Corporate Social Responsibility Strategy to Repair Brand Reputation

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# Table of Contents

Abstract ................................................................................................................................. 1
Introduction.............................................................................................................................. 2
Defining Corporate Social Responsibility ............................................................................ 2
Components of CSR efforts ................................................................................................. 4
Brand-cause fit & CSR implications .................................................................................... 5
Reasons for CSR engagement .............................................................................................. 8
  Stakeholder impact ............................................................................................................. 8
  Quantifiable benefits ......................................................................................................... 9
  Reputational effects ......................................................................................................... 10
Challenges of CSR in controversial industries ................................................................. 10
  Credibility ......................................................................................................................... 11
  Demand for transparency ................................................................................................. 12
  Choosing high-fit causes ................................................................................................. 13
Recommendations ............................................................................................................. 14
  Choosing a strategy ......................................................................................................... 14
  Expenditures .................................................................................................................... 15
  Corporate culture & CSR ................................................................................................. 15
  Be proactive ...................................................................................................................... 17
  Communicating CSR ........................................................................................................ 18
Conclusion ........................................................................................................................... 22
References ............................................................................................................................ 24
Appendices ........................................................................................................................... 27
  Appendix A ....................................................................................................................... 27
  Appendix B ....................................................................................................................... 27
  Appendix C ....................................................................................................................... 28
  Appendix D ....................................................................................................................... 29
  Appendix E ....................................................................................................................... 30
Abstract

In this paper, the challenges of engaging in corporate social responsibility for businesses with compromised reputations are deconstructed. Academic research articles and business publications were studied to understand the implications of engaging in CSR for these “controversial” companies. The research asserts that CSR is no longer an option, but rather a requirement, of businesses, and recognizes that immediate return on CSR investment is not always possible in controversial industries. The work then attempts to provide recommendations to formulate a CSR strategy that will have positive reputational effects on the brand as part of a long-term strategy. Recommendations emphasize qualitative methods of CSR to generate ROI and provide positive reputational effects, including the formulation of an appropriate CSR program for a brand, integration of CSR with corporate culture, methods of proactive CSR strategy, and the necessity of properly communicating CSR efforts, while discounting the effects of superficial methods of planning and evaluating CSR strategy by way of monetary expenditures or meaningless cause partnerships.
Introduction

While corporate social responsibility used to be a novelty, today it is increasingly demanded of companies, particularly due to increasing expectations of corporate transparency, resulting from the free exchange of information on the Internet as well as on social media. CSR can often seem insincere, especially when companies like BP make mistakes leading to massively detrimental effects on the environment, then turn around and boast the spending and manpower they put in place to then clean up these effects as if it is a heroic act for which they should be admired. In the case of crises like these, or ongoing crises of perceived negative effects of a company’s operations, engaging in CSR can seem pointless to managers – why spend large sums of money donating to charities when consumers and media will be too critical of mistakes to generate the good PR and brand image effects needed to generate a return on CSR investment? This document investigates certain challenges of CSR, in particular those faced by firms in controversial industries, and offers recommendations for crafting and promoting a CSR strategy that will be positively received by stakeholders and, ultimately, will help repair a damaged corporate reputation.

Defining Corporate Social Responsibility

CSR has been growing in popularity for decades. It is a component of business dealings that is held with high regard by stakeholders including employees, investors, consumers and society in general. CSR takes on a variety of meanings connoting the fulfillment of economic, legal, ethical and philanthropic responsibilities by a business. What CSR means to a given firm is essentially up to the corporation to precisely define. According to the United Nations Industrial Development Organization (UNIDO), CSR is “a management concept whereby companies
integrate social and environmental concerns in their business operations and interactions with their stakeholders” (UNIDO, n.d.).

As Rothaermel (2013) adapts from Carroll (1991), the various implications of CSR can be visualized as a pyramid:

**Philanthropic Responsibilities:**
Corporate citizenship

**Ethical Responsibilities:**
Do what is right, just, and fair.

**Legal Responsibilities:**
Laws and regulations are society’s codified ethics; define minimum acceptable standard.

**Economic Responsibilities:**
Gain and sustain competitive advantage

The structure of Carroll’s CSR pyramid suggests that the first and foremost role of a business is to sustain a competitive advantage and act in the best economic interest of stakeholders while acting within the law. Though Rothaermel asserts that the pyramidal visualization of CSR is intended to suggest a need for balance in responsibility, rather than an order of priorities, it does represent a split between requirements of stakeholders and of society and expectations of society. While the fulfillment economic and legal responsibilities is required of businesses, ethical and philanthropic responsibilities can be perceived as “optional”. However, meeting societal expectations in these areas is beneficial to the business in influencing stakeholder and public
trust, by enhancing transparency and authenticity of the corporation’s commitment to using profits not simply to fund their CEOs’ lifestyles but, instead, to better society.

