Walk & Talk
Corporate Social Responsibility
EXECUTIVE SUMMARY

Corporate social responsibility (CSR) has during the years gained increasing awareness among stakeholders and CSR has accordingly won emphasis on the corporate agenda. Whereas stakeholders encourage corporations to engage in CSR they discourage them to communicate CSR. A ‘catch 22’ which implies tremendous challenges for corporations when attempting to prove to the skeptic audience that they are as good as they say they are. The fundamental basis of this master thesis is to investigate the managerial tasks of engaging in and communicating CSR. The main objective of the thesis is to contribute to the limited amount of literature on CSR communication. The objective is sought achieved by investigating why corporations engage in corporate social responsibility and how the corporate brand can be instrumental in strategic CSR communication.

CSR is an elusive concept and numerous and distinct definitions exist. Each individual corporation should define CSR according to context including range of stakeholders, core expertise and skills. CSR should furthermore be integrated into vision, values, strategies, and organizational culture and into business operations. This implies that there is no one size that fits all definition. A corporate-wide integration of CSR is influenced by what motives and outcomes corporations are driven by when engaging in CSR. The likelihood of CSR being integrated is low when corporations are driven by isomorphism. Corporations driven by strategic motives and outcomes are likely to integrate CSR. Corporations driven by moral incentives are very likely to integrate CSR. It is however questioned whether there is such a thing as selfless good deeds and self-interest driven CSR can be found in all three drivers, motives and outcomes for engaging in CSR. In regards to this it is suggested that the business case of CSR is prevailing and that CSR should always be approached strategically.

Integrated CSR is a requirement for CSR to be judged as a genuine commitment opposed to merely window-dressing by stakeholders and society. A challenge, which brings forward the double-edge of CSR communication, which entails that corporations risk achieving the opposite effect than they intended. Brand value in a CSR communication context is created through implicit and indirect communication, stakeholder involvement and dialogue, and symbolic communication should always be backed up by substantive action. In response to the key findings ‘the strategic CSR communication model’ is introduced. The basic premise of the model is that it is instrumental to incorporate CSR into vision and values, which then affects corporate strategy and organizational culture and thereby enable the corporate brand identity as a steering device for aligning action and communication. ‘The strategic CSR communication model’ provides managers with an instrument for achieving a favorable corporate reputation and high brand equity for being socially responsible without communicating CSR too explicitly and thereby gain the opposite effect than what was intended. Consequently, a hole in existing literature on CSR communication is filled.
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PART I. INTRODUCTION AND METHODOLOGY

CHAPTER 1. INTRODUCTION

Corporate social responsibility (CSR) has during the years gained increasing awareness. Corporate behavior and especially misbehavior has caused CSR to become a gradually more accepted concept throughout the last 15 years or so. Of particular significance is the 1995 dumping of Shell Brent Spar oil storage facility into the ocean, which caused massive media attacks, NGO activism and widespread consumer boycotts supported by politicians. Another noteworthy corporate scandal is the Enron and Arthur Anderson scandal in 2001, which led to major skepticism and decreasing trust in large corporations and it has since been questioned whether corporations truly act in the best interest of society. Decreasing trust is a major challenge for corporations since winning and retaining people’s trust is considered one of the key factors to competitiveness and future success.

In addition to corporate scandals, society is witnessing a market in transition characterized by a growing degree of liberalization, privatization and globalization. Changes that have led to power and authority being transferred from governments to the private commercial sector. With the increased power and authority granted to corporations, corporations have had to answer to a wider range of issues and are held responsible for an increasing number of things by multiple stakeholder groups. Previously, corporations were only accountable to themselves and shareholders. Today corporations are accountable to a wide range of stakeholders such as; employees, customers, suppliers, investors, shareholders, governments, trade associations, political groups and communities. Another powerful stakeholder group is the media. Information is in a constant and far reaching flow and corporations’ every move is put on public display almost instantaneously. There is no hiding place for corporations’ deeds and misdeeds and corporate transparency is essential.

In the light of globalization and heightened societal expectations of corporate behavior a number of international and national standard-setting efforts have emerged such as The United Nations Global Compact, CSR Europe and SustainAbility. Such groups and the like offer ethical guidance and standards for corporations to voluntarily join and make use of. For corporations these institutions also offer a quality stamp of CSR to display to society. Abovementioned drivers of change and many others such as the presently hot topic of environmental concerns like CO₂ emissions and climate change have spurred the emergence of new corporate performance standards. Consequently, corporations’ engagement in social responsibilities is a result of the societal changes. The concept of CSR is inevitably here to stay and social responsibility in its many shapes and forms is gaining emphasis on the corporate agenda.
1.1. Problem Identification

In Europe the corporate environment is experiencing a shift from implicit to explicit corporate social responsibility (CSR), which brings on new challenges and opportunities for corporations as to how to engage in CSR and how to communicate their CSR activities (Matten & Moon, 2004). CSR in Europe has been dominated by implicit CSR, which refers to national formal and informal institutions that agreed and assigned the corporations’ societal responsibilities. The shift is leaning towards a more explicit CSR, which is characterized by added visibility and a more voluntary approach along with self-interest driven policies and corporate strategies to engage in issues that are perceived by both company and stakeholders to be part of their social responsibility.

Beckmann et al. (2006; 23) agrees that CSR is becoming more explicit and argue that the shift entails that the former “silent strategy” practiced by European and Danish corporations is being replaced by a more visible approach to CSR activities. Additionally, Beckmann et al. (2006; 28) argue that explicit CSR requires that CSR must be embedded into strategy and operations, which is evidenced by e.g. CSR as part of the corporate branding efforts, if corporations are to succeed in gaining a competitive advantage. However, research indicates that the corporations who are most active within CSR are also the ones who gets the most attention and are criticized the most, whereas corporations who are doing the least are the least criticized (Vallentin, 2003; 29). Corporate motives are questioned increasingly and critical journalists, consumer groups and NGOs may be compelled to test the validity of corporate CSR claims doubting whether corporations are ‘as good as they say they are?’ (Brown & Dancin, 1997; Morsing, 2006).

Moreover, an increasing number of Danish corporations are joining the battle for attention of their corporate social responsibility efforts. The requirements for how corporations communicate about CSR are however large and does not automatically generate trust and respect and, corporations’ communication strategies for CSR play a significant role (Schultz et al.; 2004). While the results from the Reputation Quotient 2004 survey illustrate that 96% of the Danish population express that corporations should take on social responsibility, there is however some skepticism towards corporations communicating about CSR (Morsing et al., 2008; 101). The Reputation Quotient 2005 analysis revealed that 11% of the Danish population believes that corporations should not publicize their CSR activities, while 30% expressed that corporations should communicate through corporate advertising and press releases. The majority of the respondents, 59%, stated that minimal releases such as annual reports and web sites are the preferred way to communicating CSR (Reputation Quotient Survey 2005, In: Morsing & Schultz, 2006; 331).
In regards to the above, Peter Neergaard who in 2007 carried out an investigation of 12 large Danish corporations on behalf of Rådet for Bæredygtig Erhvervsudvikling, found that Danish corporations are good when it comes to being socially responsible. The corporations are however missing out on a lot of goodwill because they are afraid of communicating how far ahead they really are when it comes to CSR. Peter Neergaard furthermore states that one of the underlying reasons is the insecurity of how to communicate CSR. In addition, CSR communication seems to have gained increasing attention among practitioners and among theorists. When reviewing the literature on CSR communication there however appears to be a lack thereof. Nevertheless, with the publishing of e.g. the book ‘Strategic CSR Communication’ by Morsing and Beckman (2006) and the April 2008 issue of Journal of Marketing Communications, CSR communication seems to have become an emerging field, which indicates that there is an increasing awareness of and interest in the challenges and practices of communicating CSR.

1.2. PROBLEM STATEMENT AND RESEARCH QUESTION
The abovementioned illustrates that corporate engagement in CSR is changing which is particularly evidenced by the more explicit CSR roaming through Europe. While an increasing number of corporations are joining the battle for attention when it comes to CSR the requirements for what it means to be socially responsible and how to communicate social responsibility are large. Corporations have to prove to their many stakeholders and often skeptical audience that they actually are as good as they say they are. Because of the skepticism towards CSR claims and messages, and due to insecurities of how to communicate CSR, corporations that are nonetheless good at CSR hesitate when it comes to communicating their social responsibilities and are therefore missing out on a lot of goodwill. While it has only been possible to retrieve a little amount of literature on the subject, it seems that there is a need for further investigations into the corporate motives for engaging in CSR and into the practice of strategic CSR communication. An interest in the following research question has consequently surfaced;

Why do corporations engage in corporate social responsibility and how can the corporate brand be instrumental in strategic CSR communication?

In order to answer the research question, the thesis has been divided into three main parts under which the following sub-questions are sought answered;
Part II: Corporate Social Responsibility

- What are the responsibilities of corporations?
- To whom are corporations responsible?
- What is the relationship between business and society?

Part III: Corporate Motives for Engaging in CSR

- Why do corporations engage in CSR and what does each driver encompass?
- What does the institutional drivers, strategic drivers, and moral drivers of CSR tell us about the likelihood of corporations integrating CSR into business operations?
- What are the outcomes of each of the three approaches to CSR?

Part IV: Strategic CSR Communication

- What is a corporate brand?
- How is brand value and brand equity created within the relationships between the corporation and the stakeholders in a CSR communication context?
- How can corporations achieve a favorable reputation and high brand equities for being socially responsible without communicating explicitly about it and thereby gain the opposite effect than what was intended?

1.3. Delimitations

While the thesis is investigated through an international perspective, with primary focus on the western countries, the problem identification concerns European and Danish tendencies. This has not been done deliberately, but is a result of the information available. It is recognized that there are cultural and geographical differences influencing corporations and corporate social responsibility. The information provided in the introduction and in the problem identification is however argued to represent tendencies and complexities of international relevance. The thesis is therefore not delimited to a Danish or European perspective but an international perspective has been applied.

It is acknowledged that it would have been relevant and interesting to investigate the cultural aspects of how corporations define CSR, their motives for engaging in CSR and how they communicate CSR. Moreover there are differences in the institutional environments and different societal expectations of corporations and if and how they should engage in the CSR agenda. Considerations of cultural aspects and variations within the field of inquiry are however not included in the thesis due to the extent of such a discussion. It is furthermore acknowledged that there exist industry-specific implications when corporations engage in and communicate about CSR. This could for example be sin-industries such as tobacco companies of which society is generally more skeptic. An investigation of the industry-specific characteristics and challenges has however not been attained. There are furthermore differences between operating in a B2C market or in a
B2B market in regards to CSR, stakeholder relationships and communication. No investigation of the differences between a B2C market and a B2B market has however been carried out.

A general approach to the practices of communicating CSR has been applied in the thesis. Therefore, considerations of how corporations should communicate with the individual stakeholders have not been applied to its full extent in the discussion. As such, in-depth analysis of the advantages and disadvantages of the specific communication mix, communication channels and stakeholder audiences have not been carried out. In regards to this, it is acknowledged that the stakeholder management concept is interesting in terms of CSR and corporate branding. Due to the extent of such a discussion stakeholder theory is not included to its full extent.

1.4. PURPOSE AND TARGET GROUP
The purpose of the thesis is to present a theoretical discussion of the corporate motives for engaging in CSR and the instrumental value of the corporate brand in the strategic CSR communication. Since a limited amount of literature on the subject has been found, the purpose of the thesis is furthermore to contribute to the debate on CSR communication and the challenges corporations face. The thesis is primarily directed at Copenhagen Business School with emphasis on students interested in learning more about the subject in mention. The thesis is also of interest to business managers in that the applied theories present practical managerial challenges, which are sought restrained via 'The Strategic CSR Communication Model' in chapter 10. The model signifies the instrumental value of aligning action and communication via the corporate brand identity.

1.5. STRUCTURE
The objective of the introduction and methodology is to give the reader an insight into the subject of inquiry, to provide an understanding of the underlying assumptions and intentions of the thesis and of the knowledge the reader can expect to gain from reading the thesis. The following section serves to briefly present the main contents and intentions of each chapter. The thesis is divided into three main parts; II, III and IV, representing the three key areas of investigation.

Part II covers an investigation of the concept of corporate social responsibility based on four distinct views. The intention is to demonstrate that CSR is an elusive comprising many aspects. CSR is a contextual concept, which each individual corporation should define according to ambitions, specific strategies and business practices. Thus, the significance of CSR being integrated into corporate vision, values, strategies and operations becomes evident as so does the argument that no one size fits all.
**Part III** consists of an investigation of three drivers for corporations to engage in CSR and the potential outcome of each approach. Special emphasis is placed on the likelihood of integrated CSR in the case of either the institutional, strategic or moral approach to CSR. In regards to integrated CSR attention is brought to the question of whether corporations engagement in CSR is genuine action or whether it is window-dressing, which serves to highlight the value of integrating CSR practices into everything the corporation is, says and does. As such, corporate legitimacy, a favorable corporate reputation and/or corporate credibility, identified as the three main outcomes of behaving socially responsible, increases.

**Part IV** concerns the task of communicating CSR and focus has thus shifted to a more practical part. At the center of attention is the role of the corporate brand in strategic CSR communication and how brand value and brand equity is created within the relationships between the corporation and the stakeholders in a CSR communication context. The intention of the discussion is to demonstrate that the corporate brand is highly instrumental in strategic CSR communication. Especially when taking into consideration the significance of integrated CSR and the value of substantiating the corporate CSR commitment in order not to come across as frauds looking for merely goodwill. This is relevant in regards to both CSR activities and especially when it comes to CSR communication to beat the challenge of the double-edge of CSR communication or the self-promoters paradox. Part IV is completed with the development of a model *the strategic CSR communication model* that illustrates the instrumental and managerial value of the corporate brand identity if applied as a steering devise for all corporate action and communication. The corporate brand identity furthermore helps securing that CSR is integrated and that there is alignment between all the elements in the model. The thesis is completed with a conclusion encompassing the main findings.

**CHAPTER 2. METHODOLOGY**

Chapter 2 serves to present and validate the appropriateness and legitimacy of the methodological choices on which this thesis is based. The considerations referring to elements of scientific theories within a scientific approach consisting of ontological and epistemological assumptions along with methods and research techniques are described and accounted for as are the approaches used within investigation activities and the consequences it inflicts on the results of the investigation.

**2.1. SOCIAL CONSTRUCTIVISM AND THE INTERPRETIVE PARADIGM**

The philosophical assumptions along with the theoretical perspectives that underpin the approach to social science are sought clarified in the following section. In this thesis a social constructivist approach is applied in the answering of the problem statement. Social constructivism has for the last two decades become increasingly widespread and has partially moved into the mainstream of social
science (Wenneberg, 2002; 9; Esmark et al., 2005; 7), The social constructivist theory of science is arguably grounded in the interpretive paradigm, which is one of the four sociological paradigms presented in Burrell and Morgan’s (1979) diagram. Theories tend to reflect different perspectives, issues and problems and are generally based upon a whole set of assumptions that mirror the authors view on the subject of inquiry (Burrell & Morgan, 1979; 10). As such, the social constructivist theory of science and the interpretive paradigm represent the underlying philosophical assumptions and theoretical perspectives on which this thesis is based.

In the interpretive paradigm, assumptions about the nature of social science fall within the subjectivist approach, which implies a nominalist position in the ontological debate, an anti-positivist position in the epistemological debate, takes a voluntarist view on human nature and is characterized by an ideographic method for approaching social science (Burrell & Morgan, 1979; 3). The fundamental assertion within social constructivism is that reality is socially constructed which classifies the approach as supporting anti realism and anti essentialism (Esmark, 2005; 16). The ontological assumptions of the thesis therefore take a nominalist standpoint, which means that the social world external to individual cognition is made up of names, concepts and labels used to structure reality, make sense of and negotiate the external world. The external world is therefore not assumed to consist of hard and tangible structures and exist independently of individuals. (Burrell & Morgan, 1979; 4). A less radical view of reality is applied in this thesis and it is therefore assumed that there is a world, both physical and social, only it can be observed in many different ways. These assumptions are made because it is argued that e.g. corporations along with the concept of CSR are social constructions that primarily exist in the social world and not in the physical world and, it is therefore the social world, which is under investigation in this thesis.

Social constructivist epistemology assumes that knowledge is a social phenomenon (Esmark, 2005; 11). When placing social constructivism in the interpretive paradigm, the epistemological assumptions are of anti positivist nature (Burrell & Morgan, 1975; 5). This implies that the social world is essentially relativistic and can therefore only be understood from the point of view of the individuals who are involved in the activities under investigation. Social science is therefore viewed as being subjective and science cannot generate objective knowledge (Burrell & Morgan, 1979; 5). When referring to the dualism mentioned above, less radical social constructivists view epistemological realism and constructivism as more nuanced or trivial, which implies that scientific concepts are assumed to both be affected by reality itself and by social/subjective aspects (Esmark et al., 2005; 109). In this thesis less radical epistemological assumptions are applied. Knowledge is therefore first and foremost seen as a subjective social construction but is also assume ably affected
by regularities and relationships between constituent elements and that knowledge creation is a process in which new insights are added to the already existing stock of knowledge.

