CORPORATE MISSION AS A DRIVER OF CORPORATE SOCIAL RESPONSIBILITY

Clear conscience never fears midnight knocking.
Chinese Proverb
Taken from Archer Daniels Midland Company website

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The author would like to thank her students at the Norwegian School of Marketing for their contributions to this paper with a special thanks to Dr. Carl Brønn, Norwegian Agricultural College, for his insights and editorial comments. Parts of this paper have been presented at the European Marketing Association Conference, May 2001, and are also published in the International Journal of Advertising (Vol. 20, no. 2, 2001).
Corporate Mission as a Driver of Corporate Social Responsibility

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Abstract

Today many companies’ involvement in activities that demonstrate corporate social responsibility can be found in corporate brand building communications, marketing activities through package labeling, or through visible support to community activities. In some instances, however, decisions on these initiatives are often made far removed from the corporate level, for example at the product level or business unit level of the organization. Sometimes they are made simply based on the personal interests of individual managers. However, if a company is to be believed that it truly is committed to developing principles that guide its behavior in society, then these principles must be incorporated in the organization’s mission, vision and values. This commitment to corporate social responsibility, made visible through the mission statement, thus becomes the driver of all subsequent decisions surrounding its implementation. This ensures that the company makes decisions that are not only in the best interest of the company but are in the best interest of society as well. This paper looks at the concept of cause related marketing and skepticism to company claims regarding social responsibility concluding that CRM is only believable when anchored in a viable mission statement.
If they don’t say enough about their charity links consumers believe that companies are hiding something and if they say too much they believe that charities are being exploited by the big corporations. It makes the promotion of such schemes one of the most delicate jobs in marketing. Go too far one way and consumers believe you are using the charity, go the other way and they will not even know of your involvement.

(Tom O’Sullivan, 1997).

Corporate Social Responsibility

Corporate philanthropy, or donating to charities, has been the most common form of Corporate Social Responsibility (CSR) practiced by businesses in the United States since the late 1800s (Sethi, 1977). It was considered legitimate in so far as it directly benefited the shareholders; corporate donations were mostly on the agenda of those companies that could afford it. Today’s concept of corporate social responsibility was developed in the USA mainly during the 1960s as a response to the growing sentiment that corporations have responsibilities that go beyond their legal obligations. Different schools of thought on CSR oscillate between two extremes: from classical economic theory’s free market concept (Friedman, 1970) to the socially oriented approach (Freeman, 1984; Wood, 1991; Smith, 1994).

Consequently, corporate social responsibility has many interpretations. Enderle & Tavis (1998) define corporate social responsibility as "the policy and practice of a corporation’s social involvement over and beyond its legal obligations for the benefit of the society at large". According to Angelidis and Ibrahim, (1993), corporate social responsibility is "corporate social actions whose purpose is to satisfy social needs". Lerner and Fryxell (1988) suggest that CSR describes the extent to which organizational outcomes are consistent with societal values and expectations. Fundamentally, being socially
responsible has been a concern very much related to the rationale that businesses are more likely to do well in a flourishing society than in one that is falling apart (McIntosh et al., 1998). As Carroll (1998) states, the full range of corporate citizenship includes four faces. Good corporate citizens are expected to be 1) profitable, 2) obey the law, 3) engage in ethical behavior, and 4) give back through philanthropy.

Despite the noble intentions and empirical evidence in support of it, there are many attacks on corporate social responsibility. Mintzberg (1983) lists four issues. One is that CSR is simply rhetoric, not action. This criticism comes from people who just do not trust the motives of business. They tend to view any organizational CSR actions as public relations activities designed to put a nice face on the firm but with little substance. A second criticism is the lack of personal capabilities. Mintzberg asserts that by the nature of their education and training business people are not equipped to deal with social issues. Because they have to be experts in their own areas, often oriented toward efficiency and control, they are not able to handle complex social issues. The third attack is that the very nature of the environment, structure and control systems of large corporations makes social responsibility impossible. Large corporations create problems, so how can they be expected to solve them? And, lastly, corporations have no right to pursue social goals. Here, the sentiment is that private business people should not exercise public functions. After all, what kind of social values do business people have: bigger is better, competition is good, material wealth leads to a better society? Here Friedman’s (1970, p. 126) famous line is appropriate: ‘There is one and only one social responsibility of business – to use its resources and energies in activities designed to
increase its profits so long as it stays in the game, which is to say, engage in open and free competition without deception or fraud.” And, finally, Mintzberg asks: how are business people to determine what is socially responsible?