Today, two-thirds of CEOs feel social responsibility is critical to profits and stakeholder relations (Rawlins, 2005). While, traditionally, for-profit corporations have focused on economic viability, the “triple bottom line” associated with CSR comprised of economic, environmental, and social impacts (or the “3 Ps”: people, profit, planet) has become not only commonplace, but more and more frequently, is an expectation of stakeholders. This is a result not only of the transparency demanded by the open exchange of information in today’s digital society, but also of pressures of NGOs such as the Global Reporting Initiative, which encourages companies to publish sustainability reports with regards to their triple-bottom-line impacts (Rawlins, 2005). In addition, marketers know that in today’s crowded marketplace, brand loyalty is declining with the emergence of numerous alternatives of similar quality. Among other marketing tactics, engaging in socially responsible practices, such as philanthropic outreach, can be a significant part of a company’s strategy to maintain, or even create, a favorable brand image and unique value offering to consumers. In controversial industries, in particular, making an effort to give back to stakeholders and local and global communities is critical to survival, though these types of companies face greater challenges in crafting a CSR strategy that will yield a return in the form of goodwill and positive reputational effects.

**Components of CSR efforts**

While CSR may commonly be simplified to charitable corporate donations, CSR can have a broad range of components and impact various areas within society. UNIDO (n.d.) offers a list of common CSR issues, including:
- Environmental impact
- Eco-efficiency
- Responsible sourcing
- Stakeholder engagement
- Labor standards & conditions
- Employee & community relations
- Gender balance
- Human rights
- Good governance, anti-corruption

To some, CSR evokes associations of charitable donations, partnerships with NGOs or employee days of service. However, companies and the general public should take note: CSR also encompasses a broader range of voluntary ethical policies guiding internal aspects such as employee conduct, employee-employer relations and workplace safety, and should not be regarded solely as a means of giving to charity, as it involves making a positive impact on society from the inside out.

**Brand-cause fit & CSR implications**

Company-cause, or brand-cause, associations have become higher profile in recent years as companies opt for cause-related marketing campaigns linking their brand with a specific cause and/or organization. The quality of fit stems from the degree of similarity and compatibility between the cause or organization and the corporate brand or product (Lafferty, as cited in Bigné, Currás-Pérez, & Aldás-Manzano, 2010). By linking a company’s brand with a philanthropy, the brand is perceived as socially responsible, as they are seemingly “endorsed” by a cause that undoubtedly has good intentions of fostering societal wellbeing. The positive effects associated with consumer perceptions of the cause and social values of the charity may then be transferred to the linked corporate brand, depending on the quality of fit (Dean, Hoeffler, Keller, Roy, & Cornwell, as cited in Bigné et al., 2012).
While company-cause fit is often considered in the context of cause-related marketing campaigns, it is also an important consideration in establishing CSR programs. The goodness of fit between the CSR program and the corporation itself positively affects the relationship between the two in the minds of stakeholders and consumers and makes CSR appear to be genuine, rather than a calculated strategy to keep up appearances. Bigné et al. (2012) specifically tested two dimensions of company-cause fit in relation to CSR: functional fit, “determined on the basis of a comparative analysis of product functions and social cause characteristics and intentions” as well as image fit, “the existence of related characteristics in the brand and social cause image or positioning”. They found that both attributes contribute to outsider perceptions of CSR, but functional fit has a more direct impact. While functional fit has a “gentle” impact on CSR, the alignment of functional product capabilities and the aims of the social cause can positively influence CSR perceptions without influencing, or needing to influence, aspects of the corporate brand, such as the degree to which it is perceived as altruistic or credible. Conversely, image fit not only positively impacts CSR perceptions, but also impacts intermediate variables including the altruistic attributions of the brand as well as its credibility.

The difference in effect of these two can be explained by the degree of cognitive “effort” on behalf of the consumer. As image fit impacts the credibility and altruistic intentions of the brand as perceived by the consumer, it justifies the CSR approach and creates a positive image of the brand’s CSR in the mind of the consumer. Functional fit, on the other hand, offers a heuristic of sorts for the consumer in immediately allowing them to make the link between the company and the brand by way of CSR. However, Bigné et al. (2012) posit that the image fit effects are stronger than those of functional fit on the perception of the brand itself as a credible and well-meaning one. Therefore, both functional fit of the company with its chosen CSR initiatives and
the image fit of the brand and cause should be considered in choosing the activities in which to engage, while image fit is a more important consideration in altering outsider perceptions of the credibility of the brand.