The third domain, social reality, encompass that most social constructivists argue that an independent social reality consists of meaning, which is produced within relations between objects and subject and includes both a physical and a mental social reality (Wennenber, 2000; 43; Esmark et al., 2005; 18). All human activity is however connected to the social reality and it is not possible to operate outside of these relations Moreover, all relations exist within social conventions made up of e.g. culture, institutions and norms, which lay the rules for interaction and behavior within given relations, and which constitute social reality (Esmark et al., 2005; 20). Such arguments are also evident within the interpretive paradigm in which the assumptions about the nature of society are based on sociology of regulation which implies an involvement in issues such as the nature of the status quo, social order, consensus, social integration and cohesion, solidarity, need satisfaction and actuality (Burrell & Morgan, 1979; 3). Lastly, a fundamental point within social constructivism is that social reality is contingent, meaning that nothing within social reality is necessary or unavoidable; everything could have been different (Esmark et al., 2005; 22). Contrary to the empiric-logic tradition, social constructivists thus assume there are no certain or true facts.

2.2. RESEARCH DESIGN AND RESEARCH METHOD
A social constructivist approach to social science does not exclude any forms of research methods and imply no preferences towards explanation or understanding (Esmark, 2005; 14). The present thesis is predominantly a theoretical thesis in that the problem statement is sought answered through the application and discussion of various theories. This form of research method is deductive and implies that conclusions about specific cases or concepts are primarily made on the basis of general principles (Andersen, 2006; 32). As such the corporate motives for engaging in CSR and the instrumental value of the corporate brand in strategic CSR communication are sought answered through theories which can be argued to be general in that some of them can and have been applied on other cases and concepts than CSR and communication. As such, theories within various fields have been applied because they have been found to be contributory in answering the research question.

The research question of this thesis is investigated and approached from a managerial and corporate perspective. This implies that where e.g. stakeholder perspectives and expectations of the field of inquiry have been included the purpose has been to illustrate the challenges they impose on corporations. A process perspective on CSR communication has furthermore been applied in the answering of the research question. In regards to this, constructivist researchers often address the
'processes' of interaction among individuals (Creswell, 2003; 8). Taking a process perspective on CSR engagement and communication implies that the focus is not on defining the CSR effort or issue once and for all, but rather that CSR is a matter of developing satisfactory relationship with a variety of concerned and potentially influential stakeholders.

Whereas this thesis is primarily theoretical and researched through a deductive method, case studies are an inductive research method within the process of knowledge production (Andersen, 2006; 115). In this thesis case studies as such have not been applied, but case examples have. Case examples are applied in order to support and illustrate the theoretical claims presented in the thesis. The various case examples are thus applied in less extensive ways and are given less emphasis in the answering of the research question opposed to the more extensive case studies. In order to maintain the theoretical focus of the thesis the findings are based on already existing theories. Thus, no qualitative or quantitative empirical investigations have been carried out.

Information of empiric nature such as investigations carried out by Reputation Institute and by Rådet for Bæredygtig Erhvervsudvikling has however been applied in order to identify the problem of the thesis and where found relevant. Moreover, information about the corporations used in the case-examples stem from corporate web pages, other Internet pages, newspaper articles, and from textbooks. In regards to the theoretical nature of the thesis and the deductive research method applied, the research approach in the thesis is mainly qualitative. The qualitative data stems from especially secondary data in the form of desk research existing of various theories derived from business literature and scientific articles in a variety of journals. The choice and application of the main theories will be briefly presented next.

2.3. THEORETICAL FOUNDATION

Theory is viewed rather broadly and the definition proposed by Andersen is in this case found appropriate. Andersen (2006; 29) defines theory as "a set of elements/ concepts/variables with statements as to how and in which degree these are correlated, and with statements of under which circumstances the theory can be said to be valid". As such, all existing knowledge within the subject of inquiry can be included. The theories applied in this thesis have been carefully selected to support the answering of the research question and can be broadly divided into the following areas; CSR theory, institutional theory, legitimacy theory, strategic CSR theory, reputation theory, Moral CSR theory, credibility theory, corporate branding theory, brand value and equity theory, corporate communications- and CSR communications theory. In the subsequent section the applied theories are briefly presented as they are further discussed and accounted for in the relevant sections.
In part II, the question of what is addressed. Theories of CSR, which represents one of the primary theoretical foundations of the thesis, have been applied. Theories of CSR suggested by especially Milton Friedman, R. Edward Freeman, Archie B. Carroll and John Elkington have been selected for the purpose of providing a discussion of how CSR has been and is defined and conceptualized. These four leading theorists representing four distinct views on CSR are argued to provide material for a rich discussion of the concept.

In part IV, the question of why is addressed. Institutional theory in general as proposed by Richard W. Scott, DiMaggio and Powell, Meyer and Rowan, and Lynne G. Zucker have been applied in order to clarify how institutional mechanism influence corporate behavior. Institutional theory has been evaluated as especially instrumental in answering the research question. According to Esmark et al. (2005; 16) one of the dominating strategies of analysis within social constructivism refers to the question of institutions or the so-called neo-institutionalism. Institutional theory of CSR as proposed by John L. Campbell along with other theorists such as e.g. Eva Boxenbaum and Peter Neergaard have been applied in order to discuss the institutional influence on corporate social responsible behavior. Strategic CSR theory proposed by e.g. Mette Morsing, Susanne C. Beckmann, Lynne Sharp Paine and Michael E. Porter concerning the strategic drivers of CSR and the business case of CSR have been selected. In extension to this theories of the moral driver of CSR are included. In regards to the three motives for engaging in CSR theories of legitimacy, reputation and credibility have been applied in the discussion of the potential outcomes, and both legitimacy and reputation theory were found significant in the CSR communication debate.

In the more practical part IV relating to the question of how and who, theories of corporate branding, play a central role in answering the research question. Emphasis is on theories of corporate brand identity as suggested by Mary Jo Hatch and Majken Schultz, and by de Chernatony. Next after theories of stakeholder brand value creation are discussed as they proved instrumental in illustrating the challenges brought on by communicating with multiple stakeholders and in the process of creating brand value and brand equity. Also theories of CSR communication strategies presented by e.g. Mette Morsing et al., corporate communication theory in general and public relations theory have been included. The various theories and the purpose and usefulness of them are further explicated and discussed throughout the thesis were found necessary and relevant.
2.4. Validity of Findings

As clarified previously, less radical social constructivism grounded in the interpretive paradigm leads to a view of theory and knowledge that is predominantly subjective and socially constructed. This implies that the knowledge generated in this thesis can be perceived as value-bound and of limited generalization. In regards to this, I acknowledge that all research particular within social sciences will be affected by the values, assumptions and pre-understanding that the researcher brings to the research process. As a result, there is the probability of different truths emerging from the same phenomena, since different investigators will bring different perspectives to their inquiry. The findings and conclusions made in this thesis are not claimed to be an objective and absolute truth but a construction that reflects the author's interpretation and understanding of the phenomenon being studied, as it is understood in the context of the applied theory. Accordingly, the findings of this thesis are influenced by my history, culture, education, the context and point in time.

Reliability and generalization play a minor role in qualitative research (Creswell, 2003; 195). Various steps have nevertheless been taken in order to demonstrate the accuracy, credibility and validity (Cresswell, 1994; 158) of the theories discussed, arguments presented and of the findings of this thesis. The first step taken has been to review different data sources of information in order to prove the accuracy of the information and in order to build a coherent justification. A considerable amount of literature has therefore been reviewed in order to better understand e.g. the concept of CSR and why corporation engage in CSR and the challenges it imposes on CSR communication. Theories have furthermore been carefully selected based on e.g. the status of the theorists and the acknowledgement of the theories they have developed. Thus, primarily well-regarded theorists who have uncovered well known and commonly referred to theories have been selected and included.

Comparisons and discussions of several points of views and opinions of various theorists have been carried out in order to provide evidence for the statements and key points of the discussion. Arguments and findings are based on and/or derived from more than one point of view, which has arguably enhanced credibility. In regards to this, a certain amount of description of theories have been found necessary in order to clearly point out the main proposals of the thesis to the reader (Creswell, 2003; 196). These steps are particularly relevant in regards to social constructivism grounded in the interpretive paradigm where knowledge is subjective and where it is assumed that there are no certain or true facts but multiple facts. It is acknowledged that several and often distinct opinions of the concepts in question exist along side and abovementioned steps have therefore been found instrumental in demonstrating the accuracy and validity of the findings of this thesis.
PART II. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility is a concept as old as the concept of companies (Carroll, 1999). During the past centuries the debate over CSR has accelerated and more than hundreds of definitions and concepts of CSR have been suggested by academics and business environments (Carroll, 1999; Matten & Moon, 2004; Marrewijk, 2003). The concept of CSR develops and changes over time and it is perceived differently and imposes different challenges depending on national and corporate context (Morsing & Thyssen, 2003; 13). CSR is furthermore a cluster concept, that overlaps with concepts such as corporate responsibility, corporate citizenship, corporate governance, corporate sustainability and business ethics (Matten & Moon, 2006; 336), which makes it even more challenging to provide a comprehensible definition and conceptualization of CSR.

CHAPTER 3. DEFINITIONS AND CONCEPTUALIZATIONS OF CSR

The following section serves the purpose of discussing various and distinct definitions and conceptualizations of CSR. The discussion is based on an extensive literature review of the views of four prominent theorists. Firstly, the four contributors will be briefly introduced, followed by a discussion of their diverse arguments as to how CSR is defined and conceptualized in terms of for what and to whom corporations are responsible and, the role of business in society.

Milton Friedman - The Economic View

Milton Friedman was a world-known economist who in 1976 was rewarded with the Nobel memorial Prize in Economic Science for his many achievements and, Friedman is considered one of the most influential economists in the 20th century. Friedman stated in his article from 1970 that, “the social responsibility of business is to increase its profits”. This statement has since been widely referred to as an illustration of the classic economic view that corporations only have one responsibility, which is to maximize profits. Friedman's conceptualization of CSR is characterized by an economic point of view.

R. Edward Freeman - The Stakeholder View

R. Edward Freeman is a philosopher and a professor of business administration. Freeman is considered to be the originator of the stakeholder concept and the majority of all publications on CSR refer to Freeman (Neergaard, 2006; 26). Freeman suggests that the term 'corporate social responsibility' should be replaced by the term 'company stakeholder responsibility'. The logic is that all forms of organizations should be involved, that the main objective of CSR is to create value for

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1 www.nobelprize.org/nobel_prizes/economics/laureates/1976/
2 Milton Friedman, a giant among economists", The Economist. 2006-11-23
3 www.wikipedia.org/wiki/R._Edward_Freeman
key stakeholders and fulfill responsibilities to these groups and, that business and ethics cannot be
separated (Freeman & Velamuri, 2006; 11-12). Freeman’s view on CSR is argued to be normative
because he proposes that a stakeholder approach to CSR is the right thing to do. Freeman (et al.,
2007; viii) nevertheless explicate that he is a capitalist at heart.

**Archie B. Carroll - The Inclusive and Altruistic View**

Archie B. Carroll is director of nonprofit management & community services program at the
university of Georgia. His areas of expertise are strategic management, corporate social
performance/ stakeholder management, CSR and business ethics⁴. In 1979 Carroll proposed a four-
part definition of CSR, known as the pyramid of CSR, which has often been used and referred to in
business and management literature over the years (Matten & Moon, 2004; 337). Carroll defines
CSR as; “The social responsibility of business encompasses the economic, legal, ethical, and
discretionary (philanthropic) expectations that society has of organizations at a given point in time”
(Carroll, 1979; 500; 1991; 42). Carroll’s approach to CSR is argued to be inclusive due to the many
elements including discretionary responsibilities and is of a more practical character as he proposes
an array of ways in which managers should engage in CSR.

**John Elkington - The Instrumental View**

John Elkington is the co-founder of the consultancy and think-tank SustainAbility⁵ and has for three
decades worked with, and helped raise attention to the importance of the concept of sustainability.
In the SustainAbility 2004 report CSR was defined as; “(...) an approach to business that embodies
transparency and ethical behavior, respect for stakeholder groups and commitment to add economic,
social and environmental value”. The concept of ‘the triple bottom line’ was first introduced by John
Elkington in 1994 and consists of a trinity of environmental quality (planet), social justice (people),
and economic prosperity (profit) that corporations contribute with (Elkington, 1997; ix). The triple
bottom line provides principles and guidelines as to how corporations should perform against and
report on the triple bottom line by integrating financial, social and environmental reporting
(Elkington, 1997; 72). Elkington’s approach to CSR is considered instrumental and it is the most
practical of the four definitions and conceptualizations presented.

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⁴ http://www.terry.uga.edu/profiles/?person_id=443
⁵ http://www.johnelkington.com/sustainabili.html
3.1. The Elements of CSR

The complexity and fuzziness of the concept of CSR has been widely criticized. The main argument is that since CSR means different things to different people, and while there is no precise and measurable definition, it brings forward such problems as to what is accepted as socially responsible behavior, how much corporations should invest in CSR and which CSR investments should be prioritized at the expense of others (Tyrrell, 2006; 44). As such, there are many opinions of which elements are included in the concept of CSR and what corporations are responsible for as will be investigated in Chapter 3.1.

Milton Friedman represents the classical economic argument, which emphasizes that corporations only have one responsibility, which is to maximize profits and that social responsibilities are not to be a business concern (Friedman, 1970). Milton Friedman is often mentioned when referring to the classical economic argument and many opponents of CSR have expressed a similar opinion (Carroll & Buchholtz, 2003; 42). Friedman argues that; “If there are ‘social responsibilities’, they are the social responsibilities of individuals, not of business” (Friedman, 1970). The corporate executive, who acts as a principle and not as an agent, only has a direct responsibility to the owners of the corporation and has to act in accordance with the desires of the owners which generally means; “... to make as much money as possible while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom” (Friedman, 1970). Thus, while Friedman rejects the concept CSR he acknowledges that besides the primary corporate responsibility of maximizing profits business should be performed within legal frames and in an ethical manner. This indicates that Friedman sees increasing profits, obeying the law and being ethical as prerequisites and inherent parts of doing business and not as social responsibilities. This further implies that what he essentially not supports is the philanthropic aspects of CSR such as donating money to social causes with the purpose of benefiting society and not the business’ profit maximization.

Whereas Friedman states that corporations only have economic responsibilities, Freeman, Carroll and Elkington believes that economic responsibilities is but one of many elements included in the concept of CSR. They all agree that profit is a prerequisite and the basic building block for all other corporate responsibilities. As opposed to Friedman both Freeman, Carroll as well as Elkington argue in favor of CSR. Carroll and Buchholtz (2003; 43) claim that very few businesspeople and academics continue to argue against the fundamental concept of CSR and that some of the abovementioned arguments against CSR might have been valid in the past, but are unlikely to be convincing in present time. A good example is the world known economist Michael E. Porter who has changed his mind and now acknowledges social responsibilities as part of the corporate agenda (see chapter 5.2). Judged by the vast amount of literature on the subject of CSR, business ethics, corporate
governance and much more it can be argued that there are more arguments speaking in favor of CSR than against. The perhaps most cited argument speaking in favor of CSR is that corporations are amongst the financially strongest units on earth and some of the most influential actors in society (Morsing & Thyssen, 2003; 11-12; Habisch & Jonker, 2005; 7). Consequently, businesses ought to play a more prominent role in solving or reducing societal problems

Archie B. Carroll provides the broadest definition of CSR by arguing that in order for CSR to be considered legitimate, a corporation has to address not only the fundamental requirements of being profitable and obeying the law. Corporations also have to meet expectations of ethical and philanthropic responsibilities (Carroll, 1991; 40). It can however be discussed whether economic and legal responsibilities can be characterized as part of a corporations’ social responsibility because being profitable and obeying the law can be seen as an implicit part of doing business and therefore a basic prerequisite as was argued by Milton Friedman. Carroll's pyramid of CSR is interesting since it covers four distinct elements. Carroll has added the more voluntary philanthropic responsibilities to the CSR concept, which he states are less important than the others, but is desired by the society and can be described as icing on the cake (Carroll, 1991; 42). Other academics have argued that an economic emphasis is separate from a social emphasis. In regards to this, Carroll states that one of the advantages of the pyramid of CSR is that it offers both aspects and therefore addresses people with different viewpoints and opinions (Carroll & Buchholtz, 2003; 39). The most critical tensions is between economic responsibility and the others because they represent a possible conflict between concerns for profit vs. society (Carroll & Buchholtz, 2003; 41).

Carroll does not exhaustively specify the degree of social responsibility, or what each of the four components of corporate social responsibility comprises. This is because the concept social responsibility changes over time and varies for different corporations and industries (Carroll, 1979; 500). Carroll (1999) has studied the evolution of a definitional construct of CSR and it can be argued that he has come to terms with the fact that no one size fits all. Carroll (1991; 48) states that part of the difficulty in defining CSR is the fact that it is hard to determine what the concept practically implies for management due to for example the variations in corporate size, product offerings, profitability and resources, and in impact on society and stakeholders.