However, on a more positive note, Mintzberg concludes his article by saying that corporate social responsibility is in fact the best hope, perhaps the only real hope, for arresting and reversing the trend toward impersonalism and utilitarianism in organizations. This means that concepts such as ideals, beliefs, feelings, ethics and a sense of mission and purpose must not be squeezed out of the firm’s strategic agenda.

In this paper we take as a starting point that CSR has a valid and important role in an organization’s strategic portfolio. The scope and influence of modern firms on society is too great to simply assume that everything will take care of itself without some guiding principles beyond simply the profit motive (that is, Friedman’s injunction). Furthermore, the decisions regarding use of specific CSR activities must be coordinated at the highest levels of management. This is due to the potentially significant negative effects of such activities from an increasingly skeptical and potentially hostile set of external stakeholders.

In the following, we very briefly outline the processes by which CSR can influence organizational outcomes. The major claim is that in order to properly integrate a desire for an organization to exercise CSR, then this necessarily must be reflected in the firm’s vision and mission statements. But this alone is not sufficient. A dramatic example of
“saying one thing and doing something else” is presented. In order to operationalize the
intent of CSR through tangible actions from the mission statement there must be a
standard for evaluation. He paper concludes with a discussion of the managerial and
organizational implications of implementing CSR activities.

The quotation on the opening page clearly shows the paradox of broadening the scope of
marketing and communications strategy to include non-business related activities (that is,
charity). Given the existence of skeptical and even hostile stakeholder groups, CSR
initiatives can easily result in a “damned if you do, damned if you don’t” situation.

**Cause related marketing and Skepticism**

The practice of communicating corporate social responsibility in marketing
communications activities is commonly known as cause related marketing (CRM). In the
US, CRM is used as a corporate term for "working together in financial concert with a
charity . . . to tie a company and its products to a cause" (Ptacek & Salazar, 1997).
Adkins (2000) defines CRM as using marketing money, techniques and strategies to
support worthwhile causes while at the same time building the business. Further, it is the
commercial activity by which businesses and charities or causes form a partnership with
each other to market an image, product, or service for mutual benefit. Some examples
include;

- advertising such as Shell’s gigantic Profits and Principles mass communications
campaign,
• public relations such as Westin Hotels and Resorts campaign to support Care’s 50th anniversary from May 1995 to May 1996 (PR Newswire, 1995),
• sponsorship such as in Ford’s supporting a special edition of *Time* for Earth Day 2000, Spring (which also included advertising for Ford’s environmental position)
• events,
• licensing such as Red Cross and Farris bottled water,
• direct marketing through affinity or co-branded credit cards or
• sales promotion, which can include outright donations, purchase triggered promotions where an amount is donated for each unit sold, or voucher collection.

CRM is a "dramatic way to build brand equity . . . as it creates the most added value and most directly enhances financial performance” (Mullen, 1997). It (societal marketing) can generate the long-term value needed for a company to survive and achieve competitive advantage (Collins, 1993). It has been shown to be positively linked to growing market share and customer loyalty (Stewart-Allen, 1998), and if price and quality are equal, customers are likely to switch to a brand with cause related marketing benefit (R&S Worldwide, 1993; 1996). A further benefit includes a positive effect on reputation through meeting stakeholder expectations (Fombrun, 1996). According to Duncan and Moriarty (1997) CRM is a method for companies to differentiate themselves in the marketplace. Some companies claim a 5-10% response in sales, an extremely profitable response, according to Duncan and Moriarty.
However, CRM is often an ad hoc activity. Research of Norwegian firms (Andersen et al. 2000) indicates that most firms donate to non-profit organizations or causes, but very few do so in a strategic manner. They respond to an often one-time request from an organization such as Red Cross for example or they have a personal interest in a local cause. Hardly any companies supported causes or issues that were strategically oriented to their industry or field of business or had mission statements that reflected this was something the company should be involved in. In an ad hoc approach to implementing CSR through, for example, cause related marketing it can be very difficult for management to correctly learn from the outcomes of the experience. In the absence of clearly formulated performance indicators associated with the CRM initiative, positive results may be overlooked entirely due to the fact that traditional monitoring systems are not calibrated for the type of feedback information that results from the initiative. This may lead to an under-evaluation of the effects and consequently premature termination of the program.