Corporate brand credibility is a critical component of generating ROI on CSR. While credibility of the brand affects consumer perceptions of the genuine nature of the chosen CSR program, CSR can simultaneously have the reversed effect of reinforcing brand legitimacy (Du & Vieira, 2012). Bigné, Cáceres & Pérez (2010) found that company trustworthiness or sincerity strongly influences consumer perceptions of CSR credibility as well as the consumer’s perceptions of company expertise in its field, though the latter less so. Bigné et al. (2010) also reference Rifon, Trimble, Webb, & Mohr in asserting that consumers are inherently skeptical of corporate engagement in CSR and will correct this suspicion if they believe the company is trustworthy. The work also posits that image effects can influence consumer perceptions of company trustworthiness. Therefore, the company-cause fit is a mutually-reinforcing cycle.

In addition, Kim, Sung, & Lee (2012) studied the effects of fit in the instance of alliances between companies and specific nonprofit organizations. The study found that “activity fit”, similar to Bigné, et al.’s definition of “functional fit”, connotes a higher degree of public-serving intent by the company. In addition, Kim et al. found that alliances between more familiar companies and nonprofits are regarded as having greater public-serving intentions than alliances between less familiar companies and nonprofits. Furthermore, altruistic intentions of high-familiarity companies pairing with low-familiarity nonprofits are better received by consumers than when a low-familiarity company forms an alliance with a high-familiarity nonprofit, as the latter implies to the consumer that the company is latching onto the nonprofit with the intention of reaping the benefits of its strong brand. Findings of both studies offer insight into the
construction of CSR strategy for high-profile, controversial companies struggling with credibility, as discussed later in this work.

**Reasons for CSR engagement**

A fundamental principle of business is that the corporation cannot exist without society, and vice versa. Therefore, businesses must work to meet the demands for more ethical practices (Joyner & Payne, 2002). Stakeholders take an interest the ethical undertakings of a business, as they want to ensure a safe, sound investment. The existence of CSR programs signals lower risk to investors, while more than half of MBA students would accept a lower salary to work for a more socially responsible company, suggesting the growing popularity, and necessity, of CSR with the up-and-coming generation of managers (Aiello & Sloan, 2005). In addition, rankings such as *Fortune*’s “Most Admired Companies” incorporate not only aspects such as innovativeness and quality of management, but also social responsibility (O’Connor, 2005).

**Stakeholder impact**

It is common knowledge that businesses are responsible for acting in the best interests of their stakeholders. Rothaermel’s framework for stakeholder impact analysis outlines the steps to be taken to prioritize and address stakeholders’ needs including those of shareholders and investors as well as those of indirect stakeholders and members of society (see Appendix A). Part of stakeholder impact analysis comprises the evaluation of the economic, legal, ethical and philanthropic responsibilities firms have to stakeholders, which leads to the formulation of a strategy that best addresses stakeholder concerns. Rothaermel recognizes that “society grants shareholders the right and privilege to create a publicly traded stock company, and therefore the firm owes something to society” (2013, p. 339). In this conceptualization, corporate social
responsibility is viewed not as an option, but rather a duty, of the business, to society and to its stakeholders.

Rothaermel also offers three dimensions along which firms can prioritize stakeholder needs: power, legitimacy, and urgency. When claims of stakeholders are powerful, legitimate, or urgent, the firm has an immediate responsibility to address them. These characteristics offer rationale for reactive CSR in the face of crisis or public scrutiny, though the power and legitimacy of claims in particular can be reasons for engaging in proactive CSR, as will be discussed later.

**Quantifiable benefits**

UNIDO (n.d.) also argues that CSR can bring about competitive advantages such as “enhanced access to capital and markets, increased sales and profits, operational cost savings, improved productivity…improved brand image and reputation, enhanced customer loyalty”, among others. Aiello and Sloan (2005) assert that CSR reduces employee turnover and training costs by improving retention and ease of recruitment, as these socially responsible practices are attractive to potential employees who desire to use their career not solely as a means of survival, but to serve a greater entity that has the power to create positive change in its community.

