific factors

Some characteristics of stakeholders, the recipients of CSR communication, will also moderate the effectiveness of CSR communication. In this section, we discuss several stakeholder-specific factors: stakeholder type, issue support and social value orientation.

Stakeholder type

One unique characteristic of CSR communication is that it often has many potential audiences, ranging from legislators, business press, investors and non-governmental organizations (NGOs) to local communities, consumers and employees (Dawkins 2004). Furthermore, these different audiences vary in terms of their expectations of businesses, and in information needs, and may thus respond differently to the various communication channels of CSR. Accordingly, it is imperative for a company to tailor its CSR communication to the specific needs of different stakeholder groups.

Dawkins (2004) classified various stakeholders into two types – (1) opinion-leader audiences such as business press, investors (both mainstream institutional investors and the socially responsible investment (SRI) community) and NGOs; and (2) the general public, such as consumers and local communities – and discussed the implications of the differences of these stakeholder groups for CSR communication. Opinion-leader audiences are more likely to proactively seek out CSR information about a company, and to use the company's CSR report to get a comprehensive picture of its CSR record. Among the opinion-leader audiences, corporate responsibility 'experts' such as think-tanks, commentators and SRI analysts are predominantly looking for hard evidence of the social impact of a company's CSR programs, and want to see detailed indicators, benchmarks, targets and trends in its CSR report. Therefore, to increase the credibility of its CSR report, a company should adhere to leading reporting standards such as the Global Reporting Initiative and AccountAbility's reporting standard, AA1000.

In contrast, however, another type of opinion-leader audience, mainstream investors, are more concerned with shareholder value maximization and hence the business case of CSR. Accordingly, when communicating CSR to this stakeholder group, companies should explicitly discuss the business impact of their CSR activities, and how their social initiatives are linked to key business metrics such as customer equity, employee retention, corporate governance and risk management.

The general public such as consumers or the local communities often do not proactively seek CSR information about a company, even with regard to issues they consider to be particularly important (Dawkins 2004). The general public often become aware of a company's CSR activities through independent channels, such as editorial coverage on TV and in the press, stakeholder word-of-mouth or corporate communication channels, such as high-profile cause marketing campaigns, advertising or point of purchase communication (e.g. printing CSR information on the product/label itself). To reach the general public effectively, companies should use a variety of communication channels or, alternatively, focus on one or two highly relevant channels.

Issue support

In general, stakeholders' motivation to process CSR information impacts communication effectiveness (MacInnis *et al.* 1991). Referring to the extent to which stakeholders support the focal issue of a company's CSR initiative, issue support will affect the effectiveness of CSR communication because it is related to stakeholders' motivation to process CSR information. Research has shown that information perceived as self-relevant (vs non-relevant) elicits voluntary attention (Petty *et al.* 1981). Since issue support reflects stakeholders' personal needs and values, all else equal, CSR information on initiatives that stakeholders deem important or personally relevant (i.e. strong support) is more likely to break the media clutter and be more effective. Individuals' awareness and knowledge of a social issue will often lead to greater support for that particular issue (Bhattacharya and Sen 2004). Therefore, companies need to explain and communicate the importance of the focal issues of their social initiatives so as to increase stakeholders' issue support.

Another way to increase issue support is to actively engage stakeholders in the social initiative, soliciting stakeholders' input in selecting which

social issue or which non-profit organization to support. For example, in a recent cause promotion by Gap, an American clothing company, for a limited time, the company not only offered 30% off each individual consumer's purchase, but also donated 5% of each consumer's spending to one of six non-profit organizations that the consumer picked from a list. The six non-profit organizations support a wide range of social issues, from domestic issues such as education (Teach for America) and child hunger (Feeding America) in the US, to global issues such as the environment (World Wildlife Fund) and diseases, including AIDS, TB and malaria in Africa (the Global Fund). By allowing stakeholders to choose which issue and which non-profit organization to donate to, Gap is able to enjoy greater issue support from its consumers and thereby enhance the effectiveness of its CSR communication.

Also importantly, before launching its social initiatives, a company should engage in some marketing research to gauge stakeholders' support for various social issues, and undertake social initiatives that matter to its key stakeholders. Stakeholders' views of which social issues are the most important for companies to address have been shifting. For example, in the early 1990s, Americans ranked crime/violence prevention, the environment and homelessness as priority issues; in 2004, education, health and disease, and the environment were considered paramount (Cone 2007, 2008). Furthermore, regarding health and disease, the top priority issues are, to list a few, fighting heart disease, breast cancer, children's diseases, and obesity and nutrition (Cone 2007). Companies should always monitor what are considered the priority issues by its key stakeholders. However, a cautionary note is that companies should always balance selecting a 'hot' issue with consideration of CSR fit, as stakeholders expect companies to address issues that are relevant to their core business and where they can have the most impact.