The relationship between a firm and a charity/cause, according to Adkins (2000), should be mutually beneficial – to the business and to the cause. When these activities are ad hoc it is particularly dangerous because the consequences can have two dimensions – a financial/economic dimension and a psychological dimension. The financial dimension should be visible through increased sales and/or customer loyalty. The psychological effect is often expressed either in a positive way or in the form of skepticism which can be subtle and exert an influence over a much longer period of time.
Even though studies indicate that consumers believe it is important for marketers to seek out ways for their firms to become good corporate citizens (R&S Worldwide, 1996), that cause related marketing is "a good way to solve social problems" (Ptacek & Salazar, 1997), and that consumers have a more positive image of a company if it is doing something to make the world a better place, the level of skepticism toward schemes that unite the interests of charity and business remains very high. Webb and Mohr (1998) tested the hypothesis that skepticism toward CRM derives mainly from customers’ distrust and cynicism toward advertising, which is an important component of the marketing mix used in CRM campaigns. The negative attitudes toward CRM expressed by half of Webb and Mohr’s (1998) respondents were credited mostly to skepticism toward implementation and/or cynicism toward a firm's motives. Indeed, 50% of the respondents perceived the firm's motive as being "self-serving". The case for customer skepticism is further fueled by recent research that shows that total corporate philanthropy increases in small but significant ways following negative media exposure (Werbel and Wortman, 2000). Stakeholders could interpret this as an attempt on the part of these organizations to ‘buy’ their way out of a negative situation.

Barone et al. (2000) conclude that a firm's support of social causes can influence consumer choice but that simple support is not enough. For example, in Norway, Ringnes, which is owned by Scandinavia’s largest fast moving consumer goods company, currently markets two beverages (Farris, a mineral water, and Mozell, a fruit drink) based in part on their support of the Red Cross and the arts, respectively. Neither Ringnes nor its parent firm, Orkla, can produce any evidence that either has any
objectives other than marketing beverages. To a skeptical consumer, the company appears to be engaging in opportunism, i.e. taking advantage of their target market’s interests in philanthropy and the arts, but without having a deep commitment themselves. Further, this marketing tactic may draw the attention of activist groups questioning the veracity of Orkla’s and Ringnes’ motivations. The important lesson is that marketers must consider how consumers perceive the company's motivation.

**Corporate Vision and Mission as a Basis for CSR**

According to Business for Social Responsibility, in order for corporate social responsibility to be regarded as an integral part of business decision-making, it must have a prominent place in a company's core mission, vision and values document (BSR 2000). In order for the philosophical basis of the organization’s *raison d’etre* to be effective, companies should have a mission statement that is well-explained, widely understood and shared by the relevant stakeholders (primarily the owners and employees, but also external ones).

The two terms, vision and mission, are used at the highest level of organizations and often cause confusion. Many people have problems distinguishing among the two. Jennings (1990), for example, describes vision as the 'way ahead as the company sees it', or where the aspirations of the company lie. Similarly, she describes mission as 'where the company stands here and now'. She implies that mission is a result of vision and from them flow various objectives and policies, including statements of corporate conduct and ethics.
Similarly, according to Hussey (1998, p. 278), vision is an "expression of the longer-term objectives and values of the organization, in a way that shows what the firm is trying to achieve." He refers to Karlöf, who sees vision in the sense of a dream. It can link business with corporate culture, creating standards of values for individual performance of employees. It often includes the values of the organization, which are arrived at through stakeholder theory. The main purpose of a written vision, however, is to help a company be able to communicate it across the organization and to stakeholders. Hussey (1998) believes that mission is a type of objective, one that answers the question "What business are we in?" This may include defining the nature and scope of the business, its geographical area, and other key factors that the chief executive finds important. It also may include a statement about how the company plans to handle its relations with a number of stakeholders, including employees, customers and society.