A particularly interesting, tangible effect of corporate investment in environmental responsibility was discovered by Griffin and Sun and released in 2012 in CSRwire, a CSR press release publication. According to the two University of California management professors, voluntary disclosure of Greenhouse Gas Emissions through CSRwire boosted company stock prices in the days following and produced positive returns to shareholders. This reiterates the desire of stakeholders, specifically shareholders, to know that their investment will produce a return in the form of responsible practices and voluntary disclosure.
Reputational effects

The Encyclopedia of Public Relations defines “reputation management” as “the strategic use of corporate resources to positively influence the attitudes, beliefs, opinions and actions of multiple corporate stakeholders including consumers, employees, investors, and the media” (O’Connor, 2005). Such a definition can essentially be reassigned, word-for-word, to “corporate social responsibility”, given its effects on stakeholder perceptions of the company. Perhaps the greatest ROI of CSR is in the form of positive reputational effects pertaining to company image and credibility. As discussed in Bigné’s research (2010), CSR, especially high-fitting CSR, can positively impact consumer perceptions of company trustworthiness and generate brand equity. CSR is an essential aspect of corporate strategy to manage reputation and control external perceptions of the company, if exercised wisely.

Challenges of CSR in controversial industries

Given the two-way relationship of CSR impact and perceived corporate credibility, companies in more controversial industries face greater challenges in designing beneficial CSR programs as well as generating reputational ROI on these initiatives than companies who are already perceived as trustworthy and sincere by consumers. Controversial industries and companies are defined here as those that are perceived to have some sort of negative externality in the form of adverse social, ethical or environmental consequences (Du & Vieira, 2012). In light of Kim et al.’s research emphasizing the positive effects of brand familiarity on choosing a cause with which to associate, challenges and recommendations discussed in this work focus specifically on high-profile, well-known controversial companies.
Controversial industries include sectors such as oil, pharmaceuticals, and tobacco. In these industries, CSR is often critically regarded as an attempt to win over the public and to mitigate for unethical actions that have taken place at the hands of the organization. Indeed, firms in controversial industries know they need to engage in CSR to convey legitimacy to stakeholders, which is why so many of these types of firms clearly offer “Responsibility” links and information for the visitor to their corporate sites. Unfortunately, firms in these types of industries see fewer immediate benefits of engaging in CSR than those in less controversial fields, for example, in terms of goodwill (Du & Vieira, 2012). The billions of dollars which these corporations sink into CSR programs, if intended to generate positive press, may seem “wasted” in terms of PR or reputational benefits. However, while immediate effects may not be evident, CSR is an important way for these firms to build brand equity over time.

Credibility
Stakeholders tend to be cynical with regards to the credibility of these types of firms’ CSR practices. Credibility, in light of CSR, is defined as “stakeholder perceptions of how sincere, or intrinsic, a company is in upholding the institutional norms of being socially responsible” (Du & Vieira, 2012). Indeed, being “genuine” is critical to the success of any brand, not just one whose intentions are under scrutiny. Another definition of credibility when it comes to CSR programs refers to the programs’ ability to actually produce positive change. Joyner & Payne (2002) narrow CSR implementation down to two types of decisions: the first, to genuinely desire to affect positive change with no external pressures, and the second, to simply convince the stakeholder that the firm is doing the right thing, which may or may not be true.

Rawlins (2005) also confirms the necessity of a true desire to make a positive impact through CSR, positing that the desire for a positive image should not be the sole driver of these types of
expenditures. CSR efforts “can take years to produce results and may not always result in a lot of publicity”. In addition, as discussed in Bigné et al.’s findings (2010), while CSR can build trust of the consumer in the brand if high cause fit is perceived, there is a “roadblock” in the instrumental nature of existing trustworthiness to building positive CSR perceptions.

**Demand for transparency**

In today’s era of open informational exchange, transparency is critical to all organizations, even those who recognize that they will not always have good news to offer the public. Firms in industries with negative external consequences are inevitably facing more scrutiny and receiving hits to their reputation. Particularly in the case of social media, the average consumer is gaining power and can post negative information on the company website that can seriously impair its reputation in the eyes of other consumers. As such, we are reaching an era in which it will no longer be socially acceptable for unethical corporations to exist. Other than changing the entire core mission of these firms to enable them to operate responsibly, CSR is the only way to convey to stakeholders that businesses do not exist for the sole purpose of profit.