John Elkington who works with the term sustainability argues that as with the concept of CSR, the term ‘sustainability’ has been defined in numerous ways leading to uncertainties of what it means to be a sustainable corporation (Elkington, 1997; x). Elkington however argues that the transition to a sustainable capitalism or green capitalism, also referred to by others as responsibility, is a complex transition but constitutes real progress (Elkington, 1997; 2). Elkington states that businesses and
entire economies will be required to perform against the triple bottom line as well as give an account of their performance (Elkington, 1997; xii), or else they risk extinction. This is e.g. due to a reshaping of societal expectations and businesses' global and local markets (Elkington, 1997; 2).

The elements which sustainability comprise are similar to the elements included in the CSR concept. Like Friedman, Freeman and Carroll, Elkington stresses that corporations first and foremost have economic responsibilities or must perform according to the economic bottom line. Elkington moreover argues that corporations must perform against the social bottom line. Hence he agrees with Freeman and Carroll that social justice is part of a corporation's responsibilities. Elkington places a special emphasis on environmental aspects of sustainability. Environmental responsibilities are not neglected by the other theorists, but are included under ethical and legal responsibilities. As such, Elkington defines sustainability as a trinity of profit, people and planet, which constitute performing against and reporting on the triple bottom line and respect for stakeholders.

Freeman, who represent the stakeholder view on CSR also argue that in order for corporations to pursue their purposes, they first and foremost have to generate profits. He however clearly points out that organizations are not capable of generating profits or fulfilling responsibilities without a broad engagement with their stakeholders (Freeman & Velamuri, 2006; 20). As mentioned previously, creating value for various stakeholders and fulfilling responsibilities to these groups is according to Freeman, what being socially responsible is all about.

3.2. The Stakeholders of CSR

Based on the discussion above, stakeholder relationship management has been identified as being a central element of CSR. Both Carroll and Elkington, but especially Freeman, expresses the importance of managing stakeholder relationships and creating value for both the business and the multiple stakeholders. The purpose of the following section is to discuss the range of stakeholder corporations are responsible towards based on the arguments presented by the four theorists.

Friedman does not mention the word stakeholders, but speaks of three groups, which the corporate executive has a responsibility towards. The corporate executive first and foremost has a responsibility towards stockholders followed by customers and employees. Friedman continues by expressing that every time the corporate executive engages in social responsibility he is using someone else's money for a general social cause. This means that the money spent on social causes are likely to result in a reduction in the returns to stockholders, higher prized products for customers and lower wages for employees (Friedman, 1970). These arguments reinforce the separation idea, that business and society are two separate entities. It appears that Friedman does
not believe that value for multiple stakeholders can be created simultaneously, which indicates that business and society are not believed to be capable of benefiting alongside.

Freeman approaches CSR in a much different way than Friedman, in that he bases the entire concept of CSR on stakeholder management. Freeman (1984; 46) defines stakeholders as; “any group or individual who is affected by or can affect the achievement of an organization’s objectives”, which is a broad definition that includes a wide range of both internal and external stakeholders. The argument is that if businesses are viewed as a connection of stakeholders who are all in it together there is no need to distinguish between economic, social, political and technological parts. Thus, the question of social responsibility becomes irrelevant and the issue disappears (Freeman & Liedtka, 1991; 97). The very idea of taking a stakeholder approach to CSR is that value creation becomes a joint process between the business and its various stakeholders (Freeman & Velamuri, 2006; 16). Freeman emphasizes that taking a stakeholder mindset should be voluntary and managed by organizations themselves (Freeman & Velamuri, 2006; 18). Engaging with stakeholders requires intensive dialogue with both internal as well as external stakeholders, and dialogue in itself is the foundation of free society and capitalism. In regards to this, “real business is built on a foundation of solid, honest and open communication” (Freeman & Velamuri, 2006; 18). As such, Freeman is of the opinion that the business of business is value creation for multiple stakeholder groups. Managing stakeholder relationships and engaging in dialogue with these groups becomes essential in CSR.

Today, much CSR theory builds on the stakeholder principle, which generally concerns that corporations should strive to sustain a positive and mutually beneficial relationship to all their internal as well as external stakeholders (Neergaard, 2006; 26; Freeman & McVea, 2001; 190). Therefore Freeman’s arguments appear much stronger in the contemporary society than the views presented by Friedman. The centrality of value creation and stakeholder relationship management also becomes evident from Carroll’s and Elkington’s views on CSR. Carroll for instance stresses that the pyramid of CSR represents a stakeholder perspective and each of the four components in Carroll’s pyramid of CSR addresses different stakeholders (Carroll & Buchholtz, 2003; 41-42). The fact that internal as well as external stakeholders are considered indicates that Carroll agrees with Freeman on creating value for multiple stakeholders. Carroll thus includes responsibilities that benefit business and society.

Elkington too emphasizes a multiple stakeholder approach and argues that; “it is becoming clear that communicating effectively with stakeholders on progress towards economic prosperity, environmental quality and social justice i.e. the triple bottom line, will become a defining characteristic of corporate
responsibility in the 21st century” (Wheeler & Elkington, 2001; 1). Elkington (1997; 92) argues that the key tool for performing against the triple bottom line in an integrated way is sustainable accounting, auditing and reporting and stresses the importance of effective stakeholder consultation with a wide range of stakeholders (Elkington, 1997; x). Even though Elkington advocates a stakeholder approach to CSR in the form of stakeholder communication and consultation, it seems that he is more oriented towards one-way communication. Freeman on the other hand emphasizes two-way communication and stakeholder dialogue as will be investigated in chapter 9.3.1.

3.3. BUSINESS & SOCIETY - AN INTEGRATED APPROACH TO CSR

As mentioned previously, Friedman and other opponents of the CSR movement express that if a corporation engages in social causes it is at the expense of maximizing profits, which enforces the separation idea, that business and society are two separate entities. Other arguments against corporations engaging in social issues are that corporations do not have the requisite skills to make social judgments regardless of their success in the business field. Moreover, businesses already have enough power. To willingly grant business people with both profit making power and social power is argued to harm democracy. Because citizens do not elect business people, they should not be entrusted to make decisions within the social field (Carroll & Buchholtz, 2003; 43). These arguments both imply that businesses should not be held responsible for societal issues, that business are not capable of solving or reducing societal issues and that businesses should not be granted with the power to make social judgments. While this enforces the idea of separating business and society, others believe that business and society are two sides of the same coin and that CSR should be integrated into strategies and core business operations as will be discussed next.

Freeman is an advocate of business and society being two sides of the same coin. He argues that CSR as a concept that separates a corporation’s social responsibilities from its business responsibilities is no longer useful and the thought should be abandoned entirely because it is a destructive form of capitalism (Freeman & Velamuri, 2006; 11). Freeman is of the opinion that the concept of CSR in general reinforces the separation of business and society or ethics, which is why, he proposes a number of reasons as to why the concept of CSR should be abandoned and replaced by a stakeholder approach to business (Friedman & Velamuri, 2006; Friedman & Liedtka, 1991). Accordingly, Freeman emphasizes that business and society or ethics can no longer be thought of, as two separate entities and creating value for multiple stakeholders should be sought after.

Arguments in favor of businesses engaging in societal issues furthermore include the fact that corporations themselves have brought on some of the contemporary societal problems and are therefore responsible for solving or minimizing the likelihood of future problems. Seen in relation to
this, a better society equals a better environment for doing business and it is therefore argued that it is in businesses’ long-term self-interest to be socially responsible. A more practical argument is that governmental interference is likely to be reduced if businesses engagement in CSR exceeds their regulatory or legal obligations. In this respect it is argued that businesses are better off self-disciplining themselves with standards and guidelines than if governments where to set the rules and regulations. Additionally, pro-acting is better than re-acting based on the argument that it is more practical and cheaper to be pro-active than trying to solve problems after they have occurred (Carroll & Buchholtz, 2003; 44). Based on these arguments, it is only reasonable to give corporations a chance to try to reduce and solve societal problems. What's more, the public supports and expects corporations to be socially responsible and corporations must respond to these societal expectations in order to succeed.

In regards to whether corporations should engage in CSR, opponents express concerns towards corporate motives. Milton Friedman for example views corporations taking on social responsibilities as merely window-dressing and makes it clear that he believes that such actions evidently harm the foundation of a free society. Socially responsible causes are just short-sighted ways for a corporation to generate good-will and Friedman goes on to say that, “... it helps strengthen the already too prevalent view that the pursuit of profits is wicked and immoral and must be curbed and controlled by external forces” which destroys the free market (Friedman, 1970). While Friedman views CSR from the perspective of the corporation Joel Bakan, author of 'The corporation: The Pathological Pursuit of Profit and Power’, seems to take on the perspective of society by arguing that corporations are irresponsible, manipulative and unable of putting people before profits (Rasmussen, 2004). Joel Bakan argues that CSR is a smokescreen, which enables corporations to hide their misdeeds and at the same time strengthen their ability to resist governmental regulation (Marsden, 2005; 2). Similarly, Robert Reich argues in his book ‘Supercapitalism’, that the popularity of CSR is no more than a manipulative and superficial phenomenon (Lykkeberg, 2007).

While Milton Friedman is of the opinion that business and society should be thought of as two separate entities, he can be argued to accepts economic as well as legal and ethical responsibilities as a prerequisite for doing business. Thus, whilst economic, legal and ethical responsibilities are by some considered to be part of what CSR entails (e.g. Carroll), it can be argued that even though Friedman is against CSR as a concept, he does agree that some elements of CSR are an integrated part of doing business. In relation to this, Edward Freeman argues that business, society or ethics should be integrated into core business. “Focus needs to be on value creation in the basic business propositions?” (Freeman & Velamuri, 2006; 10).
Freeman argues that the problem with the separation idea is that CSR becomes an add-on, which supports the idea that CSR is about seeming to ‘do good’. Freeman goes on to say, as also stated by Friedman, that this reinforces the idea that business or the pursuit for profits is wrong and immoral and that businesses therefore need to ‘do good’ because business in itself is not good (Freeman & Velamuri, 2006, 10). What stands out here is that Freeman is of the opinion that social responsibility should be integrated into core business propositions and that business and society or ethics are two sides of the same coin. Freeman’s statements indicate that, if CSR is not an integrated part of the basic business propositions it risk becoming and ad-on with the possibility of being seen as a false act or cover-up. Thus, the integration of CSR into basic business propositions and doing business in a responsible manner can assist corporations in proving to the skeptics, that their motives for being socially responsible are legitimate and not merely about seeming to do good.

Carroll asserts that the economic and legal responsibilities are required of business by society. The ethical responsibilities are expected of business by society, whereas the more voluntary philanthropic responsibilities are both expected and desired of business by society (Carroll & Buchholtz, 2003; 39). What stands out here is that all of the four social responsibilities are to some degree required, expected, or desired of business by society which indicates that Carroll sees corporations as driven by institutional mechanisms as will be discussed in chapter 4. This gives the impression that Carroll leaves out both strategic- and moral drivers. Carroll & Buchholtz (2003; 45) argue that in addition to what motivates corporations to behave socially responsible, concepts such as corporate social responsiveness and corporate social performance should also be considered.

With a performance perspective the long-term the concern is what managers do in terms of implementing CSR into business operations. Carroll thus consents that corporations ought to formulate and integrate CSR into corporate decision-making, policies, and actions (Carroll, 1991).

In regards to this, Elkington argues that the role of business in society will gain increasing momentum and argues that the integration of environmental, social and economic sustainability will be a central challenge for 21st century business (Elkington, 1997; 2-3). The best way to make sure that a corporation fully commits to the triple bottom line agenda is for the corporate board to build relevant requirements into the corporate DNA (Elkington, 2004; 6). A key part of integrating CSR into core business will be effective stakeholder consultation with a wide range of stakeholders (Elkington, 1997; x). Thus, Elkington consent to the significance of integrating environmental, social and economic concerns into business strategies and business procedures.

Elkington agrees with Freeman that ‘the business of business is value creation’ (Elkington et. al., 2006; 10). It however requires a change of mind-sets and a transformation of the corporate culture
in order for it to become commonly acknowledged that business is about creating multivariate values (Elkington, 1997; 7). It is additionally important that the multiple dimensions of value creation are tailored to the specific needs of the corporation and its various stakeholders (Elkington et. al., 2006; 10). This indicates that Elkington acknowledges that businesses and their stakeholders are different and therefore have distinct competencies and expectations to live up to. Corporations’ performance against the triple bottom line or various responsibilities must be individual to each corporation in order to generate the most value for all parties involved. This brings us to the argument that each individual corporation must define CSR according to context. No one size fits all!

3.4. **No One Size Fits All**

Having presented and discussed definitions and conceptualizations of four prominent academics it must be concluded that CSR is an elusive concept. The discussion of the various perspectives has however made it possible to identify a number of elements comprised in the concept of CSR, which are graphically illustrated in figure 3a. The key elements of CSR have been found to be; economic-, social- and, environmental responsibilities; ethical responsibilities; discretionary/ philanthropic responsibilities; value creation and, stakeholder relationships and dialogue. Other important aspects derived from the discussion are; CSR communication; CSR reporting; voluntarism; beyond the law; the integration of CSR; contextual CSR and lastly, no one size fits all.

Friedman, Freeman, Carroll and Elkington each have distinct opinions of what it means to be a responsible or sustainable corporation. It becomes clear that it is fundamental for all corporations and the basic building block for being a responsible corporation to generate profit. Thus, performing against the economic bottom line is a precondition for a corporation to first of all survive and also to uphold the resources to generate value for both business and stakeholders.

Integration of CSR into corporate vision, values, strategies and organizational culture is also agreed upon to various extents. CSR is therefore individual to each corporation all according to internal and external business context. This is important to stress since it reinforces the before mentioned
argument that it is challenging if not impossible to provide a precise definition of CSR because the meaning of the concept varies from organization to organization. Marrewijk (2003) agrees that the idea of a “one-fits all” definition of CSR should be abandoned. He goes on to say that this implies accepting various and more specific definitions and that each organization should select the most suitable definition or concept according to intentions, ambition level and strategy, and according to the circumstances in which it operates. Marrewijk provides a definition of corporate sustainability and corporate social responsibility; “... refers to company activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns into business operations and in interactions with stakeholders” (Marrewijk, 2003; 102), which he acknowledges might be perceived as being somewhat broad and vague. In relation to this it is argued that the ‘no one size fits all’ definition of CSR is evident in the definitions provided by The UN Global Compact, The European Commission and The Danish Commerce and Company Agency (see appendix 1).

It can be concluded that CSR is a complex and elusive concept. This thesis stresses the acceptance of the fact that it is not possible to provide an overall definition of CSR. Instead it is up to each corporation to define what CSR embraces all according to context, skills and expertise, and to decide to what degree the corporation wishes to engage in responsible activities besides what is dictated by law. CSR includes a wide range of elements and it can be discussed whether the term ‘corporate social responsibility’ is appropriate. The term CSR will nevertheless be used throughout the thesis due to the comprehensive usage of the term in the literature.

CSR is in this thesis defined as; an approach to business that embodies transparency and respect for stakeholders and the commitment to integrate economic, social and environmental concerns in business operations and thereby create shared value. Each element or aspect of CSR represents different challenges for corporations to take into consideration. Not only will corporations have to decide on what exactly CSR means to them, they also have to handle the challenges of being a socially responsible corporation as well as being perceived as one. The extensive literature review on CSR and the discussion of four distinct definitions and conceptualizations of CSR has helped set the stage for further investigations starting with why corporations engage in CSR.
PART III. CORPORATE MOTIVES FOR ENGAGING IN CSR

As stated in the problem identification corporations’ motives for engaging in corporate social responsibility are constantly questioned and critical journalists, consumer groups and NGOs may be compelled to test the validity of the corporate CSR claims doubting whether corporations are ‘as good as they say they are?’ (Brown & Dancin, 1997; Morsing, 2006; 176). Whether corporations are as good as they say they are is a very important question, which is also quite difficult to answer. It is however argued that a genuine commitment to the CSR agenda depends on which motives corporations have for engaging in CSR. From reviewing the literature on corporate social responsibility and in particular the drivers of CSR it has been derived that corporations are driven by three classifications of motives and outcomes. These are institutional drivers of CSR, strategic drivers of CSR and moral drivers of CSR. Part III comprises an analysis of the three drivers of CSR comprising corporate motives for engaging in CSR and also, what the potential outcomes of each driver are. Special attention is furthermore placed at the possibility of CSR being integrated into corporate strategies and business operations, since this is argued to provide an indication of whether corporations are truly committed to CSR contra merely window dressing.