Social value orientation

Defined as an individual's 'stable preferences for certain patterns of outcomes for oneself and others' (Van Lange *et al.* 1997), social value orientation will also affect the effectiveness of CSR communication because it is related to stakeholders' motivation to process CSR information. There is a three-category typology of social value orientation: prosocial, individualistic and competitive. Prosocials tend to maximize outcomes for both themselves and others,

and minimize differences between outcomes for themselves and others (i.e. equality). Individualists tend to maximize their own outcomes with little or no regard for others' outcomes; and competitors tend to maximize their own outcomes relative to others' outcomes, seeking relative advantage over others. These three social value orientation types have been shown to predict a range of social behaviors. For example, relative to individualists and competitors, prosocials are more likely to help others (McClintock and Allison 1989) and to use public transport rather than driving their own cars (Van Vugt *et al.* 1995). We expect prosocials to have greater support for companies' social initiatives in general, owing to their social value orientation, and therefore to be more motivated to process companies' CSR communication.

Relatedly, CSR research has identified a segment of individuals named 'CSR activists', who are more likely to purchase on ethical criteria, be more aware of companies' CSR activities, and more likely to investigate companies' CSR behavior (Dawkins 2004). Specifically, research by Cone Inc. has shown that there is a spectrum of consumers who vary in their support of and receptivity to companies' engagement in CSR, with *disbelievers* who believe businesses' sole purpose is to maximize shareholder returns, and *advocates* and *activists* who believe businesses should support and advocate changes in larger social and environmental issues (Cone 2008). We expect that, all else equal, companies' CSR communication will be more effective among segments of stakeholders who are prosocials or CSR advocates or activists, and less effective among stakeholders who are individualists, competitors or disbelievers.

Conclusion

The business case of CSR has been amply documented by a large body of multidisciplinary academic research. Owing to the identity-revealing nature of CSR activities, by investing in social initiatives, a company will be able not only to generate favorable stakeholder attitudes and behaviors (e.g. purchase, seeking employment, investing in the company), but also, over the long run, to build corporate/brand image, strengthen stakeholder-company relationships, and enhance stakeholders' advocacy behaviors for the company (e.g. word-of-mouth, employee organizational commitment and citizenship behavior). However, stakeholders' low

awareness of and skepticism towards companies' CSR activities are critical impediments in companies' attempts to maximize business benefits from their CSR investment, pointing to an urgent need for both academicians and practitioners to get a deeper understanding of how to communicate CSR more effectively to stakeholders.

Corporate social responsibility communication is a very delicate matter. While stakeholders claim they want to know about the good deeds of the companies they interact with, they can easily become leery of extrinsic motives when companies promote their CSR efforts. Corporate social responsibility communication can have a backlash effect if stakeholders become suspicious and perceive predominantly extrinsic motives in companies' social initiatives. Hence a key challenge of CSR communication is to overcome stakeholder skepticism and to generate favorable CSR attributions. This paper has reviewed and synthesized relevant literatures on CSR and communication in general to present a conceptual framework of CSR communication. Different aspects of CSR communication have been analyzed, from message content and communication channels to company- and stakeholder-specific factors that influence the effectiveness of CSR communication. The discussion of the key aspects of CSR communication also open up several avenues for future research.

One important avenue for future research would be to explore the mediating mechanisms that account for the effectiveness (or ineffectiveness) of CSR communication. Research on traditional advertising shows that a variety of cognitive and affective responses underlie consumers' acceptance of, and hence the effectiveness of, advertising (Batra and Ray 1986). For example, cognitive responses such as support arguments and source bolstering, and affective responses such as happy and warm feelings contribute to the effectiveness of advertising. Building on this, future research can explore cognitive (e.g. trustworthiness, CSR attributions) and affective (e.g. pride, empathy) responses that are unique to CSR communication. Such research can deepen understanding of the psychological mechanisms underlying the effectiveness of CSR communication and therefore have rich implications for CSR communication strategy.

Finally, individuals sometimes have multiple stakeholder relationships with a particular company (e.g. being an employee, consumer and investor). Since different stakeholder groups have different

expectations of businesses and different information needs, future research could investigate how a company can best communicate its CSR initiatives to respective target audiences.

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