Transparency can take the form not only of voluntary disclosure of CSR spending and engagement, but also of open dialogue with consumers about the ongoing resolution of negative company externalities, as well as within the company throughout the corporate ladder, allowing high-level managers to understand the structure and allocation of employees, and employees to understand their role within the company (Lavoie, 2014). For controversial companies, where the external impact of the firm is questionable, opting for transparency can be frightening, as it is perceived, understandably, as risky in exposing the firm’s vulnerabilities. However, doing so can foster a culture of integrity and improve stakeholder perceptions of the firm when voluntary transparency is seen as a willingness to address the negative externalities.
Choosing high-fit causes

While high company-cause fit is ideal and can positively affect the credibility of the company and perceptions of its CSR initiatives, a study published in 2010 by University of Florida Professor Mary Ann Ferguson found that high-fit programs only have positive effects when the company itself already has a positive reputation. Therefore, when a company’s reputation takes a blow, touting a new CSR program, or a reactive initiative, at that point will not immediately undo the damage. It will be a long road to reputational recovery through concrete efforts to put their promises into action. Furthermore, Ferguson even believes that high-fit CSR programs in the wake of negative events can actually harm the brand’s image (Ferguson, 2010).

When considering Ferguson’s findings in concert with those of Bigné et al., choosing a CSR program for a controversial firm can seem like a daunting task. Managers will likely be skeptical of their investment in CSR if they do not see an opportunity for gaining returns. However, Bigné et al.’s research (2012) provides an optimistic dimension to Ferguson’s findings without necessarily disputing them in explaining that, while a firm’s existing reputation and trustworthiness can have an effect on consumer perceptions of CSR, brand-cause alliances can influence perceived trustworthiness in return. In addition, a study published in 2004 by Schnietz and Epstein evaluated the effect of the 1999 Seattle WTO protests on the market capitalization of firms. The study found that those firms being protested who were known for engaging in CSR experienced no significant decline in market cap value, while those who did not have a strong CSR reputation saw their market capitalization decline upwards of three percent. This shows that while CSR will not act as a shield against criticism and scrutiny, it can have positive effects on public perceptions of company stability and brand image.
While CSR in controversial industries certainly poses a challenge, it is not to say that these firms should not spend time and funds on CSR programs – quite the opposite. With a carefully constructed CSR strategy, firms can build consumer trust and attract and retain investors while enhancing their reputation and repairing a tarnished image or preventing future image crises.

**Recommendations**

**Choosing a strategy**

High-fit programs tend to be more effective and credible. Firms should strive to create high-fit CSR initiatives when possible. Some opportunities for CSR initiatives are clearly linked with the industry or firm itself. For example, companies with detrimental environmental impacts such as oil companies or any corporations with pollution-emitting plants should make attempts to negate these effects in creative ways. In addition, companies should consider the findings of studies such as Bigné et al.’s (2012) in considering image vs. functional fit of the brand and chosen cause. Creating strategic partnerships and designing initiatives whose image and values particularly align with the company will ultimately have positive effects on consumer trust and perceived altruism of the brand while evoking positive perceptions of the CSR program. While functional fit is useful and linked to CSR perceptions, it is not as influential as image fit to the effectiveness of CSR in reinforcing brand credibility.

As previously discussed, the commitment to CSR must be a genuine one. To cultivate a CSR strategy is to cultivate the company’s entire reputation. Companies should engage in focused, long-term strategies that convey this sense of genuine commitment to minimizing their negative external impacts, rather than seeking, and expecting, immediate returns on disorganized initiatives or donations designed to generate PR touting their good intentions. Furthermore, if
companies respond to stakeholder demands and engage in relevant, constructive and high-fit partnerships, it is harder for the public to accuse the company of “greenwashing” through CSR.

Initiatives should incorporate action, not simply words. For example, partnering with NGOs is a useful strategy to gain the expertise and existing reach of the partner organization. However, the mere existence of a partnership with an NGO bearing the corporation’s name does not bring value to the corporation unless action takes place, and large-sum donations, particularly by controversial companies, are likely to be perceived by the public as calculated PR moves.

**Expenditures**

It is not reasonable to set a rule for CSR expenditures for all firms, as it depends on the types of initiatives chosen and the financial situation of a given company. Some companies aim to spend 1% of net profits, while India recently passed legislation for mandatory CSR expenditures of 2% of 3-year average annual net profit per financial year for companies with a net worth of Rs 500 crore (US$83.1m) or a net profit of Rs 5 crore (US$831k) (BusinessWorld India, 2014).

2012 data of America’s most generous companies included Wells Fargo’s expenditure of $315 million, or 1.3% of 2011 pretax profits, Wal-Mart’s expenditure of 4.5% of 2011 profits and Chevron’s expenditure of 3.9% of 2011 profits (Nisen, 2013). The percent of profits, then, varies significantly, signaling that there is no “magic number” of CSR expenditures. In the case of CSR, quality of programs is more important than the amount spent.