Whether one calls it called mission or vision, most strategy authors agree that all formal organizational objectives and goals derive from them. As Roos et al. explain and show in Figure 1, vision provides the superior formulation of the organization activities and is normally very broad. Further, it is the most long-term of the activities and should rarely, if ever, be changed. Although Roos et al. do not discuss mission, it has been added to their model in light of other authors' inclusion of it. The basic business idea of the organization, the relatively specific description of the business area, thus follows the mission, which in fact provides the basis for it. Finally, come more detailed goals, followed by a set of objectives that specify precisely how the goals are to be met.
From this perspective the relationship between the specific company objectives and the organization’s higher-level aspirations is clear. Arguably, some of the criticisms and skepticism surrounding CRM efforts can be traced to the fact that they have been initiated without considering their overall relationship to the company’s vision and mission. Well-intending but ad hoc efforts frequently result in undesirable long-term effects.

Because much of the skepticism surrounding CRM is due to the relatively low placement in the hierarchy of Figure 1, Duncan (1995) asserts that firms can avoid criticism and be perceived as feeling, ethical, and having beliefs and a sense of mission by implementing what he calls “mission marketing.” He sees cause related marketing as a short-term activity that is not necessarily anchored in the values or mission of the organization; there is no real commitment. Mission marketing, on the other hand, has more believability.
than cause related marketing because it is a long-term and strategic organizational objective. It is bound to the mission of the organization and, according to Duncan, the first thing a company needs to do is to determine a realistic, applicable mission that reflects a corporate social responsibility and then be willing to ‘walk the talk’.

As consumers become more skeptical of the motives of business in their association with non-profit organizations and causes (Webb and Mohr, 1998), ‘walking the talk’ is becoming increasingly important. Duncan’s view of mission marketing may be illustrated as in figure 2. Here a mission statement that reflects the organization’s corporate position on social responsibility drives the overall strategy of the organization. From this mission statement, the organization then creates a strategy for carrying out its responsibilities in the CSR area, i.e. selecting causes/non-profit and/or charity alliances. These activities are then communicated to various stakeholders through marketing or other communications initiatives. This includes organizational communication, i.e. across and up and down the organization; corporate communications, normally associated with all other stakeholders than customers; and finally marketing communications, all activities directed at customers with the objective of increasing sales (in the long-term).
Building a Shared Sense of Corporate Social Responsibility

Corporate social responsibility is a concept that is tightly connected to the underlying values of the organization. As such, it should be reflected in both the vision statement as well as the more detailed mission statements of the organization. In this manner, one can assure that, at the least, the aspirations and guiding values that are tied to the CSR concept are maintained. This, however, poses two problems. One problem is concerned with the development of the firm’s vision. The second problem relates to implementation of actions that support the vision, and does so in a manner that is perceived by a potentially skeptical stakeholder as honorable and altruistic. These challenges are not trivial and go to the root of many complex and difficult organizational processes.
According to Senge (1997), the task of building a shared vision is part of developing the governing ideals for the enterprise. A sense of mission and explicitly stated core values are important components of the process. The vision must be consistent with the underlying core values. Three questions are critical in this activity. First, “what?” What is the vision of the future that the company seeks to create? Second, “why?” Why does the company exist at all, why should it exist? Finally, “how?” How can the core values be linked to the decisions and actions taken by the organization in a consistent manner in order to achieve the vision?