![Diagram](image)

Figure III. Motives and Outcomes (Own Construction)

CHAPTER 4. INSTITUTIONAL DRIVERS OF CSR - MOTIVES AND OUTCOMES

The macro environmental factors presented throughout the thesis are all contributory to the changes society has been witnessing during the last decades. Because of the many extensive societal developments and changes, the role of institutions in society has gained increasing interest and attention and many institutional theories have consequently advanced (Nielsen, 2005; 11). Existing institutions are being restructured or closed down while new institutions emerge, and because corporations are embedded in a larger social context, corporations’ organizational- and managerial approaches will be influenced by the institutional mechanisms (Nielsen, 2005; 12; Powell, 1988; 115). In the following section institutional theory will be discussed along with the role institutions play in the transformation of corporate behavior and values in corporations’ quest for legitimacy.
4.1. Institutional Theory

Institutional theories vary immensely and include both institutional theories within political science, economy, and sociology. Accordingly, there are various definitions of what exactly the term ‘institution’ implies (Nielsen, 2005; Scott, 2008). W. Richard Scott provides the following conceptualization of institutions: “Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2008; 48). Thus, Scott divides institutions into three categories, which are identified as making up or supporting institutions.

<table>
<thead>
<tr>
<th>Table 4a. Three Pillars of Institutions</th>
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<tbody>
<tr>
<td><strong>Basis of compliance</strong></td>
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<tr>
<td>-------------------------</td>
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<tr>
<td>Expedience</td>
</tr>
<tr>
<td><strong>Basis of order</strong></td>
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<tr>
<td><strong>Mechanisms</strong></td>
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<tr>
<td><strong>Logic</strong></td>
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<tr>
<td><strong>Indicators</strong></td>
</tr>
<tr>
<td>Affect</td>
</tr>
<tr>
<td><strong>Basis of legitimacy</strong></td>
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</tbody>
</table>

(Source: Scott, 2008; 51)

Institutional theories often emphasize one of the three aspects and thereby pay little or no concern towards the other aspects. It is recommended that all three aspects be used in a combination in order to achieve a nuanced perspective on the emergence, function and change of institutions (Scott; 2008; DiMaggio, 1998).

The following discussion of institutional theories takes its stance in sociology. Sociology is argued to play a significant part in the formation of institutional theories. Sociologist, economists as well as political scientists working with institutional theories highlight the significance of social behavioral processes as being strongly influential on the stability and change in society (Mac, 2005; 65). New institutional theory builds on social-constructionist epistemology and institutional theory within sociology, and is particularly concerned with institutions brought on by cognition and culture. In new institutional theory ‘social’ is considered to be a meta-term, which implies that economic and political processes too are first and foremost social processes (Mac, 2005; 72-74). Additionally, the cultural-cognitive dimension of institutions is the main distinguishing feature of neo-institutionalism within sociology and organizational studies (Scott, 2008; 57). In terms of institutional theories within sociology, Meyer and Rowan (1977) and DiMaggio and Powell (1983)
are considered to be some of the most influential contributors to the macro environmental perspective on institutions (Scott, 2008). Worth mentioning are also the works of Zucker and Scott.

John W. Meyer and Brian Rowan (1977) argue that institutionalized rules are classifications built into society as shared typifications or interpretations. The institutionalized rules might be taken for granted, supported by public opinion or by regulating and law setting forces. According to Mayer and Rowan, "institutionalization involves the processes by which social processes, obligations, or actualities come to take on a rulelike status in social thought and action" (Mayer & Rowan; 1977; 341). Lynne G. Zucker proposes a similar theory and states that institutionalization is both a process and a property variable. In this process individual actors transmit what is socially defined as real and at the same time the meaning of an act can be defined as a more or less taken for granted part of this social reality. Furthermore, institutionalized acts are seen as objective and exterior (Zucker, 1977; 728). The common understandings derived from these two views are that institutionalization is a social process by which individuals come to accept a shared definition of reality. The conception is taken for granted and is considered as appropriate and meaningful behavior, and as Scott (1987; 149) suggests, to be the 'way things are' or the 'way things are to be done'.

It has become accepted that institutionalized belief systems can be seen as a class of elements, which has led to theories of the types of processes that might change organizational structures (Scott, 1987; 497). Paul J. DiMaggio and Walter W. Powell (1983) propose a theory of the types of processes that might change organizational structure and argue that organizations that operate in the same organizational fields tend to become homogeneous. The process of homogenization is captured in the concept of isomorphism. DiMaggio and Powell refer to Hawley's description of isomorphism; “isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (DiMaggio & Powell, 1983; 149). Isomorphism is thus external pressures of homogenization of different organizations, leading organizations to adopt similar structures and/or behaviors as other organizations within the same field. Isomorphism can surface as a result of market competition or as a result of institutional pressures, the latter being the center of attention in this theory (DiMaggio & Powell, 1983; 150).

There are three mechanisms through which isomorphic change occurs: coercive, mimetic, and normative isomorphism. Coercive isomorphism is related to pressures of power and politics such as demands of the state or other large actors in the field to adopt specific structures and practices. Coercive isomorphism is both mediated through dictates and through resource dependence processes. Mimetic isomorphism is related to pressures that arise from uncertainty. The argument is that when an actor is unsure about what to do, the standard response is to imitate peers that are
perceived successful or influential. *Normative Isomorphism* is associated with professionalization. Thus, similar education, training and inter-organizational job rotation drives organizations to adopt similar structures and practices. It is emphasized that these are ideal types of isomorphic processes that are difficult to distinguish and that most likely operate in concert (DiMaggio & Powell, 1983).

**4.2. Institutional Theory of CSR**

An institutional approach to CSR implies that corporations are motivated to engage in CSR because of the regulatory, normative, and cognitive-cultural institutions in their environments and/or because corporations wants to become isomorphic with competitors. This means that there are certain implicit and explicit requirements and expectations which corporations choose to respond to in order to satisfy their stakeholders and to be considered legitimate. As such, the institutional perspective holds that corporations and their managers engage in behaviors that fit the corporation within a web of social relationships in order for their actions to be found legitimate by stakeholders.

Little attention has so far been paid to the institutional mechanism, which influence whether corporations behave socially responsible, and John L. Campbell (2007; 946) argues that much more attention needs to be paid to institutional theory of corporate social responsibility. Campbell makes use of two bodies of literature, namely literature on institutional analysis in sociology and literature on comparative political economy in political science because of their relevance in terms of how institutions constrain and enable behavior (Campbell, 2007; 947). These two bodies of literature are not generally applied in the academic discussion of CSR. It is argued that the literature on institutional analysis in sociology is valuable because it acknowledges that institutions are necessary to ensure that corporations respond to societal expectations and requirements besides what is in the corporation’s self-interest. Also, the literature on comparative political economy in political science is useful because it acknowledges that institutions vary across countries (Campbell, 2007).

One of Campbell’s key arguments is that in the absence of such institutions, corporations will be less likely to behave socially responsible because they are believed to have other interests and incentives that might result in irresponsible corporate behaviors (Campbell, 2007; 951). Campbell recognizes that the institutional mechanisms are not the only conditions, which drive corporations towards a socially responsible behavior, and economic conditions are therefore also addressed. These are argued to be interceding with the institutional factors. Therefore, corporations will be less likely to behave socially responsible if they experience weak financial performance or operate in an unhealthy environment or if there is too much or too little competition (Campbell, 2007; 952-953).


<table>
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<tr>
<th>Propositions</th>
<th>Likelihood</th>
<th>Economic Conditions</th>
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<tbody>
<tr>
<td>Proposition 1</td>
<td>Less likely</td>
<td>Weak financial performance and unhealthy environment</td>
</tr>
<tr>
<td>Proposition 2</td>
<td>Less likely</td>
<td>Too much or too little competition</td>
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<thead>
<tr>
<th>Propositions</th>
<th>Likelihood</th>
<th>Institutional Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposition 3</td>
<td>More likely</td>
<td>State regulation</td>
</tr>
<tr>
<td>Proposition 4</td>
<td>More likely</td>
<td>Self-regulation</td>
</tr>
<tr>
<td>Proposition 5</td>
<td>More likely</td>
<td>Private independent organizations Monitoring</td>
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<tr>
<td>Proposition 6</td>
<td>More likely</td>
<td>Institutionalized norms</td>
</tr>
<tr>
<td>Proposition 7</td>
<td>More likely</td>
<td>Trade or employer associations</td>
</tr>
<tr>
<td>Proposition 8</td>
<td>More likely</td>
<td>Institutionalized dialogue with stakeholders</td>
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(With inspiration from Campbell, 2007)

Campbell's six propositions of institutional conditions under which corporations are more likely to act in socially responsible ways serve as a structural framework for the following discussion.

### 4.2.1. State Regulation

Campbell proposes that Corporations are more likely to behave socially responsible if strong and well-enforced state regulations are in place to ensure such behavior. The likelihood is enhanced if regulations and enforcement capacities are based on negotiation and consensus among corporations, government and other relevant stakeholders (Campbell, 2007; 955). Regulation takes many forms and often involves command-and-control regulation or regulation by incentives. Neergaard and Pedersen (2003; 45) argue that incentive systems are used by one party to elicit desired behavior from another party and can contribute to the improvement of corporations' social and environmental performance. Regulations can take place at both national and international level, but it is argued that due to changes brought on by globalization it is becoming more difficult for regulatory authorities to set the 'rules of the game'. Thus, a number of alternative trends with regards to social and environmental issues have emerged. Neergaard and Pedersen (2003; 46) describe the most noticeable trend as the return to the 'law of the jungle', which emphasizes that CSR issues are left to the morality of the individual corporation. In this respect, corporations voluntarily take on social responsibilities, which are self-regulated by industries and/or corporations. Whereas state regulation is mandatory, self-regulation is a more voluntary approach. They however often exist alongside (Neergaard & Pedersen, 2003; 46).

### 4.2.2. Self-regulation

The concept of CSR in itself is part of the overall concept of self-regulation. Self-regulation means that corporations voluntarily adopt rules and standards that exceed the requirements of public regulation (Neergaard & Pedersen, 2003; 44). As proposed by Campbell, corporations are more likely to behave socially responsible if there is a system of well-organized and effective industrial self-regulation in place to ensure such behavior (Campbell, 2007; 956). Boxenbaum (2003) argues
that CSR institutions, which provide a win-win perspective, such as socioeconomic development and profitability, allow distinct stakeholder goals to merge with one another. In this way CSR institutions become more attractive to business actors and the likelihood of CSR being voluntarily implemented in the business setting increases. Thus, social constructions are effective in terms of self-regulation in a voluntary CSR context (Boxenbaum, 2003). Self-regulation is argued to offer a win-win-win situation for corporations, regulatory authorities and society. For corporations the advantage of self-regulation is that it protects them from public regulation and external stakeholder pressures; for regulative authorities the advantage is the reduced need to implement unpopular and costly command-and-control policies and; society sees an advantage in self-regulation because CSR related standards outdo governmental regulative requirements (Neergaard & Pedersen, 2003; 48).

4.2.3. Private Independent Organizational Monitoring
Corporations will be more likely to act in socially responsible ways if there are private independent organizations in their environment that monitor their behavior and mobilize to change corporate behavior when necessary. Such private independent organizations are e.g. NGOs, social movement organizations, institutional investors, and the press (Campbell, 2007; 958). NGOs are argued to be an important and increasingly influential element within the institutional environment (Doh & Guay, 2006; 54). Especially the emergence of NGOs, who seek to promote what they perceive as ethical and responsible business practices, is argued to generate substantial changes in corporate management, strategy and governance (Doh & Guay, 2006; 52). In regards to the press it is argued that media attention of CSR is increasing and that the number of articles addressing CSR is growing (Buhr & Grafstöm, 2004; 2; Morsing & Langer, 2007; 8). The visibility of CSR in the business press is likely to encourage a change in the corporate agenda (Burh & Grafstöm, 2004; 2). Furthermore and as mentioned previously, the media makes sure that corporate deeds and misdeeds are brought to the public resulting in either honor or shame. In this respect it can be argued that because corporate actions are being monitored and reported by the press, corporations are left with no hiding place and have to abide by societal rules and laws in order to obtain legitimacy.

4.2.4. Institutionalized Norms
Besides constraining corporate behavior, institutions can also enable corporate behavior (Campbell, 2007; 958). Campbell suggests that corporations will be more likely to act in socially responsible ways if they operate in an environment where normative calls for such behavior are institutionalized. Especially if such normative calls are institutionalized in educational venues in which corporate managers participate (Campbell, 2007; 959). In Scandinavia there is a strong interest in CSR issues in teaching at higher education institutions (Beckmann, 2004; 1). According to surveys carried out by Fligstein (1990) and Guillén (1994), it is argued that managers’ mental
constructs are influenced by the messages which they absorb through business schools, and through professional publications such as the business press and trade journals (Campbell, 2007; 958). It is indicated that business schools and academic and business publications on the subject of CSR related issues provide normative calls for socially responsible behavior. As such, managers are influenced by such normative calls and are thereby more likely to manage corporations in socially responsible ways.

4.2.5. Trade and Employer Associations
Campbell (2007; 959-960) proposes that corporations are more likely to behave socially responsible if they belong to trade or employer associations that promote socially responsible behavior. Trade and employer associations are argued to contribute to a normative environment that facilitates CSR and interaction between associations and corporations is likely to result in corporations developing a more long-term view of their interest.

4.2.6. Stakeholder Dialogue
It is proposed that corporations will be more likely to act in socially responsible ways if they engage in institutionalized dialogue with their stakeholders. Interaction is claimed to enhance the understanding and appreciation of other actors’ concerns (Campbell, 2007; 961-962). As documented previously, stakeholder theory is closely related to the concept of CSR. In regards to this, interactive, mutually engaged and responsive stakeholder relationships are argued to be the way modern business is to be conducted and thereby contribute to transparency and accountability (Andriof & Waddock, 2002; 9). In terms of corporate CSR initiatives, one-way communication is not sufficient and it is argued that stakeholder dialogue is necessary for corporations to build and maintain legitimacy (Morsing & Schultz, 2006; 140) as will be investigated further in chapter 9.3.1.

Institutional theory thus, focuses on the revision of internal structures of an organization to conform to the institutions of the environment. Legitimacy is therefore gained through structural alignment under isomorphic regimes. In case of institutional theory of CSR, socially responsible corporate behavior is considered to provide the corporation with legitimacy and a license-to-operate and improved survival prospects. Institutions are critical when ensuring that corporations are actually behaving in socially responsible ways and not just pretending to do so. Campbell (2007; 963) however also states that it might be helpful that the corporate managers are convinced that acting socially responsible is the right thing to do (moral) or in the corporations’ self-interest (strategic).
4.3. **ISOMORPHISM AND THE RISK OF DECOUPLING**

Meyer and Rowan (1977; 340) state that organizations ceremonially adopt the powerful institutionalized myths in order to increase their legitimacy and their survival prospects. In this respect, institutional isomorphism is considered to promote the success and survival of organizations (Meyer & Rowan, 1977; 349). DiMaggio and Powell (1983; 153) however stress that institutional isomorphism can lead to organizations adopting the same solutions as other organizations without paying attention to whether they are helpful in obtaining organizational goals and increase organizational efficiency. If organizational effectiveness is enhanced the reason is often that the organization is being rewarded for being similar to other organizations in the field. In regards to this it is said that similarity grants organizations with certain advantages such as e.g. easier transactions with other organizations, easier to attract career-minded staff and easier to be acknowledged as legitimate and reputable (DiMaggio & Powell, 1983; 153).

Meyer and Rowan (1977; 341) express a similar opinion by arguing that conformity to institutionalized rules often conflicts with efficiency criteria. In order to maintain ceremonial conformity, organizational reflections of institutionalized rules often imply that formal structures and activities become loosely coupled which leads to gaps between the organizational structure and the actual work activities. Organizations’ with formal structures that adhere to the institutionalized myths in the environment demonstrate that the organization is behaving according to collectively valued principles in a proper and adequate manner. As such, the organization becomes legitimate and legitimacy can strengthen organizational support and survival (Meyer & Rowan, 1977; 349). Additionally, organizations operating in highly elaborated institutional environments that succeed in becoming isomorphic with these environments are more likely to gain the legitimacy and resources needed to survive (Meyer & Rowan, 1977; 352). In terms of isomorphism it has been discussed whether organizations integrate the institutionalized myths, such as CSR, into their business operations and activities or if e.g. a socially responsible behavior becomes decoupled from business practices. Legitimacy is however best obtained if CSR becomes an integrated part of formal structures and business operations for which reason it is highly recommended to integrate CSR.