**Corporate culture & CSR**

The values that a firm wishes its stakeholders to respect and employees to live by must be deeply engrained in the corporate culture and lived on a daily basis. This entails going beyond the shallow, PR approach to social engagement. While much of CSR is focused on the external, it is
also in a firm’s best interest to engage in CSR practices promoting employee welfare, from safety to training and enrichment programs, as well as by demanding employees to live by the values the firm wishes to embody, which can be as simple as company “days of service” or similar, company-encouraged initiatives. Firms should consider CSR as an all-encompassing, inside-out strategy of sustaining competitive advantage.

Some companies opt to incorporate their social mission into their overarching company mission. Chevron, for example, a controversial company, defines itself by the “Chevron Way”. The first component of the company vision is, “[we] safely provide energy products vital to sustainable economic progress and human development throughout the world”, while core values of the Chevron Way include, among others, “protecting people and the environment”, “trust” and “diversity” (Chevron, n.d.) (see Appendix B). This is an appropriate step to take in embedding CSR into company culture, though, of course, ensuring these values are upheld on a daily basis is essential.

One way corporations can encourage employees to “live” its values is by establishing an ethical code of conduct. Rothaermel (2013) questions the lack of ethical code of conduct for management employees in light of similar oaths taken by medical professionals and lawyers. He offers an example: a group of Harvard Business School students crafted an MBA oath pledging, for example, to “refrain from corruption, unfair competition, or business practices harmful to society” (see Appendix C). This oath recognizes the responsibilities of business to society and emphasizes personal integrity as instrumental to the success of businesses. Such an oath or code of conduct, when enforced and referred to often, can positively influence the internal organization of more controversial companies and bring employees on board who are committed to creatively sustaining business in the most ethical, responsible way possible.
Be proactive

Given Ferguson’s research and the level of transparency companies are faced with, companies must engage in proactive CSR strategies, rather than reacting in times of crisis with efforts to rebuild goodwill. This means planning a CSR strategy before disaster has the opportunity to strike. For controversial firms whose reputation may already be tarnished, it is still critical to carefully plan a CSR strategy and implement it without the expectation that it will automatically generate good PR, as in fact it may even be the opposite.

Choosing a proactive strategy pertains to the model of stakeholder impact analysis described by Rothaermel (2013). Companies can, and should, look to shareholders to prioritize legitimate, powerful, or urgent claims. It is useful, then, for a firm to know its audience and be receptive to stakeholder demands in order to not only meet these demands, but to exceed them or solve them before the stakeholder realizes they are a critical issue. Companies are often keenly aware of CSR and general corporate trends, such as the “green movement”, and can use this knowledge to choose meaningful CSR programs before these types of initiatives become the norm, and before there is a chance to be criticized for not meeting these demands. In addition, power and urgency can relate to a more reactive CSR strategy in providing immediate claims that the company is obligated to address, often because they have made a mistake. Therefore, it is best to address claims before they even arise to enhance reputation and strengthen brand image.

Proactive approaches also involve the choice to be transparent. As previously discussed, voluntary disclosure of CSR and offering annual reporting disclosing not only the improvements and strides made in the past year, but also areas where the company is still struggling but genuinely trying to improve, provides an opportunity to project transparency. Companies can also take steps to be transparent with their consumers on social media by opening themselves up
to direct and open dialogue. This involves a careful audit of potential vulnerabilities that may be exposed or criticized by the public, with a plan of how to address each potential criticism to demonstrate to consumers the company’s commitment to acting as a good corporate citizen.

Being proactive also constitutes planning for potential crises and planning tactics to be reactive when the necessity arises. Companies must be agile and have response systems in place. For example, in 2009, two Domino’s Pizza employees posted a video of them in uniform, on the job, engaging in gross health code violations such as putting cheese in their nose before putting it on the food to be served to customers. The video went viral and received one million views before being taken down. After 48 hours, Domino’s gained control of the situation by posting a video of Domino’s USA’s president apologizing on YouTube and asserting that it was an unacceptable and isolated incident that was under investigation. However, the 48-hour response time was criticized by PR experts as too long. The company did not have mechanisms in place to deal with crises ahead of time, and therefore sustained damage that could have been otherwise prevented with a faster response on behalf of management (York, 2009).

While crisis response does not directly constitute CSR strategy planning, it is part of managing the corporate image in a similar fashion. If a company’s image takes a hit for any reason, the credibility of its CSR will also be negatively impacted, which is why it is so critical to have the flexibility to respond to attacks on the reputation of the brand.