Hussey claims that there is a link between these initiatives and the chief executive’s ethical viewpoint. Furthermore, in Hussey’s opinion, moral and ethical philosophical decisions in a company are personal to the chief executive. Logsdon and Yuthas (1997) concur that strategies and actions within organizations are dependent on the organization’s top managers, who are the individuals with the most influence within the organization. They have the necessary power and resources, along with responsibility, to ‘develop and implement organizational processes through which their expectations can be carried out’ (p. 1219). Logsdon and Yuthas agree with Hussey that these managers set the moral tone for the organization and are responsible for its moral climate. Managerial ethical behavior, however, is linked to two types of individual characteristics: individual moral development and personality characteristics. It would appear that an organization’s view of their social responsibility reduces to managers’ stage of moral development and the factors influencing the translation of this moral development into decision-making.
Hussey maintains that the freedom of executives to decide these issues for themselves is an important point of principle. He quotes Drucker (1955): “No one but the management of each particular business can decide what the objectives in the area of public responsibility should be”. However quaint this may sound today (note the 1955 date on the Drucker article), in fact most acknowledge that a company's mission often reflects the personal missions of their leaders (Murray Bethel, 1999). Stopford and Baden-Fuller (1993) refer to the CEO's new vision as preparing the ground for building corporate entrepreneurship. Roos, et al. (1994), who do not differentiate between mission and vision, contend that it is often the chief executive, others in management and eventually the board of directors who develop the vision. Therefore it represents their views on why the organization exists and what they want to achieve in the future.

This way of thinking is typical of traditional hierarchical organizations where no-one questions the source of the vision (Senge, 1997). It is frequently the case that a firm’s vision is not even shared; people are given enough information to do their jobs, which then support the larger unstated and implied vision. Senge contends that companies today who employ consulting companies to help with developing a 'vision statement' are not much better. Often the thinking behind such projects is to somehow overcome low morale or lack of direction. But again, it is normally only top management that is involved in the process. This strategic approach is often referred to as a command mode: the top executive is often viewed as a general and the employees as 'good soldiers' (Bowman and Kakabadse, 1997). This type of thinking, however, often blocks adaptation of visions.
Senge (1997) agrees that even shared visions emerge from personal visions. He goes a step further and encourages companies to drop the idea that visions are announced from 'on high' or are a result of the organization's strategic planning process. Personal visions may also come from others who are not in positions of authority. Companies must develop what he calls shared visions so that 'my vision' becomes 'our vision'. This might be compared to the transactive mode of strategizing, which is based on integration and learning (Bowman and Kakabadse, 1997). Here, customers and other key stakeholders are involved in the decision-making process, demonstrating sensitivity to others in the firm’s environment.

Leviki (1996) defines mission as:

“... a general declaration of the purposes of the organization and the very long-term objectives that its leaders want to achieve. The best examples are written in inspirational tones to provide a focused and motivating document for the organization’s employees.”

As described by McIntosh et al. (1998) this definition is a blending of the goals and objectives of a mission statement with the inspiration of a vision. The authors cite Collins and Porras’ (1998) study on long-lived companies, which showed that visionary companies are resilient but that they stick to their core ideology and, further, profit maximization was not their dominant driving force or primary objective.
It is possible to conclude then, that 1) all companies should have written mission statements, 2) they are best when inspired by a vision for the company that is inspirational, and 3) while often the result of strong leaders, missions and visions are best accepted when shared by everyone inside the company and often outside. Further, the mission of the organization should provide the foundation for expressing the organization’s social responsibility, i.e. their role in society above returning value to their shareholders and following rules and regulations.

**Theory espoused versus theory in use – the difficulty of “walking the talk”**

The notion of “espoused theory” – what one says – and “theory in use” – what one actually does – is well known in cognitive psychology. It is relevant in explaining human behavior as a function of well-established mental models and behavioral routines that are culturally downloaded and reinforced through everyday interactions. The ideas of espoused and in-use theories have clear parallels with situations that organizations frequently struggle with. Briefly, the vision and mission statements provide guidelines for action that are analogous to espoused theory, i.e. what the organization believes it should do, and what it says it does. However, as Argyis and Schön (1978) point out, in the case of human behavior there is often a gap (sometimes significant) between what individuals profess to believe and what they actually do. The situation is the same for organizations. Observant and critical external stakeholders interpret the gap between the words (the “talk”) and the actions (the “walk”) as an obvious signal of organizational insincerity.
A clear example of this is a recent case reported in *Corporate Crime Reporter* (Mokhiber, 2000). *CCR* listed F. Hoffmann-La Roche Ltd. (hereafter referred to as Roche) as the number one corporate criminal of the 1990s. In 1999 it, and its partners in crime, pled guilty to leading a worldwide conspiracy to raise and fix prices and allocate market shares for certain types of vitamins sold in the US and elsewhere. According to the *Reporter*, the conspiracy lasted from January 1990 to February 1999 and affected the vitamins most commonly used as nutritional supplements and to enrich human food and animal feed. While *Corporate Crime Reporter* reported the co-conspirators as unnamed in the lawsuit, Roche’s own web page press release (3 November 1999) actually listed the amount of the fine and identified the other conspirators. All of the companies settled for a fine totaling USD 1.17 billion, with Roche paying USD 632 million to its bulk vitamin customers.