**Arla**, the Danish dairy-corporation is a good example of a corporation wanting to become isomorphic with competitors to obtain legitimacy without integrating CSR. After an extensive image-crisis Arla initiated a campaign called ‘Naturlig Omtanke’ in 2005 with the purpose of positioning Arla as a more soft, open and obliging corporation and to win back the trust of the stakeholders (Mordhorst, 2006). The campaign was not trustworthy and it came across as a desperate attempt to change Arla’s image from being a greedy international corporation to being a national and socially responsible corporation. From the authors’ point of view, it looked as if the campaign was all about communication and no action. As such, the effort is
regarded as pure window-dressing without genuine action and the campaign ended up having the opposite effect than intended. After having kept a low profile for a couple of years Arla introduced a new corporate strategy in November 2008 (arlafoods.dk) by the name ‘closer to nature’ to position Arla as a single global brand that cares for the environment (Rostgaard, 2008). At a first glance it appears as if Arla is riding the ‘green wave’ because stakeholders and institutions demand it and because other corporations have done so with great results. The question is whether Arla the second time around succeeds in transforming their new strategy into action by changing formal structures and by integrating CSR into vision, values and business processes and thereby convinces the skeptic audience of their newfound devotion to CSR. For a more extensive review see appendix 2.

4.4. CORPORATE LEGITIMACY

Based on the discussion above, legitimacy has been identified as the main outcome of engaging in CSR because of institutional drivers and mechanisms. The lack of general trust in corporations has caused that the legitimacy of corporations is constantly challenged and scrutinized (Rayman-Bacchus, 2006; 334). Since corporations are constantly constrained and enabled by society, they face a variety of challenges in order for their actions to be granted with legitimacy and obtain support from their constituents. This becomes especially important, since legitimacy is a social construction. Organizational constituents grant legitimacy if there appear to be congruence between the behaviors of the organization and the shared beliefs of society. Whether an organization’s actions are credited as legitimate or illegitimate is a social judgment (Suchman, 1995; 574; Ashforth & Gibbs, 1990; 177) on which a license-to-operate is granted.

Suchman incorporates both the evaluative and the cognitive dimensions of legitimacy into one definition and proposes that; “Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995; 574). Suchman’s definition of legitimacy is considered to be one of the most cited within organization studies (Johnson, 2004; 9). It is important for organizations that their actions are identified as legitimate in order to gain the support of their constituents because it affects how people act toward and understand organizations. Constituents grant legitimacy to organizations if they perceive them as; having their best interests at hart, sharing similar values; being honest, trustworthy, decent and wise. The legitimated organization is thus perceived as more worthy, meaningful, predictable and trustworthy (Suchman, 1995; 578+575).

Brummer (1991; 75) suggest that it is possible to place organizations into five categories or levels of legitimacy. Category one organizations are seen as having a minimal degree of legitimacy and
category five organizations have the greatest level of legitimacy. While it is indicated that the more legitimacy the organization is granted the better, it is however not always the case. Within level five organizations there can be found a certain form of internal self-satisfaction and arrogance, which is not necessarily authoritative or socially beneficial, and a high degree of legitimacy thus becomes an organizational weakness. Brummer (1991; 77) claims that from the perspective of the organization, a great degree of legitimacy is beneficial for both society and the organization, at least up until level four. The main point proposed by Brummer is that the debate on corporate responsibility can be looked at as a categorization of what category of legitimacy corporations do or should belong to when judging and responding to their activities and behaviors.

**Institutional and Strategic Approaches to Legitimacy**

There are two overall approaches to legitimacy; institutional and strategic (Suchman, 1995). As uncovered previously, the institutional approach to legitimacy entails that organizations conform to pressures and constraints of the institutional environment in order for their actions to be granted with legitimacy and increase stakeholder support and survival prospects. The institutional approach to legitimacy is enacted through taken-for-grantedness and isomorphism and risks being de-coupled from business practices. The institutional theory has been criticized for its lack of attention to the role of organizational self-interest in responses to institutional pressures and expectations (DiMaggio, 1988; X; Oliver, 1991; 145). In regards to this, it has been proposed that institutional theory can readily accommodate interest-seeking responses along with active and strategic behavior (Oliver, 1991; 146). Managerial initiatives influence the degree to which organizational activities are identified as desirable, proper and appropriate (Suchman, 1995; 586).

The strategic approach to legitimacy entails that organizations develop strategic responses and a variety of active behaviors as a result of the institutional pressures (Oliver, 1991; 148). Institutional and strategic approaches to legitimacy differ in the degrees of resistance, pro-activeness, influence and self-interested awareness of the organizational behaviors and responses to institutional demands and expectations (Oliver, 1991). Suchman highlights that the distinction between institutional and strategic approaches to a large degree are a matter of perspective. Whereas institutional theorists give emphasis to society 'looking in', strategic theorists emphasize organizational managers 'looking out'. Consequently, it is important to adopt both an institutional and a strategic viewpoint of legitimacy, since organizations face both institutional pressures and strategic challenges (Suchman, 1995; 577).

Corporate social responsibility is argued to be an excellent method for business to ensure continued legitimacy (Dowling & Pfeffer, 1975; 128). The loss of trust in corporations is argued to drive
corporations towards putting more efforts into social responsibilities since it is expected by society. It is additionally argued that corporations, who commit to the CSR agenda, will be more likely to win the competition for legitimacy. It is as such not only important to conform to the institutional mechanisms in order to achieve the support of society as argued in the institutional approach to legitimacy. Managing legitimacy is considered an equally important task within CSR practices and communication. The strategic approach to legitimacy, which has been briefly touched upon, will therefore be given further attention in chapter 8. Legitimacy has consequently been identified as the main outcome when organizations conform to institutional pressures and become isomorphic, while legitimacy is also an outcome of strategic CSR.

**Chapter 5. Strategic Drivers of CSR - Motives and Outcomes**

As documented above corporations and CSR managers are subject to institutional pressures and expectations, which might attenuate the strategic logic. Institutional theory focuses on a distinct set of determinants of organizational structure and behavior in which little emphasis is placed on corporations’ self-interest (DiMaggio, 1988; 5). While Campbell argues that it might be helpful that managers believe that CSR is of corporate self-interest, others claim that corporate managers who fail at managing CSR strategically are more likely to experience serious economic consequences for the corporation. In regards to this, Husted and Allen (2006; 839+847) accentuate that corporations should manage CSR more strategically and not solely be driven by isomorphism.

Strategic CSR implies the accomplishment of strategic business goals while at the same time contributing to the welfare of society (Lantos, 2001; 33). A strategic approach to CSR therefore partially implies that corporations are motivated by the belief that engaging in CSR will have a positive effect on the long-term corporate results. More specifically the corporate rationales are e.g. to strengthen the corporate reputation and brand and to gain a competitive advantage (Neergaard, 2006; 25; Werther & Chandler, 2006; 59). Strategic CSR implies a proactive approach to CSR and is in the corporate interest and of value for society at large. Regardless of the potential win-win situation, CSR has been criticized as being a manipulative and superficial phenomenon with the only motive being to increase business benefits. Because of the win-win perspective, strategic CSR is justifiable and should be applauded and not condemned as self-serving (Lantos, 2001; 47).

**5.1. The Business Case of CSR**

Lynn Sharp Paine (2003) emphasizes that managers’ motives for paying increased attention to values or CSR related issues are often a reflection of the corporate stage of development. It is stated that managers of large and well-established corporations strive to protect the corporate reputation and brand whereas managers of smaller corporations strive to build a corporate reputation or
establish a corporate brand. A mixture of positive and negative factors drives most corporations to initiate a value-oriented management model (Paine, 2003; 7). Through communication with executives of various corporations and nationalities, Paine introduces four main motives for why managers have become interested in corporate values.

These motives can all be said to belong to “the business case” of CSR, due to the business economic logic of the arguments. In fact, ‘the business case’ perspective on CSR has gained increasing attention in contemporary CSR investigations. As such, it can be argued that a shift towards CSR as a corporate business case has occurred (Beckmann et. al, 2006; 19 & Smith, 2003; 60). Making the business case for CSR is considered central in terms of providing the field with legitimacy (Blowfield, 2007; 690). The turn towards the business case of CSR therefore represents a new recognition of the possibility of doing well while doing good. The four motives for the increased attention to values introduced by Paine representing a strategic approach to CSR are discussed next.

5.1.1. Civic Positioning

Civic positioning refers to the corporation's concern about their standing and reputation in the community in which they operate (Paine, 2003; 20). By adhering and responding to these expectations and requirements, corporations can gain legitimacy in the civil society and thereby be granted with a “license to operate” (Beckmann et. al. 2006; 19). Civic positioning is therefore linked to the fact that certain explicit and implicit demands are present in the institutional environment. The institutional approach to legitimacy, as discussed under institutional theory of CSR differ to that of civic positioning or the strategic approach to legitimacy. Whereas the institutional approach to legitimacy implies conformity to pressures and isomorphism, the strategic approach to legitimacy implies the development of strategic responses to the institutional mechanisms (see chapter 4.4.).
Werther and Chandler (2005; 321) claim that social legitimacy is likely to strengthen corporate brands’ sustainable competitive advantage among key stakeholder groups.

5.1.2. Organizational Functioning

Organizational functioning emphasizes a turn towards CSR related values as an instrument for building a well-functioning organization. In this respect values are considered to be fundamental for encouraging cooperation, commitment, creativity and innovation among the organizational members. Additionally, respect, honesty and integrity are seen as means to a high-performance culture (Paine, 2003; 12). The potential outcome of bringing values into play, in order to improve organizational functioning, are e.g. a reduction of transactional costs, attracting, retaining and motivating employees, and strengthening consumer loyalty (Beckmann et. al., 2006; 20). Maignan et al. (1999) express a similar opinion and apply the term ‘corporate citizenship’, which they define as economic, legal, ethical, and discretionary responsibilities. Consequently, ‘corporate citizenship’ refers to the same elements as those comprised in the concept of CSR as stated by Carroll. Maignan et al. (1999; 464) suggest that market-oriented corporate cultures and humanistic corporate cultures lead to pro-active corporate citizenship. In turn, pro-active corporate citizenship leads to improved business benefits such as employee commitment and consumer loyalty, which may result in a competitive advantage.

5.1.3. Risk Management

Risk management implies the elimination of risks, especially those imposed by individual or corporate misconduct. In this respect, managers focus on which values drive people’s behavior. They do so in order to minimize or avoid potential problems and corporate crisis (Paine, 2003; 8). Husted agrees that effective strategic management of CSR can reduce risks. By relating CSR to real options theory, Husted claims that CSR projects reduce the downside business risks and are therefore considered to be essential elements in the risk management of the corporation (Husted, 2005; 176). It is important that managers are able to identify these potential threats before the stakeholders and that the risks are managed through strong organizational values and behaviors, which in turn can have a positive effect on image, brand and employee morale (Beckmann et. al., 2006; 20). Maignan et al. (1999; 459) also stress the importance of organizational values and argue that they play an essential role in achieving pro-active corporate citizenship, which leads to greater performance. When corporate managers are aware of, anticipates, and meets its stakeholders’ demands they will experience greater business performance and in the case of risk management, avoid potential risks. Accordingly, pro-active CSR initiatives present a possible reduction in the ex ante corporate business risks and are therefore deemed as enhancing the strategic relevance of CSR in terms of risk management (Husted, 2005; 181).
5.1.4. Market Positioning

Market positioning emphasizes a managerial attempt to position the corporation favorably in the market and thereby gain an advantage over competitors. One of the key concerns of a market positioning oriented manager is what external stakeholders expect from the corporation (Paine, 2003; 16). As mentioned previously, Maignan et al. suggested that pro-active corporate citizenship will lead to increased customer loyalty. Accordingly, it is argued that customers are likely to support pro-active corporate citizenship because they benefit directly from socially responsible attitudes and since they share similar values as those of the corporation (Maignan et al., 1999; 465). If corporations approach CSR strategically, they are more likely to position themselves as socially responsible. As such, they are more likely to gain the support of customers, and possibly also of other external stakeholders. Paine (2003; 16) argues that managers’ turn to values as an instrument to position the corporation favorably in the market, is motivated by a stronger corporate identity, reputation and brand, or earning the trust of primarily external stakeholders.

Because of the economic rationales behind the strategic CSR motives, corporate financial success is considered to be an important corporate motive for engaging in CSR. In an analysis carried out by Waddock and Graves it was found that increases in CSR has a positive effect on corporate financial performance (Campbell, 2007; 948). As documented by Margolis and Walsh, various analysis of the relationship between corporate social responsibility or corporate social performance and corporate financial performance show that socially responsible behavior has a positive effect on corporations’ financial performance. Margolis and Walsh (2001) however point out that these results should be treated with caution due to methodological concerns.

Derived from the discussion of strategic CSR is that corporations pro-actively engage in CSR, because they believe that socially responsible behavior benefits both society and in turn the business. The corporate motives for engaging in CSR takes an instrumental form in that they are considered to benefit the corporation strategically in e.g. a favorable position in the civil society and in the market, avoidance and management of potential risks, and to improve organizational functioning. Accordingly, the outcomes of strategic CSR comprise such long-term business benefits as; legitimacy, license-to-operate, competitive advantage, employee morale, attracting, retaining and motivating employees, consumer loyalty, trust, financial performance, corporate image, - reputation, - brand and -identity, which are marketing related outcomes belonging to the business case of CSR.
5.2. Strategic CSR and Integration

Michael E. Porter argues that if corporations use the same frameworks that guide their core business choices when they analyze their prospects for social responsibility, they will find that CSR can lead to opportunity, innovation and competitive advantage (Porter & Kramer, 2006; 80). Porter argues that corporations must be responsive to stakeholders, but that corporations should put more resources into and pay more attention to strategic CSR. Hence; “It is through strategic CSR that the company will make the most significant social impact and reap the greatest business benefits” (Porter & Kramer, 2006; 85). The key argument expressed by Porter is that corporations that select social causes in line with corporate strategies and build focused, pro-active and integrated social initiatives into its value propositions and strategies will gain a competitive advantage (Porter & Kramer, 2006; 91). As such CSR should be integrated into the generic value chain, which Porter introduced in 1985. The value chain represents all the activities a company engages in while doing business. Porter and Kramer call the elaboration of the value chain for looking Inside Out: Mapping the social impacts of the value chain and inherent in this suggestion is that CSR should be approached strategically.

![Figure 5b. The Value Chain (Porter; 1985; 2006)](image)

In terms of communicating CSR Porter and Kramer claim “the ACID test of good corporate philanthropy is whether the desired social change is so beneficial to the company that the organization would pursue the change even if no one ever knew about it” (Porter & Kramer, 2002; 67). These arguments soften the strategic motives and outcome of engaging in CSR, because it is recognized that CSR should be integrated into value propositions and strategies and thus not solely be about pretending to do good. Instead, behaving socially responsible should be so beneficial to the corporations that they would do it without promoting it, which enhances the argument of walking instead of just talking and shows true commitment to the CSR agenda through a corporate wide integration of CSR.

It is furthermore suggested that it is especially important that top management commit to an integration of CSR into core business and take stakeholders into account in decision-making and actions in order to benefit strategically from engaging in CSR (Morsing & Vallentin, 2006; 248).
Weaver et al. (1999), who distinguish between two forms of CSR, also express this argument. The integrated form implies structures, policies, strategies and planning which affect everyday decisions and actions in a corporation. The easily decoupled form implies structures and policies, which provide the appearance of conformity to external pressures (Weaver et al. 1999; 540). The main suggestion is that external pressures for social performance often result in easily decoupled processes and, that top management’s commitment to social performance is more likely to encourage pro-active and integrated social performance (Weaver et al., 1999; 547). Accordingly, CSR as an integrated form leads to a continuous process of learning, change, and development that ideally affects the entire organization, whereas an easily decoupled form is more a reflection of top management’s desire to appear legitimate to society. In regards to this the integrated form is most likely to provide strategic benefits (Morsing & Vallentin, 2006; 248+249).

The abovementioned illustrate that there are concerns of the legitimacy of corporations’ social performance and whether CSR is a strategic commitment or a symbolic play. Integrating CSR into corporate DNA, decision-making, strategies and actions are considered to improve the authenticity of corporate social performance. By approaching CSR strategically, corporations’ socially responsible behaviour is argued to become more substantial and beneficial and not just seen a short-sighted way of seeming to be socially responsible.

**Novozymes** has been found to be a good example of the strategic and integrated approach to CSR. Novozymes has for seven years in a row been announced as number one in the Dow Jones Index for sustainable technology6 (Sørensen, 2008) and they strive towards better business, cleaner environments and better lives7. Inherent in this statement is the triple bottom line principle including profit, planet and people. Sustainability is ranking high on Novozymes’ strategic agenda because sustainable development creates long-term value both for Novozymes and for society. Sustainability is therefore an integrated part of doing business, right from values, policies and internal management systems to products and business processes8 and in engagement with stakeholders9. In the strategic work with sustainability Novozymes has developed a cross-functional ‘sustainability development strategy group’, which sets the overall direction on environmental and social responsibility and puts Novozymes’ vision into practice10. In regards to integration of CSR, the manager of sustainability development, Claus Stig Pedersen, stresses that it is not enough to only look at sustainability on a corporate level. Sustainability should also be sought attained throughout the value chain. Novozymes therefore carries out a lifecycle evaluation of products and processes and secure concern for the triple bottom line (Hoffman, 2007). Claus Stig Pedersen also states that sustainability

involves the entire corporate brand and organizational identity and serves as corporate justification and, having a reputation for being socially responsible is good for business (Hoffman, 2007). The main point to be made is that a strategic approach to CSR is likely to result in a corporate-wide integration of CSR and that if attention is brought to the triple bottom line both in regards to practices and reporting corporations can obtain the greatest business benefits, as in the case of Novozymes. Go to appendix 3 for more information.