**Communicating CSR**

Once the strategy has been chosen, the PR of CSR comes into play. Communicating the firm’s efforts is obviously necessary to inform, and, perhaps in the case of controversial firms, assuage any concerns stakeholders may have about the firm’s legitimacy and ability to meet society’s
increasing demands for transparency and responsibility. Customers are also interested in learning about firms’ CSR efforts, whether it is out of curiosity or whether they aim to scrutinize. There are several channels by which companies can communicate CSR initiatives. Joyner & Payne (2002) suggest the existence of five: formal reports, the corporate website, CSR advertising, public relations, and social media. As with any integrated strategy, the usage of multiple channels is beneficial to reinforcing the image the company wishes to convey. Channels perceived to have less company control, such as social media and public relations, are more engaging to consumers and evoke a greater sense of credibility, while formal reporting and the corporate website are the best way to offer thorough, accurate information pertaining to the company’s CSR efforts. Each channel should be used to not only provide information regarding CSR initiatives but should also be seen as an opportunity to build brand equity and solidify the company’s image in the minds of consumers. This speaks to the importance of weaving responsibility values into the entire company vision and mission as the foundation of the brand.

In addition, consistency is crucial in CSR communications. Not only should the causes the company chooses to support be in line with the image and function of the corporate brand, but the tone conveyed by all CSR communications should be aligned with the general tone and personality of the brand – the same approach that should be taken to any corporate communications. The strength of the brand-cause fit also contributes to the perceived sincerity of company communications.

From a visual and content standpoint, most major corporations offer direct links to information and pages offering descriptions of their responsibility initiatives directly from their corporate homepages (examples found in Appendix D). Accessibility of these pages from the homepage is
especially critical for controversial companies. In addition, the usage of multimedia such as videos can make a more rich experience for visitors and boost legitimacy of the programs. A cognitive approach to CSR can be compelling by offering specific facts and figures or survey stats from employees. This type of data is concrete and credible. The affective approach of storytelling is another way to forge an emotional connection with the site visitor and convey the desired company image.

Social media dissemination of CSR efforts, as previously mentioned, is an excellent way to boost credibility of the programs and build brand equity, though it is obviously not entirely under control of the firm itself. On social media channels as well, multimedia content can attract attention and engage the viewer more than basic text, while videos and images offer more “shareable” content. Social media also allows for open dialogue between the company and its stakeholders regarding its responsibility practices. However, according to a manager interviewed by Illia, Zyglidopoulos, Romenti, Rodriguez-Cánovas & González del Valle Brena (2013), “CSR engagements should never be the main topic of your communication activities, but complementary content”. It is implied that if a company is constantly pushing its CSR initiatives, it has something to hide. Yet again the necessity of brand-cause fit is underscored, as the integration of CSR initiatives into broader business activities is more useful and beneficial than sharing content solely about CSR.

With the benefits of social media, however, come the drawbacks. Because of the lack of complete control of the company over the spread of information on social networks, consumers have the ability to tarnish the brand’s reputation with constant criticisms and by calling attention to any unethical actions the company has committed. Companies who decide to engage customers on social media must foresee the consequences in advance and determine if certain
social media sites are truly beneficial to their brand in the long run. For example, Marlboro does not have a social media presence, likely because of how controversial its business dealings are and because the company has judged the possible negative reputational effects of joining public forums like social media as outweighing the potential value. Marlboro’s lack of social media presence also speaks to the commitment Philip Morris has chosen to taking a careful approach to targeting so as not to attract young consumers to its tobacco products. Philip Morris recognizes the detrimental effects its products have on society and therefore make a statement by opting not to join social media. Unfortunately, this lack of presence can also be spun by some as a lack of transparency on behalf of the firm and an unwillingness to address stakeholder concerns, but this is a tradeoff the firm must be willing to make, if not afforded with the opportunity to explain a strategic reason for staying disconnected from social media.