The co-conspirators included: BASF, Daiichi, Eisai, Rhône-Poulenc (now part of Aventis), and Takeda. All of the firms are major international pharmaceutical companies and most have extensive product lines. What is also common to these companies is that they all have an explicit corporate social responsibility profile. Each have mission statements and policies that reflect their role in society above and beyond creating value to their shareholders. Some, like Aventis, have even established foundations for dealing with socially important issues such as youth, the arts, etc. Table 1 gives the companies named in the law suit and their positions on CSR.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Mission/Policy statement</th>
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<tbody>
<tr>
<td><strong>Takeda Chemical Industries Ltd.</strong></td>
<td>Japan’s leading pharmaceutical company: prescription drugs, bulk vitamins, food products and ingredients, chemical products, agricultural chemicals, animal health products, etc.</td>
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<td></td>
<td>Better Health and Quality of Life Worldwide</td>
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<td></td>
<td>Corporate Objectives:  • Aims to be an R&amp;D-driven company whose activities are recognized around the world</td>
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<td></td>
<td>• Aims to be a company trusted by society</td>
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<td></td>
<td>• A company where each employee can lead a fulfilling life with rewards</td>
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<td><strong>Esai Ltd. Healthcare Worldwide</strong></td>
<td>In top 30 of more than 1700 of Japan’s leading businesses. Global network of research facilities, manufacturing sites and marketing subsidiaries. A major player in the worldwide pharmaceutical industry.</td>
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<td></td>
<td>Human health care logo is taken from the signature of Florence Nightingale, who devoted her life to caring for others, yet never lost sight of the importance of listening to her patients. Their corporate philosophy ‘emphasizes the human element in everything they do’.</td>
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<td>Esai in the community:  • Memory Walks – New York City Chapter of the Alzheimer’s Assoc.</td>
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<td></td>
<td>• Alzheimer’s Association Memory Walks across USA.</td>
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<td></td>
<td>• Triad – with Pfizer – a patient/caregiver support program for Alzheimer’s disease.</td>
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<td><strong>BASF Group</strong></td>
<td>German company, world leader in the chemical industry. Business segments include: chemicals, plastics and fibers, colorants and finishing products, health and nutrition, and oil and gas.</td>
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<td></td>
<td>‘Our products are and services are intended to benefit humankind. We want to stand for values that benefit everyone – our customers, employees, shareholders and the countries in which we operate.’ Guiding theme is Sustainable Development – they aim to use resources sparingly and to create and maintain value.</td>
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<td></td>
<td>Responsible care statement covers:  • Environmental protection  • Product stewardship  • Health protection and occupational safety</td>
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<tr>
<td></td>
<td>• Plant safety and emergency response  • Transportation safety  • Dialogue</td>
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<tr>
<td><strong>Rhône-Polenc (Now part of Aventis)</strong></td>
<td>Aventis was created in 2000 as a result of the merger between the pharmaceutical giants French Rhône-Polenc and German Hoechst Aktiengesellschaft. The company has about 92,000 employees worldwide.</td>
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<td></td>
<td>The company is committed to playing a major role in improving the quality of people’s lives and contributing to the guiding principle of sustainable development. Have statements regarding sustainable development, EHS policies, and stakeholder consultation policies. Statement by the Board of Management: ‘With all these statements, the clearest message we can convey are our actions themselves.’</td>
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<tr>
<td></td>
<td>Aventis Foundation  Objective: promotion of international, interdisciplinary and future-oriented projects at the interfaces between culture, science, business, politics and society.</td>
</tr>
<tr>
<td><strong>Daiichi Pharmaceutical</strong></td>
<td>Daiichi, according to its website, has a dominant position in markets for synthetic antibacterial agents and X-ray chemicals.</td>
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<td></td>
<td>Corporate slogan: ‘Enriching the Quality of Life’. It was difficult to find a mission for this company and it was very sales oriented. However, they do state that their PR strategy is based on three principal areas:  • Corporate advertising through the mass media  • Social contributions and  • Cultural and sporting activities</td>
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<td>They support regional tours of the Japan Sumo Association, helping to bring it to senior citizens where volunteers from Daiichi take care of the senior citizens on that day. It supports the Shiki Theatrical Company and the Mito Chamber Orchestra. It organizes a public lecture on enriching the quality of life and has had a scholarship scheme since 1995, the 80th anniversary of the company’s founding.</td>
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Table 1: Companies involved with the Roche price fixing conspiracy and their activities in corporate social responsibility.
In looking at the mission/policy statements and the specific initiatives that these companies are involved with, it seems clear that all of the “correct” things are being espoused. Unfortunately, the statement, to borrow from Aventis’ Board of Management, that “With all these statements, the clearest message we can convey are our actions themselves”, returns to haunt them when such gross and systematic violations of the law, their publicly stated principles and ultimately society’s trust are revealed. Is it any wonder then that consumers and watchdog groups are skeptical to corporations’ marketing statements of social responsibility?

