

Thomas Demmerling

Corporate Social Responsibility Overload?

Intention, Abuse, Misinterpretation of CSR
from the Companies' and the Consumers' Point of View



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“We know that the CSR discourse is untrue, *but we act as if it is true.*”

(Taken from: P. Fleming, M. T. Jones (2013): “The End of Corporate Social Responsibility”)

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List of Abbreviations

ASX.....	Australian Securities Exchange
B2C.....	Business-to-Consumer
CC.....	Corporate Citizenship
CEO	Chief Executive Officer
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
EU	European Union
GM	General Motors
GRI	Global Reporting Initiative
GRI	Global Reporting Initiative
HR.....	Human Resources
ILO	International Labour Organization
IPPC	Integrated Pollution Prevention and Control
ISO.....	International Organization for Standardization
KPI.....	Key Performance Indicator
LOHAS	Lifestyles of Health and Sustainability
NGO.....	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
PR.....	Public Relations
R&D	Research & Development
SME	Small and Medium Sized Enterprise
SOR.....	Stimulus-Organism-Response
SRI.....	Social Responsible Investments
UN.....	United Nations
UNEP	United Nations Environmental Reporting Initiative
USP	Unique Selling Proposition
WCED.....	World Commission on Environment and Development
WWF	World Wide Fund for Nature

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1. Introduction

1.1 Problem Definition and Relevance of the Topic

Decades after the end of communism, problems of business ethics in capitalism have become one of the most discussed topics over the last couple of years in Germany as well as internationally.¹ The term and concept of “Corporate Social Responsibility” (CSR), which generally means that companies’ voluntarily takeover responsibility for different social, economic, ecological, and culture issues, has gained such popularity among academics and the popular media that it seems to be ubiquitous nowadays.² Even though the idea of companies being involved in such issues reaches back to the 19th century, the first scientific discussions took place within the 1930s when E. M. Dodd and Chester Barnard asked about the responsibility of leading employees at major companies. At the same time Theodore Kreps also developed a concept how to measure the social contribution of companies to society. The term “Social Responsibility” itself was used for the first time in 1953 by Howard Bowen in his work “Social Responsibilities of the Businessman”.³

More recent incidents and scandals such as “Nestle – Powder Milk”, “Shell – Brent Spar”, “Enron”, “Parmalat”, Sweatshops by different sports equipment and electronic devices producers and finally the financial crisis which made the headlines among many others, which did not make it to the front page, have forced companies to consider CSR even more. But also other issues such as climate change and global warming, human rights situation and terrorism affect how companies conduct their strategies and operational practices today.⁴ It is observable that almost every large corporation in the western world makes some effort to communicate how it is committed to social issues that lie beyond its basic profit objectives. Only a brief glance at the websites of multinational companies is enough to notice that companies of many different industry sectors make much effort to present their corporate responsibility initiatives – even in controversial industries such as the tobacco and

¹ Cf. Schreck, P. (2009), p. V.

² Cf. Crowther, D., Capaldi, N. (2012), p. 53.

³ Cf. Fifka, M. (2011), pp. 17-18.

⁴ Cf. Idowu, S. O., Filho, W. L. (2009), p. 1; Kröker, R. (2010), pp. 48-49; Sun, W., Stewart, J., Pollard, D. J. (2010), pp. 3-4.

petroleum industry.⁵ The industries claim to produce healthier food more fuel-efficient vehicles, conserve energy and other resources in their operations to make the world a better place.⁶ In view of this, CSR begins to be wishful thinking or even propaganda to hide the true face of the business.⁷ Doubtless what has come to be called corporate social responsibility is now a key-marketing and branding instrument for many companies.⁸ Hence, numerous other companies, also small and medium sized companies are currently asking themselves the questions: Shall we also invest in CSR initiatives? Why should we do that – just to do something? Is this still an instrument to gain a competitive advantage? Especially the last question implies the question, if consumers still believe in the basic idea of CSR initiatives, or with the overload of CSR initiatives, if they even show reactance and mistrust against such issues.

There are already countless studies and publications about CSR with different related terms and objectives. Most of the empirical studies aim at the relation between CSR-initiatives and profit or brand. For example the study of the University of Würzburg “Corporate Social Responsibility in der Marketing- und Markenforschung” and the work of the Euro-FH “Corporate Social Responsibility und wirtschaftlicher Erfolg” summarize some of the current empirical studies about these topics with heterogeneous outcomes.⁹ The empirical study of Marion Rommelspacher (2012) confirms a relation between CSR and consumer behavior, but does not ask about any reactance on CSR initiatives.¹⁰ In 2010, the study of the Institut für Marken- und Kommunikationsforschung (IMK) of the Justus-Liebig-University in Gießen directly asked consumers if they would boycott companies which did not take any CSR initiatives.¹¹ However, the opposite, i.e. consumers’ reactance to an excess of CSR was not asked for in this study. Some theoretical literature points out that wrong CSR communication can easily turn to negative reactions.¹²

⁵ Cf. Fleming, P., Jones, M. T. (2013), p. 1; The appendix of this work shows screenshots of different companies’ websites from various industry sectors presenting their CSR effort.

⁶ Cf. Karnani, A. (2012), w/o. p.

⁷ Cf. Fleming, P., Jones, M. T. (2013), p. 2.

⁸ Cf. Fleming, P., Jones, M. T. (2013), p. 1.

⁹ Cf. Ebel, M. (2011), pp. 101-110, Waßman, J. (2011), p. 44.

¹⁰ Cf. Rommelspacher, M. (2012), p. 220.

¹¹ The result was that the willingness to boycott such companies is quite low. Cf. Brunner, C. B., Esch, F.-R. (2010), pp. 22-23.

¹² Cf. Osburg, T. H. (2012), p. 472.

It can be summarized that the majority of studies is aiming on positive reactions of consumers. Consequently there is a research gap of negative reactions that need to be closed.

1.2 Objectives of Work

The main goal of this work is to answer the following questions: Can CSR-initiatives still be a competitive advantage? Are there even first reactance signs of consumers due the overload of CSR nowadays? These questions shall be answered from the companies' and the consumers' perspective. Based on current literature and studies, it shall be explained from the companies' point of view what can still be reasons for CSR, the dilemma of ethical values vs. profit, if and how it can be used as a competitive advantage even in times when many companies use CSR as "greenwashing" to pull the wool over the eyes of consumers and stakeholders.

From the consumers point of view it shall be worked out how CSR campaigns are recognized by consumers and especially what are the effects of a reactance to CSR campaigns. Do consumers already feel overloaded by CSR? What are the reactions on this overload? How is this expressed by consumers? This will be supported by an empirical questioning about the reactance to CSR campaigns. Finally, some recommendations shall be given for companies, especially for CSR communication.

1.3 Structure of Work

After presenting the problem and objectives of this work in chapter one, chapter two provides the theoretical basis for this work. The term CSR is defined and also distinguished from related terms. Furthermore, topics and other terms that can be seen as part of CSR are defined and explained such as "corporate citizenship", "sustainability" and "corporate governance". The chapter continues with the historical development of CSR, especially what underlines the reasons why CSR has become an often debated topic. Chapter two closes with the explanation of approaches that systematize CSR. The pyramid of CSR by Carroll, the two-dimensional model of CSR by Quazi and O'Brien, and finally the three-dimensional model of CSR by Schwartz/Carroll are explained.

Chapter three takes a look at CSR from a companies' point of view. Initially, the motives and justifications of companies which show social responsibility are