Companies can also be strategic in their choice of social media platforms. For example, while Facebook is a commonly used social network and therefore has a broad reach, it also allows customers to post potentially negative comments directly on the brand page for all visitors to see, while options like Twitter only offer company-generated content on the firm’s page, but still present the opportunity for customers to engage the brand. Before joining social media, or once they have joined, companies should constantly evaluate the brand for potential vulnerabilities so as to take a proactive strategy and know how to address these concerns, should they arise. In social media and formal reporting alike, companies should also be willing to disclose the bad alongside the good. This strengthens consumer trust in the brand by its honest nature and willingness to be transparent while offering an opportunity for the firm to educate the consumer about the measures it is taking to address the situation.
Companies may opt to engage a community manager who will engage with disgruntled customers and critics of the firm’s business by offering friendly responses providing information with the positive efforts the firm has undertaken to the contrary of their points or offering other productive responses. For example, Starbucks appears to employ a community manager, who responds to many comments on Facebook, both positive and negative. However, it was particularly useful to examine responses to negative comments. One Facebook user posted to the Starbucks corporate fanpage, “I am sorry to say that I won’t be going to Starbucks anymore[sic], because they don’t support our troops. Sad to say I hope that your business drops.” (www.facebook.com/Starbucks). In response, the community manager commented, “Please know that there is absolutely no truth to this rumor at all…We fully support our troops! If you’d like to see more information about ways in which we support them, please visit [link]. Thanks!” (see Appendix E for visual). Though it is perhaps “easy” to respond to this claim, given that it was simply rumor, Starbucks responded directly to the consumer’s comment to educate not only the individual, but other posters who may visit the page with the same concern. The direct engagement is personal and shows that Starbucks is willing to be transparent and have an open dialogue with consumers about any perceived wrongdoing by the brand to make it right. When controversial brands engage in CSR to minimize negative externalities, these efforts can be used as response mechanisms to social media backlash. Community managers are highly beneficial in the case of controversial companies who are attempting to repair a damaged reputation if CSR is being used to make a genuine attempt to correct negative perceptions of the firm by stakeholders.

**Conclusion**

Though the challenges are numerous for controversial brands with damaged reputations, CSR serves as a useful tool to influence consumer perceptions and promote positive brand image in
the long run. No longer is CSR an option, it is a demand of direct shareholders as well as society in general. Construction of a high-fit strategy that attempts to respond to stakeholder concerns, while minimizing negative externalities of the company on society, is instrumental to generating ROI. While controversial companies may never experience a total silence of criticism, they can repair and build their brand reputation through a proactive CSR approach that seeks not to greenwash the negative effects of its business on society, but rather to seek out potential areas for concern and attempt to solve them before they can face scrutiny. As critical as the composition of the CSR strategy is the communication of CSR initiatives. Companies should voluntarily provide as much information as possible pertaining to CSR efforts while being candid about problems and choosing to actively address them. Social media provides a valuable tool to engage in open dialogue with consumers and address stakeholder concerns while disseminating information about ongoing CSR initiatives. Overall, transparency and honesty stand out as the ultimate influencers of positive reception of CSR efforts. When these factors are integrated into the firm’s strategy for public engagement, firms are undeniably more likely to experience the positive reputational effects of CSR, and are able to repair their damaged brands.
References


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Appendices

Appendix A: Stakeholder Impact Analysis (adapted from Rothaermel, 2013)

- Step 1: Who are our stakeholders?
- Step 2: What are our stakeholders' interests and claims?
- Step 3: What opportunities and threats do our stakeholders present?
- Step 4: What economic, legal, ethical, and philanthropic responsibilities do we have to our stakeholders?
- Step 5: What should we do to effectively address the stakeholder concerns?

Appendix B: The Chevron Way

The Chevron Way
Getting Results the Right Way

The Chevron Way explains who we are, what we do, what we believe and what we plan to accomplish. It establishes a common understanding not only for those of us who work here, but for all who interact with us.

Vision

At the heart of The Chevron Way is our vision… to be the global energy company most admired for its people, partnership and performance.

Our vision means we:
- safely provide energy products vital to sustainable economic progress and human development throughout the world;
- are people and an organization with superior capabilities and commitment;
- are the partner of choice;
- earn the admiration of all our stakeholders – investors, customers, host governments, local communities and our employees – not only for the goals we achieve but how we achieve them;
- deliver world-class performance.
THE MBA OATH

As a business leader I recognize my role in society.

• My purpose is to lead people and manage resources to create value that no single individual can create alone.

• My decisions affect the well-being of individuals inside and outside my enterprise, today and tomorrow.

Therefore, I promise that:

• I will manage my enterprise with loyalty and care, and will not advance my personal interests at the expense of my enterprise or society.

• I will understand and uphold, in letter and spirit, the laws and contracts governing my conduct and that of my enterprise.

• I will refrain from corruption, unfair competition, or business practices harmful to society.

• I will protect the human rights and dignity of all people affected by my enterprise, and I will oppose discrimination and exploitation.
I will protect the right of future generations to advance their standard of living and enjoy a healthy planet.

I will report the performance and risks of my enterprise accurately and honestly.

I will invest in developing myself and others, helping the management profession continue to advance and create sustainable and inclusive prosperity.

In exercising my professional duties according to these principles, I recognize that my behavior must set an example of integrity, eliciting trust and esteem from those I serve. I will remain accountable to my peers and to society for my actions and for upholding these standards. This oath I make freely, and upon my honor.

Appendix D: Accessibility of CSR content from selected corporate homepages
Appendix E: Starbucks social media community management