The challenge for firms is to convince their stakeholders that they are to be trusted. This task is not an easy one. As Table 1 shows, these convicted firms are in fact performing valuable social functions through their support of a wide range of activities, all in accordance with the principles of corporate social responsibility.

**Recommendations for management**

Research reported in this article demonstrates that consumers in fact pay attention to the behavior of organizations and many base their purchase decisions on that behavior. Dacin and Brown (1997) for example found that when corporate social responsibility formed the corporate context for associations with the consumer, positive corporate associations enhanced product evaluations, and, perhaps more importantly, negative corporate associations deflated product evaluations. Spethman (997) reports on research that showed that, in the US at least, 71 percent of consumers’ opinion of a large company would be much more favorable if they sponsored a program that grants the ‘wishes’ of
terminally ill kids. She reports that consumers are searching for firms and products that
benefit social causes. As crass as it may sound, it pays for firms to have a good reputation
regarding corporate social responsibility. But Spethman also supports earlier contentions
that these consumers who are likely to purchase these products are very well informed
and more cynical than ever.

Robin and Reidenbach (1987) contend that communicating an organization’s values to
stakeholders defines what they call the ‘face’ of the organization. They provide a
planning system for integrating corporate social responsibility into marketing planning,
which begins with a mission statement and ethical profile that is used as a guide for
developing marketing objectives. This is similar and related to van Riel’s (1995)
‘common starting points’, an understanding by all within the organization as to what is to
be the organization’s image and identity (‘face’). This is driven by organizational
strategy, which in turn is determined by organizational mission and vision. This is often
extremely difficult for many firms and requires what Argyris and Schön (1982) refer to in
their mutual learning model as being reflective. It requires asking ‘who and what are
we?’ and then being honest about the answers. A key element in this activity is “buy-in”
from everyone in the organization on what these values are. This relates to Senge’s
notion of shared vision.

Three elements are important in the process of a firm’s engagement in and
communication of corporate social responsibility. Commonly referred to as the three
V’s, they are visibility, virtue and verifiability. Visibility has to do with information;
firms must be willing to supply different stakeholder groups with information regarding their activities and beliefs. Virtue has to do with backing up statements by actual behavior, i.e. behaving in a virtuous manner. And, finally, verifiability means that stakeholders are allowed access to information.