5.3. CORPORATE REPUTATION

A favorable corporate reputation is argued to be the preferred main outcome of approaching CSR strategically. Theoretical perspectives of corporate reputation come from a number of academic fields such as e.g. sociology, organization theory, management theory, communications, and economics (Fombrun et al., 2000; 243; Devine & Halpern, 2001; 43). It is argued by Whetten (1998; 30) that it is informative to consider which theoretical paradigm is invoked when studying corporate reputations. This is among other things due to the argument that a reputation is an inherently value-laden construct. Statements about reputations are reflections of a set of underlying beliefs about, what is e.g. good, right and desirable. Whetten (1998; 30) proposes a three-dimensional ‘value space’ which represent the assumptions of the ‘source of value’. Economic values refer to an enhanced reputation being an outcome of increased levels of organizational performance. As such, reputation equals ‘doing well’. Social values refer to an enhanced reputation as the result of increased legitimacy. Thus, reputation equals ‘doing good’. Thirdly, Moral values refer to an enhanced reputation being an outcome of increased adherence to ethical standards, which implies that reputation equals ‘doing right’ (Whetten, 1998; 30).

How ‘reputation’ is defined varies all according to which academic field the theorists work within. A joint suggestion is that a corporate reputation consists of a multidimensional construct that reflects the unique dimensions on which the individual stakeholders base their judgments of the corporate performance (Fombrun et al., 2000; 242). Consequently, a corporate reputation is defined as “a collective representation of a firm’s past behavior and outcomes that depicts the firm’s ability to render value results to multiple stakeholders” (Fombrun et al., 2000; 243).

The identification of economic, social and moral values indicates that an enhanced reputation can originate from both the institutional approach to CSR, the strategic approach to CSR and the moral approach to CSR. As such, a reputational outcome is not solely connected to the strategic approach to CSR as indicated in this thesis. Since the concept of CSR is argued to imply a multiple stakeholder perspective, it is in this case argued that an enhanced reputation stems from all three forms of value sources. A corporate reputation is therefore considered to affect and be affected by a broad value space in the interactions with multiple internal and external stakeholders. In regards to this, no
distinction will be made between the academic fields in which reputation has been studied. Reputation is however argued to be the key outcome of strategic CSR leading to various other business benefits. A good reputation has a strategic value for the organization that possesses it. Managers rate reputation the most important intangible resource and reputation management is considered the lead philosophy among communications departments (Cornelissen; 2004, 79). Fombrun and van Riel (2004; 86) argue that the roots of fame or the key ingredients of a star-quality reputation are visibility, transparency, distinctiveness, consistency and authenticity.

**Dimensions of a Corporate Reputation**

Reputation Institute, which is a leading international organization committed to the development of reputation measures, provides a RepTrak™ model in which 7 dimensions and 23 attributes are argued to be the key drivers of a corporate reputation.

In a 2008 Danish RepTrak™ pulse score the weight of the 7 dimensions or drivers of a corporate reputation were ranked as follows:

- Performance: 7.5%
- Products/services: 25%
- Innovation: 10.3%
- Workplace: 10.7%
- Governance: 15.8%
- Citizenship: 14.2%
- Leadership: 16.6%

**Figure 5c. RepTrak™ pulse score**
(Reputation Institute, Handouts, Taking Brand Initiative, 05.08.2008).

What is of special significance is the resemblance between the dimensions and elements of a corporate reputation and the elements of CSR. The most striking dimensions are workplace, governance and citizenship (a total of 40.7%), which refer to elements such as; reward employees fairly, focus on health and well-being, offer equal job opportunities for everybody, open and transparent work practices, ethically correct behavior, fair management of business, environmental responsibility, support of good causes and a positive influence on society (Reputation Institute, Handouts, Taking Brand Initiative, 05.08.2008). The dimensions and elements of a corporate reputation are thus related to what the concept of CSR entails as documented in this thesis. The dimensions of a corporate reputation can therefore be argued to be CSR related which implies that behaving socially responsible is an important driver of achieving a favorable reputation among the multiple stakeholders. All the more, reputation is the main outcome of strategic CSR.
CHAPTER 6. MORAL DRIVERS OF CSR - MOTIVES AND OUTCOMES

The third motive for corporations to engage in CSR is the morally grounded approach. Moral CSR implies that some corporations perceive CSR as a moral duty of the firm. In relation to this, and in addition to the four main motives presented by Paine in figure 5a, a fifth rationale is described as “the better way”. In this respect, managers feel that values and social responsibility issues evoke something worthwhile in itself (Paine, 2003; 23). These managers pay little or no attention to strategic CSR outcomes, what matters is to maximize welfare. In short, the corporate moral motive for behaving socially responsible is simply, because it is ‘the right thing to do’ (Beckmann et. al., 2006; 21). Managers who claim to have altruistic motives for engaging in CSR are expected most likely not to explicitly communicate CSR other than what is required by law if any requirements or in very implicit ways. This argument is based on the suggestion that the true ACID test of CSR is to be socially responsible without anyone ever having to know about it. This meaning, that if managers’ claims to be socially responsible for moral reasons is to be considered credible, managers are not expected to display their engagement in socially responsible causes and issues, because being socially responsible in itself is considered the main objective. Communicating CSR would be seen as an instrumental act with additional outcomes in mind such as legitimacy or reputational benefits as argued previously and as will be discussed in part IV.

6.1. MANAGERS’ PERSONAL VALUES AND QUEST FOR GOOD-WILL

The morally driven approach to CSR bears a resemblance to the normative pillar of institutions as illustrated in table 4a. Whereas the normative institutional drivers are external and reside in the corporate macro-environment, moral CSR is in this respect viewed from the perspective of managers’ personal values (which are nevertheless also affected by institutions as seen in section 4.2.4.) and is more internal to the corporation. Hemmingway and Maclagan (2004) contend that CSR is not so much about corporate values as it is a result of individual values, beliefs and actions and claim that well-intentioned and ‘ethical’ managers champion CSR, if given the permission to exercise them. The question of whether moral socially responsible action should be credited to individuals or to corporations imposes the chance of conflicting managerial values and corporate values. Managers are nevertheless more likely to accommodate their personal values to the purposes of the organization instead of furthering their own aspirations (Harrison, 1975; in: Hemmingway & Maclagan, 2004; 40).

When discussing individual values, the question of individual motives imposes. In regards to moral CSR and manager’s personal values, Hemmingway & Maclagan (2004; 36) refer to a form of psychological egoism and argue that cynics may view CSR driven by apparently altruistic or idealistic personal values as self-interested. In regards to this, it can be argued that the motivation
for engaging in CSR is always driven by some kind of self-interest (Moon, 2001). Hemingway and Maclagan (2004; 34) consent to this and argue that self-interest driven CSR can be found in both the strategically driven motives and in the morally driven motives, which appears as altruistic concerns.

**Starbucks**, one of the worlds’ largest brands, can be argued to represent the moral approach to CSR because Starbucks was one of the first corporations to integrate CSR into strategies and business operations. All the more, social responsibility was a part of Starbucks’ mission, vision and values, and Starbucks also published annual CSR reports and provided information about CSR on their webpage even before CSR became a recognized term (Werther & Chandler, 2006). In addition to this, Starbucks announce on their web-page that “we are committed to doing what’s right – from the way we source our coffee to the way we treat our partners, customers, shareholders, and business partners”\(^{11}\), which indicates that Starbucks are committed to doing business in socially responsible ways for moral reasons. On the same page Starbucks however also state “we have built our reputation on acting ethically in all our dealings. And our success is a direct result of this behavior. We are unwavering in our commitment to protecting our culture and support our core values and guiding principles”\(^{12}\). As such, it is indicated that Starbucks acknowledge ‘the business case’ for CSR, which also becomes evident in the ‘2007 Corporate Social Responsibility Annual Report’. In the report a genuine commitment to CSR is expressed through the devotion to a corporate wide integration of CSR. Moreover, Starbucks define CSR as “conducting business in ways that produce social, environmental and economic benefits for the communities in which we operate and for the company’s stakeholders, including shareholders”\(^{13}\). Starbucks’ definition of CSR draws attention to the principle of the triple bottom line, which arguably represents a strategic and instrumental approach to CSR. Therefore, it appears as if Starbucks has adopted a strategic approach to CSR. The Starbucks case illustrates the possibility of co-existing drivers of CSR. It also illustrates a genuine and integrated commitment to the CSR agenda and possibly also that ‘the business case of CSR’ is so persuasive and prevailing that even “idealistic” corporations have realized the benefits and possibilities of approaching CSR strategically (Appendix 4).

This brings forward the question of whether it is possible to do good without feeling good? And, if there is such a thing as selfless good deeds? This meaning that if a manager behaves socially responsible or manages a corporation in socially responsible ways for idealistic or altruistic reasons does she not feel the least good about herself? The manager will most likely experience some sort of satisfaction with her own behavior and/or obtain self-expressive benefits or strengthen the image of herself. The socially responsible behavior consequently works for the manager’s own self-interest, which makes it hard in general to articulate whether the manager is self-interest driven or driven by altruistic concerns. Also, since critics of the CSR movement argue that corporations are considered incapable of putting people before profits, purely moral claims of engaging in CSR,

\(^{11}\) http://www.starbucks.com/aboutus/businessethicsandcompliance.asp
\(^{12}\) http://www.starbucks.com/aboutus/businessethicsandcompliance.asp
whether corporate or individual, can seem questionable and stakeholders might therefore be more skeptical of such assertions.

In addition to the twist of dual managerial motives for engaging in CSR, it is claimed that the most obvious example of altruistic values in CSR is seen in corporate philanthropy (Hemmingway & Maclagan, 2004; 37). Moral motivation should however not just be pure philanthropy if it is to be perceived as credible since philanthropic acts risk coming across as an ad-on and are easily decoupled from business strategies. A credible and trustworthy commitment to CSR is in this case argued to be best obtained if CSR is integrated into strategies and operations, as was also asserted in chapter 3.3, and in regards to the institutionally driven engagement in CSR as well as the strategically driven socially responsible behavior.

6.2. **Moral CSR and Integration**

In an examination among more than 100 Dutch firms, Graafland and van de Ven (2006) examined whether moral or strategic motives were more likely to induce actual CSR performance or involvement. Moral CSR or intrinsic motivation means that CSR is an end in itself whereas strategic CSR or extrinsic motivation means engaging in CSR because it is instrumental in realizing another end. The result of the examination showed that moral motives induce a stronger involvement in CSR than the strategic motive. The key argument is that actual CSR performance is more correlated to the moral view on CSR than to the strategic approach to CSR (Graafland & van de Ven, 2006). This indicates that if managers are morally motivated to engage in CSR it is even more likely that socially responsible behavior will be implemented throughout the corporation, seen in relation to when corporations are driven by isomorphism or strategic outcomes.

6.3. **Corporate Credibility**

Corporate credibility is argued to be the main outcome of behaving socially responsible for entirely moral reasons. This is e.g. because managers’ moral beliefs are more likely to result in CSR becoming an integrated part of business and as Graafland and van de Ven (2006) argue, actual CSR performance is correlated to the moral view on CSR. Integrated CSR is as demonstrated previously, considered to be the most suitable approach for generating value for business and for society at large while integrated CSR is also believed to demonstrate to the public that CSR is not an ad-on or symbolic play, but an authentic and genuine commitment. As put forward by Morsing and Vallentin (2006; 246), it requires integration of CSR into business and stakeholder involvement for a corporation to convince the often sceptic audience that they are truly committed to CSR.
If corporations are perceived to be socially responsible because it is ‘the right thing’ to do, and if CSR is integrated into strategies and core business practices, it seems reasonable to argue that the stakeholders are more likely to perceive such corporations as more credible and trustworthy. In relation to this, corporate managers are expected to talk the talk when they are asked about being socially responsible, but whether they are willing to walk the talk is another question. “What matters is not motives as such, but the company’s ability – through words and actions – to come across as credible and trustworthy to its stakeholders on a long-term basis” (Morsing & Vallentin, 2006; 246).

Credibility can be defined as “the objective and subjective components of the believability of a source or message”. Credibility is composed of two primary dimensions: trustworthiness and expertise, which are argued to have both objective and subjective components. Trustworthiness is in this respect a receiver judgment based on subjective factors whereas expertise can be similarly subjectively perceived but includes relatively objective characteristics of the source or message as well as source credentials or information quality. As it was argued both in regards to legitimacy and reputation, credibility too is a social judgment or construct formed on the basis of the values, beliefs and impressions of the multiple stakeholders about corporate actions and behavior.

However, since credibility has been argued to be most likely to occur when corporate managers have moral reasons for engaging in CSR, it is probably not appropriate to characterize corporate credibility as an actual outcome. The moral argument is argued to emphasize that corporations do not behave socially responsible for their own gains. Corporate credibility is nonetheless an important outcome of CSR since it is expected to effect how stakeholders respond to corporate actions and messages. Consequently, although managers claim to have purely moral motives for engaging in CSR the benefits seem to have an instrumental value. It can therefore be argued that corporations that are perceived to engage in socially responsible practices for altruistic reasons may be granted with business benefits in terms of credibility, but also in terms of e.g. legitimacy and reputation. Such business benefits are according to Cornelissen (2004; 61) clearly of instrumental value to corporations.

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14 http://en.wikipedia.org/wiki/Credibility
15 http://en.wikipedia.org/wiki/Credibility
CHAPTER 7. A MIX OF MOTIVES AND OUTCOMES

Having discussed the corporate motives and the prospective outcomes of engaging in CSR, it must be said, that the corporate motives often involve a mixture of institutional drivers, strategic motives and moral motives (Smith, 2003; 59, Paine, 2003; 27; Morsing et al., 2007; 88). Since corporations are part of a political-, social- and economic network based on more or less intensive exchange relations, it will be hard, if not impossible for corporations to escape “the iron cage” and avoid the influence and pressure of institutional mechanisms. It is in the corporations’ own interest to recognize these forces and respond to them in order to obtain legitimacy in civil society and in the market in which they operate. Corporations nevertheless engage in multiple stakeholder relations and therefore have to perform against a wide array of requirements and expectations such as being economically, environmentally and socially responsible. By a mixture of motives for engaging in CSR corporations are better suited to satisfy all stakeholder groups and thereby also achieve multivariate outcomes such as obtain the greatest business benefits while creating value for society.

Whether driven by institutional, strategic and/or moral motives and outcomes for engaging in CSR, a shift towards the business case of CSR has been suggested. Inherent in this suggestion is that CSR should be approached strategically and integrated into strategies and business operations to generate the highest share value. At this point it should also be explicated that the author supports the strategic approach to CSR. The strategic approach to CSR represent a form of ‘green capitalism’ in which corporations by no means are expected to solve the problems of the world, nor do they have the requisite skills to do so. Corporations nevertheless have an obligation to behave socially responsible within their range of value chain impacts and issues, expertise and management skills. Consequently corporations ought to conduct business and earn profits in socially responsible ways without compromising on environmental and social concerns.

It should be noted that it is difficult if not impossible to determine which motives corporations have for engaging in CSR. In fact, it is precarious to articulate anything about corporate motives since such information is inaccessible (Morsing & Vallentin, 2006; 246). The discussion of the three motives for engaging in CSR, which are institutional drivers, strategic drivers and moral drivers nonetheless give an indication of the potential challenges imposed on corporations and the prospective outcomes for engaging in CSR. The main findings of the analysis of the three drivers, motives and outcomes are summarized in the table underneath.
Table 7a. Drivers, Motives and Outcomes

<table>
<thead>
<tr>
<th>Motive</th>
<th>Institutional Drivers of CSR</th>
<th>Strategic Drivers of CSR</th>
<th>Moral Drivers of CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Possibility of integration</td>
<td>Isomorphism</td>
<td>The business case</td>
<td>The right thing to do</td>
</tr>
<tr>
<td>Basis of Compliance</td>
<td>Low</td>
<td>High</td>
<td>Very High</td>
</tr>
<tr>
<td>Logic</td>
<td>Taken-for-grantedness</td>
<td>Expedience, win-win</td>
<td>Social obligation</td>
</tr>
<tr>
<td></td>
<td>shared understanding</td>
<td>prospects</td>
<td></td>
</tr>
<tr>
<td>Key Outcome</td>
<td>Accepted belief / behavior</td>
<td>Instrumentality</td>
<td>Appropriateness</td>
</tr>
<tr>
<td>Supplementary Outcomes</td>
<td>Legitimacy</td>
<td>Legitimacy, license-to-</td>
<td>Maximization of welfare, value for society</td>
</tr>
<tr>
<td></td>
<td>license-to-operate,</td>
<td>operate, competitive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>survival prospects, value</td>
<td>advantage, attracting,</td>
<td></td>
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<tr>
<td></td>
<td>for society</td>
<td>retaining and motivating</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>employees, employee</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>morale, trust, consumer</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>loyalty, financial</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>performance, corporate</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>image, corporate brand,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>corporate identity, value</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>for society</td>
<td></td>
</tr>
</tbody>
</table>

(Own construction)

Three main outcomes of behaving socially responsible have been identified from the discussion. These are *legitimacy* - the main outcome of conformism to institutional drivers of CSR and isomorphism, *reputation* - the main outcome of strategic CSR, and *credibility* – the main outcome of moral CSR. The three main outcomes are in this respect argued to have the instrumental value of providing corporations with other important outcomes such as a license-to-operate, survival prospects, competitive advantage, employee morale, attracting-, retaining-and motivating employees, consumer loyalty, financial performance, enhanced corporate brand, -identity and trust along with maximization of welfare. It should be emphasized that these motives and outcomes are not mutually exclusive. In the ideal situation, corporations would engage in CSR due to both institutional drivers, the potential strategic gains and for altruistic reasons. This also indicates that in the best-case scenario, the corporation would be perceived as legitimate, reputable as well as credible by its constituents in relation to its CSR engagement and activities.