Some companies have employed accountability mechanisms to prove their behavior (see table 2). These should be objective, third party confirmation that these firms indeed are doing what they say they espouse. However, use of these mechanisms does not assure immunity from negative publicity. The Body Shop, for example, was recently exposed in a Norwegian business publication for their ‘unethical’ treatment of employees (Økonomisk Rapport, April 2001). The objective and unbiased nature of these accountability reports has also been questioned with some companies accused of donating money to the organizations carrying out the audit. However, voluntary participation in such activities helps ensure stakeholders that the firms are in fact trying to behave and are willing to implement the three V’s. Ed Mayo of the New Economics Foundation suggests that social audits have a number of key facets that must be followed. These include comparativeness, comprehensiveness, polyvocal(ness) (all voices are heard, not just the firms), regularity, external validation, and disclosure. Perhaps the most important element is the concept polyvocal (many voices), which indicates the firm’s willingness to ‘inquire’ into other’s mental models. Argyris and Schön (1982) see this as an attempt to understand the thinking and reasoning of stakeholders. This engagement in dialogue is part of a process that, when combined with being reflective, results in joint learning.
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<tr>
<th>Description</th>
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Table 2: Approaches to accountability and examples of organizations employing these approaches (adapted from Zadek et al. 1998).

Key to the discussion on mission and vision is the senior executives’ role in the process. They appear to be the key to defining an organization’s values and ethics and these
values and ethics appear to be dependent on these individuals’ stage of ethical development and personal characteristics. How then can companies ensure that executives who espouse a broader view of the organization’s responsibility to society lead them? Research conducted by Thomas and Simerly (1994) suggests that it is possible to link top management attributes and corporate social performance. For instance, it appears that the CEO’s functional background can influence a firm’s sensitivity to concerns of stakeholders. Executives who have greater experience in boundary spanning functions pay more attention to their firm’s behavior in relation to stakeholders. High corporate social performance firms tend to have a greater proportion of executives with backgrounds in functions such as sales and marketing (both outward directed functions). Conversely, low corporate social performance firms have executives from more inner-directed functions such as manufacturing and process engineering. The researchers also found that tenure in the organization and length in the organization prior to being promoted to the CEO position were significantly related to high corporate social performance organizations. This supports suggestions that executives who have been with a firm for a long period have superior knowledge of stakeholders and thus are more sensitive and better able to meet their needs. Certainly, this information can be useful as a guide when appointing senior executives.

One of Mintzberg’s (1983) chief criticisms, echoing Friedman (1970), concerns the basic role of private enterprise, i.e. returning value to shareholders. And there is no function within an organization that exemplifies this mental model more clearly than marketing. (Somewhat of a conundrum considering the above research by Thomas and Simerly
suggesting firms led by marketing executives may make better CSP firms.) Marketing, by
its definition, is the organizational function that engages consumers in order to
consummate transactions and these transactions are of a financial nature. As Robin and
Reidenbach (1987, p. 47) state, marketing literature is aimed at ‘identifying strategies and
tactics for consummating the marketing exchange’ with the consumer and profit
maximization core concepts. However, today we see many examples of firms suffering
losses that have nothing to do with consumers and products. Storebrand, Norway’s
largest insurance agency suffered terrible blows to its reputation due to the behavior of its
CEO and board chair. Not once was the quality of their products questioned. Kvaerner
regularly is listed by Norwegians as having the worst reputation of any company in the
country. You would be hard pressed to find anyone who answered the questionnaire
purchasing from Kvaerner – they make oil rigs. Clearly, encouraging marketing
executives to take a more stakeholder approach to their planning can help them compete
in today’s marketplace. Some marketing academics are starting to recognize this need
and are making the stakeholder approach a significant part of their texts (Fill, 2000).
Perhaps firms need to send their marketing executives back to school to learn the
stakeholder approach.

Reich (1998) says we basically have two alternatives if we want corporate decisions to
reflect more than simply what is best for shareholders. The first alternative is imposing
legal procedures through which stakeholders other than shareholders can participate
directly in corporate decisions. This is currently being done in some countries through
initiatives such as labor relations laws, some of which require employee participation on
boards. The second option is relying on governments to define a firm’s responsibilities to society. Reich makes the argument that since corporations are creations of law, they do not exist in a state of nature, as he puts it. Unless corporations allow voices other than shareholders to be heard, Reich believes that public pressure will grow to have these interests expressed within corporate governance. The question remains however: are firms who merely react to laws and government edicts able to convince their consumers to buy from them because they are kinder, gentler companies? I don’t think so. For the skeptic the believable company follows the philosophy of Immanuel Kant -- actions posses moral worth only when we do our duty for its own sake, not because of its consequences.
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