Last but not least, legitimacy, reputation and credibility are argued to be mutually intertwined and reinforcing. Legitimacy is considered to be the basic building block for all further activities and outcomes since a corporation will have no license-to-operate without being considered legitimate. Consequently, if a corporation is considered legitimate it is more likely to gain an enhanced reputation and, if the corporation holds a favorable reputation for being socially responsible this might also affect to which degree the corporation is considered credible and vice versa. The reasoning is, that while legitimacy, reputation and credibility are considered to be the main outcomes of engaging in CSR, these intangible assets also hold an instrumental value, which can be beneficial for the corporation in all its future endeavors within CSR.
7.1. Genuine Action or Window-dressing?

In the discussion of the corporate motives for engaging in CSR, special emphasis was placed on the likelihood of CSR being integrated into corporate values, policies and practices within each of the three approaches. The main argument, that CSR is a matter of integrating social issues into vision, values, strategies, organizational culture and core business practices, once again became evident. Integration of CSR appears to be more likely if managers are convinced that behaving socially responsible is the ‘right thing to do’. Integrated CSR is nevertheless also most likely to occur both in the case of corporations approaching CSR strategically or being driven by institutional mechanism and isomorphism. CSR is more likely to be de-coupled in the case where corporations engage in CSR due to conformism to institutional mechanisms and isomorphism. The argument is, that no matter which motives corporations have for engaging in CSR, emphasis should be put on integrating CSR. A higher degree of legitimacy, a more favorable reputation and level of credibility is consequently found to be more successfully obtained if CSR is an integrated part of doing business.

As was documented in section 3.3. Friedman, Freeman, Carroll and Elkington also, to varying degrees, put this argument forward while stating that CSR otherwise risk being seen as a false act or cover up. Furthermore, Morsing and Vallentin assert that it requires integration of CSR into business and stakeholder involvement to convince the cynic audience that corporations are truly committed to CSR (Morsing & Vallentin, 2006; 246). As a result, if CSR is not integrated throughout the corporation, corporations social responsibility engagement risks being seen as window-dressing and not genuine action, which is likely to result in a negative response from the often skeptic stakeholders. On the other hand, if CSR is an integrated part of the way corporations are doing business it is argued that stakeholders and society at large judge the corporation as being truly committed to the CSR agenda.

Building on legitimacy theory the following section serves the purpose of discussing the ways in which managers seek to legitimate the means and ends of the organization, in this case through CSR activities and commitment. While the following discussion is based on legitimacy theory it is not merely relevant in regards to the institutional drivers of CSR but also in regards to both the strategic and the moral drivers of CSR. Therefore, no matter what the corporate motive for engaging in CSR is, the challenges of pursuing legitimacy through substantive and/or symbolic practices must be contemplated.

Gaining legitimacy is a problematic process and organizations often pursue legitimacy through both substantive and symbolic practices. Substantive management implies an approach, which involves "real, material changes in organizational goals, structures, and processes or socially institutionalized
practices” (Ashforth & Gibbs, 1990; 178). Symbolic management implies an approach, which emphasize that "rather than actually change its ways, the organization might simply portray – or symbolically manage – them so as to appear consistent with social values and expectations” (Ashforth & Gibbs, 1990; 180). Dowling and Pfeffer express a similar opinion, by arguing that organizations either change their mission or use symbols in order to identify the organization with legitimate institutions or practices, in their pursuit of legitimacy (Dowling & Pfeffer, 1975; 127). As mentioned previously, a strategic approach to legitimacy implies that organizational managers develop a variety of strategic responses to the institutional demands and expectations.

Whether organizations employ substantive or symbolic practices of legitimation, the objective is to encourage a belief among constituents that the organization’s actions and ends match the expectations, values and norms of the constituents within society. Constituents nevertheless usually prefer substantive action to symbolic assurance (Ashforth & Gibbs, 1990; 182). Suchman (1995; 588) claim that the argument of organizations insincerely managing symbolism in order to mislead naive audiences is exaggerated. Initially superficial organizational changes may gradually become more substantial as organizational members recognize the announced goals instead of the hidden agenda. Likewise, Ashforth and Gibbs (1990; 186) express that symbols in fact can become substantive, if constituents believe the message and respond accordingly. Substantive action ought to surpass symbolic assurance, which was not the case when Philip Morris spent 75 million dollars on social initiatives and then launched a campaign worth 100 million dollars to publicize the initiatives, which resulted in skepticism instead of good-will (Porter & Kramer, 2002).

Managers nevertheless engage in both symbolic and substantive practices. It is argued that legitimacy is best acquired from substantive action since the audience favors these. As such, the debate over substantive or symbolic legitimacy practices implies that CSR ought to be integrated and not decoupled from actual business or, symbolic practices should at least be supported by substantive action. As argued throughout the thesis CSR must be integrated into everything the corporation is, says and does. If not, stakeholders will question the corporate motives for engaging in CSR. If the corporate motives are judged as illegitimate stakeholders are likely to judge corporate CSR claims and messages as window-dressing and not genuine action, which may damage instead of strengthen corporate legitimacy, reputation and credibility.
PART IV. STRATEGIC CSR COMMUNICATION

CSR has in recent years become an increasing part of the corporate communications strategy and the corporate profile, which has led managers to approach CSR communication strategically (Christensen & Morsing, 2005; 70). This, together with tendencies introduced in the problem identification, has called for further investigations into the challenging task of communicating CSR. Based on the discussion of corporate motives for engaging in CSR, corporations can be argued to communicate CSR because they are driven by institutional mechanisms and want to become isomorphic with other corporations and/or because they are driven by the strategic benefits of CSR communication. In this case, CSR communication is predominantly considered to be a strategic act and the argument is that if a corporation communicates its CSR commitment and activities, it must be approaching CSR strategically with some kind of objective in mind such as e.g. to gain legitimacy and/or enhance the corporate reputation. As demonstrated previously there are many arguments to why the strategic approach to CSR is the most appropriate if both business and society at large are to benefit from the corporate CSR activities. It should also be explicated, that the author supports the strategic approach to CSR engagement and strategic CSR communication.

Part IV comprises an analysis of strategic CSR communication. Based on the discussion of whether CSR is a genuine commitment or whether CSR is window-dressing, corporations are argued to face the double-edge of CSR communication, which will be briefly introduced. Next after, the instrumental value of the corporate brand is sought uncovered followed by the development of ‘the strategic CSR model’ in which the findings of the thesis are united in a practical managerial model for managing strategic CSR communication. A process perspective on CSR communication is applied, which implies that the focus is not on defining the CSR effort or issue once and for all, but rather that CSR communication is a matter of developing satisfactory relationships with a variety of concerned and potentially influential stakeholders.

CHAPTER 8. THE DOUBLE-EDGE OF CSR COMMUNICATION

As discussed in section 7.1 corporations often pursue legitimacy through both substantive and symbolic practices. It has however been derived that stakeholders favor substantive action, which again emphasize that CSR should be integrated into corporate strategies, structure and business practices. Strategic legitimacy management rests heavily on communication between the organization and its various stakeholder audiences. Communication activities as a legitimacy enhancing practice brings forward the challenge of what Ashforth and Gibbs (1990) refer to as ‘the double-edge of legitimation’. The concept of ‘the double-edge of legitimation’ becomes evident from the fact that organizations risks protesting their legitimacy too much and organizations that
overemphasize legitimacy protests risk achieving the opposite effect than what was intended. Managers that protest their organizations’ legitimacy too much are those that have applied techniques of symbolic management in a clumsy, nervous, or overacting manner with less attention to substantive management (Ashforth & Gibbs, 1990). It is argued that the double-edge is also present in the practice of strategic CSR communication and strategic legitimacy theory has thus been found constructive in regards to CSR communication and the challenges corporations face.

8.1. **Three Levels of Proclamation**

Stakeholders have been found to be skeptical towards protests that are perceived to be self-serving and manipulative and, the audience may not interpret the communication as the organization expected (Ashforth & Gibbs, 1990; 186). Consequently, protests of legitimacy are more likely to be successful if they are indirect and subtle. Implicit forms of communication such as organizational rituals and folklore tend to be perceived as more credible than explicit forms of communication such as press releases, policy statements and annual reports (Martin; 1982). As previously mentioned, organizations that overemphasize legitimacy protests risk achieving the opposite effect than what was intended. This counter-productive risk is also referred to as, 'the self-promoter’s paradox' (Ashforth & Gibbs, 1990; 186-188). 'The more problematic the legitimacy, the greater the protestation of legitimacy', and protesting legitimacy is consequently most often practiced by organizations that attempt to extend or defend legitimacy (Ashforth & Gibbs, 1990; 185). Whereas successful organizations can afford to be modest, organizations that lack positive recognition will have to promote their desirable qualities (Ashforth & Gibbs, 1990; Suchman, 1995). Strategic responses are as such likely to vary according to whether management is attempting to extend, maintain or defend legitimacy as discussed next.

8.1.1. **Extending Legitimacy**

Attempts to extend and/or gain legitimacy occur when organizations are becoming established or when organizations engage in new business domains, activities, structures and processes (Ashforth & Gibbs, 1990; 182; Suchman, 1995; 586). Attempts to build legitimacy tend to be intense and proactive and the efforts often involve a mixture of efforts to conform to expectations of the environment, efforts to manipulate the environment and alter structures and legitimating beliefs (Suchman, 1995; 587; Dowling & Pfeffer, 1995; 127). The challenges of gaining legitimacy is to win the acceptance of organizational activities or the acceptance of the organization as a practitioner in addition to creating new supportive constituencies and to be granted with support from already existing legitimate entities (Suchman, 1995; 586). Ashforth and Gibbs (1990; 182) however argue that managers are more likely to offer symbolic assurance rather than substantive action.
8.1.2. Maintaining Legitimacy

Organizations that attempt to maintain legitimacy have already established a level of legitimacy, which is sufficient for ongoing legitimacy practices (Ashforth & Gibbs, 1990; 183). Strategies for maintaining legitimacy involve both substantive and symbolic efforts to perceive change and thereby enhance the organization's ability to recognize and predict audience reactions and emerging challenges. Management additionally attempts to assure the audience that all is well, and to protect the already accomplished legitimacy by moving from episodic to continual forms of legitimacy (Suchman, 1995; 595; Ashforth & Gibbs, 1990; 183). Ashforth and Gibbs (1990; 183) argue that when legitimacy has been awarded, it tends to be taken largely for granted by the organization and legitimacy activities often become routinized. A favorable reputation is argued to calm the constituents. Suchman (1990; 593) argues that maintaining legitimacy is a far easier task than either gaining or repairing legitimacy. The task of maintaining legitimacy should not be ignored nor condemned as completed. Even though it is virtually impossible to satisfy all stakeholder groups, one of the key challenges of maintaining legitimacy is to nurture the relationships with the audience, in order to foresee changes in demands and expectations. Moreover, especially pro-active legitimation projects attract attention, which often proves to be hostile attention (Suchman, 1995; 594) and increases the possibility of harming the already accomplished legitimacy.

8.1.3. Defending Legitimacy

 Attempts of defending and/or repairing legitimacy become relevant when the organization experiences threats and challenges towards the present degree of legitimacy. Defending legitimacy often involve intense and reactive responses because managers are caught off-guard without having foreseen changes in demands and expectations and/or a decline in cultural support (Suchman, 1995; 597; Ashforth & Gibbs, 1990; 183). Because managers are caught of guard they rarely have enough time to prepare substantive reactions. Hence, practices of defending legitimacy often involve a larger proportion of symbolic management (Ashforth & Gibbs, 1990; 183). In regards to this, past legitimation strategies and claims may already be discredited and “the successes of the past become impediments to the future” (Suchman, 1995; 597). On the other hand, if the organization continuously enjoys some level of credibility and support from the audience, many of the legitimacy-extending strategies can be applicable when repairing legitimacy.

Nevertheless, because a legitimacy crisis often involves performance issues as well as failures of meaning, the audience is likely to suspect that the organizational behaviors are hazards, tricks or facades. Managers’ attempts of repairing legitimacy are consequently often to deny, excuse, justify or explain the legitimacy problem (Suchman, 1995; 597). Once more, such symbolic responses are likely to reinforce the threat since constituents favor substantive actions (Ashforth & Gibbs, 1990;
Managers therefore face the challenge of defending their legitimacy in order to constrain the degree to which constituents judge the organization as illegitimate and withdraw their support along with the challenge of repairing the legitimacy crisis to win back the legitimacy.

*Corporate hypocrisy* can be a result of legitimacy practices. Ole Thyssen (2005; 329) refers to corporate hypocrisy as the challenge of whether corporations behave appropriate or whether they merely pretend. Sometimes corporate words, decisions, and actions are conflicting and words are not always followed by action. Thyssen (2005; 330) speaks of necessary illusions and strategic truths while explicating that the challenge is for corporate communication to motivate stakeholders instead of creating cynicism. Thus, while strongly arguing that symbolic action should always be backed up or followed by substantive action, this might not always be possible for corporations. Indicated by Thyssen is that some level of hypocrisy is unavoidable and should not always be condemned as a negative thing. Corporate hypocrisy should however be kept at a minimum because it makes corporations more vulnerable to stakeholder skepticism and criticism. Building on strategic legitimacy theory certain managerial challenges for corporations when communicating CSR have been uncovered. Informing stakeholders about CSR initiatives may be a means of ensuring legitimacy or avoiding problems, although such information may also be seen as a manipulative act. Consequently, corporations should be careful when communicating explicitly and directly to stakeholders even though a shift towards explicit communication has been suggested in the problem identification.

It can be concluded that information on CSR initiatives risks being perceived as cover-ups, which in turn reinforces stakeholder skepticism towards the corporations’ socially responsible behavior and legitimacy claim. As a consequence CSR communication turns out to have a double-edge, which entail that the communication efforts might end up having the opposite effect than what was intended. Also, while corporations are encouraged to engage in CSR, stakeholders are at the same time skeptic towards corporations proclaiming and explicitly communicating their social responsibilities. As such, there is a very fine line between positive and negative effects of CSR communication. It is indicated from the strategic legitimacy theory that the double-edge of CSR communication is best conquered via substantive action and implicit CSR communication to the various stakeholders. The possibility of stakeholders welcoming corporate CSR messages will as a result increase and enhance the legitimacy, reputation and credibility of the corporations’ CSR practices, which in turn affect corporate brand value and brand equities as will be discussed in later chapters.
CHAPTER 9. THE CORPORATE BRAND

In the previous chapters it has been derived that it is imperative that CSR is integrated throughout the corporation's strategies and business operations in order for a corporation's CSR engagement and communication to be perceived as genuine action and not just window dressing. Moreover, when corporations communicate their CSR activities to stakeholders they are challenged by the double-edge of CSR communication. It has been established that the double-edge is best conquered through substantial action opposed to symbolic assurance and through implicit forms of CSR communication, which are favored over the more explicit forms of CSR communication. The main objective of chapter 9 is to investigate how the corporate brand can be instrumental in CSR communication. The analysis consists of a clarification of the characteristics of corporate brands opposed to product brands; a discussion of different conceptualizations of the corporate brand identity, the role of vision and values and the relational nature of corporate brand identity management. Next after, brand value and equity is investigated in a CSR communication context.

9.1. PRODUCT BRANDS AND CORPORATE BRANDS

Brands are taking over the corporation (Olins, 2000) and especially the practice of corporate branding has gained increasing awareness in recent years as opposed to the more classical perception of branding, which has been dominated by a product mind-set. A corporate brand is not to be perceived as a giant-sized product brand as there seems to be agreement on the fact that a corporate brand represents the distinct combination of symbols, values and beliefs. These are relevant to the corporation as well as to the dynamic relationships with internal and external stakeholders in which the corporations engages in (Hatch & Schultz, 2003; Schultz, 2005).

<table>
<thead>
<tr>
<th>Table 9a.</th>
<th>Product Brand</th>
<th>Corporate Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope and scale</strong></td>
<td>One product or service, or a group of closely related products</td>
<td>The entire enterprise, which includes the corporation and all its stakeholders</td>
</tr>
<tr>
<td><strong>Origins of brand identity</strong></td>
<td>Advertisers’ imagination informed by market research</td>
<td>The company’s heritage, the values and beliefs that members of the enterprise hold in common</td>
</tr>
<tr>
<td><strong>Target audience</strong></td>
<td>Customers</td>
<td>Multiple stakeholders, internal and external</td>
</tr>
<tr>
<td><strong>Responsibility</strong></td>
<td>Product brand manager and staff, Advertising and Sales departments</td>
<td>CEO or executive team, typically from marketing, corporate communication, human resource, strategy, and sometimes design or development departments</td>
</tr>
<tr>
<td><strong>Communication mix</strong></td>
<td>Marketing</td>
<td>Total corporate communication</td>
</tr>
<tr>
<td><strong>Process type</strong></td>
<td>Linear</td>
<td>Cyclical</td>
</tr>
<tr>
<td><strong>Planning Horizon</strong></td>
<td>Life of product (Short-term)</td>
<td>Life of company (Long-term)</td>
</tr>
</tbody>
</table>

(With inspiration from Hatch & Schultz, 2008; Hatch & Schultz, 2003; Balmer, 2001)
Product branding is emphasized by a narrow external focus on the customer whereas corporate branding unite central ideas of who the organization is, e.g. culture, values and beliefs, which are significant to both internal as well as external stakeholders (Schultz, 2005; 24). The close relationship and exchange of values between the corporation and the stakeholders entails that all individuals play an equal part in the creation of the corporate brand (Anixter, 2003; 161). Corporate brands have a broader social responsibility due to the multiple stakeholder relationships they engage in. As a consequence there are various and diverse stakeholder needs and expectations which corporations and corporate brands have to consider and respond to.

In regards to this, the impact of corporate brands is arguably closely linked to CSR (Schultz, 2005; 28) and corporations rely on support and approval of their activities by stakeholders. Furthermore, where product branding is most often guided by specific marketing objectives such as positioning and targeting, corporate branding is inspired by broader goals such as legitimacy, trust and credibility among a wider range of stakeholders (de Chernatony, 2002; Christensen et al., 2008; 67). Therefore, although product brands can reflect social responsibility and there is talk of CSR marketing (e.g. Kotler & Lee, 2005; Keller, 2003) it is in this case more appropriate to look at the corporate brand in relation to CSR engagement and communication. The instrumental value of the corporate brand in strategic CSR communication will be researched next.

9.2. The Corporate Brand Identity

The concept of identity has throughout the years been widely discussed and various perspectives have emerged. The conceptualization of identity depends on which perspective is applied and two predominant schools can be identified: corporate identity and organizational identity (Balmer, 2001). Organizational identity addressing the question of 'who we are' is instituted in the organizational behavior theory, which’s disciplinary roots are founded in sociology and psychology. Focus is mainly on the internal relationships between employees and their organization and on how members identify with their organization (Albert & Whetten, 1985; Hatch & Schultz, 1997). Corporate identity addressing the question of 'what we are' is rooted in the marketing and communication literature and emphasis is on external, symbolic features of identity, i.e. material or visual manifestations of identity. Focus is on the organization’s distinctive attributes as parameters for differentiation towards external audiences (de Chernatony, 1999; Balmer, 1998). In this thesis both perspectives are combined. The organizational identity and the internal stakeholder relationships are seen as highly important in regards to both corporate branding and CSR communication and as a means of optimizing communication to external stakeholders. Corporate Branding is a cross-disciplinary construct and synergy between disciplines should be attained.
As with the concept of identity, the concept of corporate brand identity is referred to in multifarious ways. Even prominent theorists such as Hatch and Schultz seem to have some difficulty in finding a single term to use and ends up referring to three terms; corporate brand (2001; 2003), corporate brand identity (Schultz, 2005), and organizational identity (2008), all encompassing the same three elements, which does not exactly help seeing through the fog. Building first and foremost on theories presented by professor of brand marketing Leslie de Chernatony and by professors of organizations theory Mary Jo Hatch and Majken Schultz, the concept of corporate brand identity will be discussed subsequently.

The works of Hatch and Schultz can be argued to predominantly belong to the first school of thought mentioned earlier. Hatch and Schultz (2001; 2003) have developed ‘the corporate branding tool-kit’ (illustrated in figure 9b) in which gap analysis between strategic vision, organizational culture, and stakeholder images serve as a management tool for identifying key problem areas for corporate brands. While the foundation of Hatch and Schultz’s understanding of corporate branding is within organizations theory and organizational identity (Schultz, 2005; 49), ‘the corporate branding tool kit’ allows the inclusion of different disciplinary origins of corporate branding (Schultz, 2005; 47). The juncture between the three elements; strategic vision, organizational culture, and stakeholder images define the corporate brand identity. The basic suggestion of the tool-kit is that competitive brands with a well-regarded reputation will maintain an alignment between the various elements of the brand (Schultz, 2005; 51). Identification and minimization of misalignments between these ‘strategic stars’ is therefore key to effectively building a corporate brand.

A similar management tool ‘the identity-reputation gap model of brand management’ is introduced by Leslie de Chernatony (1999) and further elaborated by Harris and de Chernatony (2001). Whereas Hatch and Schultz’s works are argued to belong to the first school of thought, de Chernatony’s works can be argued to predominantly belong to the second school. de Chernatony’s definition of brand identity includes internal elements in addition to vision and culture such as positioning, personality, stakeholder relationships and presentation of the brand’s identity. The model (illustrated in figure 9c) appears to be slightly more focused on external elements and on how external stakeholders perceive the communication of the brand identity. This is e.g. illustrated by the added element of reputation. Harris and de Chernatony (2001; 445) argue that if the internal brand resources are managed successfully, it should result in a favorable brand reputation. Thus, de Chernatony adds an additional element ‘reputation’ which is external to the brand identity but affects and is affected by the brand identity. ‘Reputation’ function as a measure of the success of brand identity management and the basic suggestion is that managing alignment between brand identity and reputation increases brand performance.
The central concern for both ‘the corporate brand tool-kit’ and ‘the identity-reputation gap model of brand management’ is managing gaps between the various elements, which a corporate brand identity is made up of. A third contribution in this line is the ACI2D test introduced by Balmer (1999; 2001b), in which attention is brought to the interfaces between five types of identities; actual, communicated, conceived, ideal, and desired. In the multidisciplinary framework Balmer distinguishes between five identities, which he argues can co-exist within a corporation and that meaningful incongruence can cause problems for the corporation with its many stakeholders (Balmer & Greyser, 2002). Interface and gap analysis appear to have gained increased interest as vehicles for managing the corporate brand. Alignment will be given further attention in chapter 10.

**Grundfos**, one of the leading producers of pumps, is known and recognized for its commitment to social responsibility. CSR is an integrated part of Grundfos’ culture and business foundation and has been right from the very beginning due to the founder Poul Due Jensen’s personal values16. Niels Due Jensen, son of the founder, former CEO and now Group Chairman of Grundfos has for several years been a very public figure in regards to CSR both in general and in the case of Grundfos’ commitment to CSR. Niels Due Jensen does not hesitate to publically express his opinions along with personal as well as corporate values which is why his name frequently appears in the Danish business press. He has during the years become closely linked to the corporate brand, but it has not always resulted in positive media coverage. And, there are many socially

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responsibility promises inherent in the corporate brand, which Grundfos has not always been able to live up to. Such an example became public in 2005 when Grundfos among others were accused of bribery in connection to the UN Oil for Food Program17. Consequently, while Grundfos’ socially responsible commitment is frequently covered in the media and communicated via e.g. the web page, in corporate sustainability reports and the corporate branding program and more importantly by Niels Due Jensen there was not alignment between what was communicated and what actually took place. Moreover, Grundfos received much more negative attention than the other corporations involved, and the Oil for Food-scandal somehow became known as the Grundfos-scandal (Lund, 2006; Evert, 2005). The reasoning for why Grundfos received much more criticism than other corporations involved in the Oil for Food-scandal can in the author’s opinion be partially credited to the dominating Niels Due Jensen. Because Niels Due Jensen has announced himself to be a moralist it caused damages to his personal image (Lund, 2006) and most likely also to the corporate brand reputation when caught in a corruption scandal. Grundfos furthermore handled the case in an unintelligent manner which made it seem like Grundfos were more interested in nurturing the image instead of confessing and taking responsibility for their actions. The Grundfos case illustrates the importance of alignment between communicated and actual CSR. Also, it is once again stressed that when it comes to CSR communication, implicit communication backed up by substantial action and genuine commitment is favored over symbolism and explicit forms of communication. See appendix 5.

9.2.1. Vision and Values

Schultz (2005; 50) notes that too much emphasis on consistency and alignment between the brand elements will restrict the innovative and dynamic adaption of the brand by stakeholders and their involvement in the development of the brand. In regards to this, Jones (2005) argues that it is too much emphasis on core values and culture that has made corporations too focused on identity and thus reduced responsiveness. Responsiveness could perhaps be achieved by de Chernatony's suggestion (1999; 165) that managers need to agree on a few core values that should be timeless and on less central values that need to adapt to changing situations. In regards to using values as a basis for corporate branding, Jones (2005; 11) argues that it requires broad and general values in order to reach each stakeholder group. Consequently the values tend to look like other corporations’ values and sight of the strategic direction for the firm is lost. While acknowledging that corporate branding is a powerful tool for aligning corporate resources Jones however suggests that ‘corporate brand vision’ should be paid more attention because it can align the corporate brand whilst maintaining flexibility.

17The Oil for Food-scandal has been referred to as the largest corruption scandal in the world and 139 oil-companies and 2,253 other international corporations participated in the bribery affair, which took place in 1996-2003 (Halskov, 2008).
The main suggestion is that vision should be viewed as a two-layered concept that functions as a guiding beacon and as a sense-making tool (Jones, 2005; 14). According to Jones (2005) the corporate brand vision is a powerful tool for meeting the requirements of corporate branding such as coordinating structures, processes, and activities and developing a brand platform or promise that reaches across multiple stakeholders. In order for the vision not be come across as just an empty promise, Jones (2005; 21) suggests a model consisting of three elements; vision, communication and action. The main rationale is to overcome the challenge for corporations to turn vision into action and into brand value for both the corporation and the stakeholders.

The corporate brand vision as a guiding beacon and sense-making tool can thus secure alignment between corporate resources whilst maintaining flexibility, and reach across multiple stakeholders at the same time. By translating the vision into action by communicating the vision to internal and external stakeholders, the challenge of corporate branding can be met and value for both the corporation and stakeholders can be achieved. The challenge of CSR communication might also be met if socially responsible behavior is inherent first and foremost in the corporate brand vision but also in values. In regards to CSR communication, the entire corporate brand identity is argued to function as a guiding beacon and sense-making tool for aligning action and communication. As such, socially responsible behavior is argued to infuse the entire corporate brand identity, action and communication and thus increase trustworthiness of CSR engagement and communication.

**Novo Nordisk** the Danish pharmaceutical company and world leader in diabetes care is a textbook example of a corporate brand infused with CSR. According to Lise Kingo, the executive vice president and chief of staffs at Novo Nordisk, CSR is not only about idealism, but also about competitive advantage. One way of gaining a competitive advantage is by using CSR as a way of branding the corporation (Djursø & Drejer, 2006; 230). CSR has for decades been an integrated part of how Novo Nordisk is doing business and ethical values are translated into action by using the triple bottom line principle. Sustainability is furthermore credited as the main driver for the business success of Novo Nordisk. Novo Nordisk is the most conspicuous communicator about CSR and Novo Nordisk’s sustainability reports have demonstrated convincing results on the triple bottom line performances (Morsing et al., 2003; 9). Consequently, Novo Nordisk is in addition to being socially responsible in practice also very skilled in communicating their CSR.

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activities and commitment. Lise Kingo states that in the future, Novo Nordisk will aim at communicating what is at the heart of the corporation and what the corporation stands for more intensely to the stakeholders and combine it with branding (Djursø, 2006; 285). A good example of branding is when socially responsible behavior is united with corporate expertise. To name a few, such cases include Novo Nordisk supporting India in their fight against diabetes by offering free treatment and education (Justesen, 2008). Another case is Novo Nordisk donating free insulin to the victims of hurricane Katrina in and around New Orleans worth three billion dollars. Such types of socially responsible activities come across as highly trustworthy since these areas are part of Novo Nordisk core business practices and purpose. While Novo Nordisk has achieved great results and recognition for their efforts within CSR communication, CSR is also, and has been for years, an integrated part of business strategies and practices and of the corporate brand. The argument proposed by the author is that it is primarily because CSR is part of the corporate brand identity, that Novo Nordisk has won recognition for both substantive and symbolic CSR. Integrated CSR as part of the corporate brand can be instrumental in demonstrating a genuine and corporate-wide commitment to the CSR agenda and is thus strategically valuable. See Appendix 5 for more information.

9.2.2. A Relationship-based Perspective on Corporate Branding

The relational nature of corporate branding becomes evident from the involvement of multiple stakeholders and the recognition of interfaces between different dimensions of the corporate brand identity. Both the works of de Chernatony (1999; 2001) and more significantly the works of Hatch and Schultz (2001; 2003) build on the relational view and examine the interrelated processes of corporate branding. It is from the web of interactions with stakeholders that the corporate brand identity emerges.

A relationship-based perspective on corporate branding is characterizing for Hatch and Schultz’s work with corporate branding, which they describe as, “the process of creating nurturing, and sustaining a mutually rewarding relationship between a company, its employees, and external stakeholders” (Schultz, 2005; 48). In this way corporate branding becomes an ongoing cyclical process. The challenge for managers is thus not once and for all to define a corporate brand with one set of brand values and one brand personality. Instead it is to view the corporate brand as an ongoing project of creation whereby the corporate brand is created in interaction with the stakeholders (Schultz & Antorini, 2005; 70). As such, corporate branding becomes a cyclical relationship-based process, which opens up to the environment and moves corporate branding out of its often inward-looking focus. de Chernatony (1999; 160) also pays attention to the relationships between multiple stakeholders in corporate branding and stresses the importance of consistency in communication efforts and a uniform delivery across all stakeholders. In regards to communication Hatch and Schultz (2003; 1043) argue that knowledge of communication processes is a means of
expanding and improving brand relationships and thereby increase companies awareness of their interactivity with stakeholders and stakeholders central role in corporate brand building.

The corporate branding discipline and the practice of managing the corporate brand identity fits well with CSR, which also concerns meeting the expectations and demands of stakeholders and thus nurturing the relationship with these. The fact that the corporate brand identity is co-created by internal and external stakeholders arguably strengthens the corporations’ ability to satisfy multiple stakeholders since their values are inherent in the corporate brand. And, integrating CSR into the corporate brand identity enables corporations to communicate implicitly to multiple stakeholders at the same time. CSR as part of the corporate brand thus substantiates corporate CSR communication, which is otherwise a symbolic practice. Consequently, the likelihood of conquering the double-edge of CSR communication is larger.

Based on the discussion above it becomes clear that a corporate brand is not just the outward manifestation of the corporation. The corporate brand is complex and consists of multiple elements both internal and external to the corporation. Alignment of these elements is central to corporate branding and corporate brand identity management. It is vital that the communication is based on substance and not on wishful thinking or dishonest information. If not, the communication becomes inconsistent and affects the multiple stakeholders’ images of the corporate brand negatively. Clarity of vision, values and leadership, along with applying a relationship-based perspective on corporate branding is essential. CSR engagement and communication becomes central in building mutually rewarding relationships with stakeholders to achieve a strong corporate brand and reputation.

9.3. BRAND VALUE IN A CSR COMMUNICATION CONTEXT
The wide range of both internal and external stakeholders that corporations engage in relationships with has been put forward both in regards to CSR and the corporate brand. It is therefore not adequate to speak of a product brand value chain and customer based brand equity. Instead attention should be placed on the corporate brand value chain and stakeholder brand equities. These are illustrated in figure 9c. In reference to the argument proposed by Vargo and Lusch (2004) that marketing is principally concerned with co-creation of value and relationships, Jones (2005) adds a stakeholder perspective on brand value. In line with Jones, chapter 9.3 involves the question of how brand value is co-created. Brand value creation is in this case discussed in a CSR communication context.
Since the publication of Freeman’s classic book ‘strategic management: a stakeholder approach’ from 1984, numerous book and articles on the stakeholder concept have emerged (Donaldson & Preston, 1995). The stakeholder concept has since then become accepted as a consequence of e.g. increased competition, international business environments and greater societal claims (Cornelissen, 2004; 57). Additionally and as mentioned previously the range of internal as well as external stakeholders for which corporations are accountable has increased and there is talk of a stakeholder demand inflation. By demand inflation attention is brought to the limitless demands and requirements that are forced on corporations (Thyssen, 2005; 56). The logic is that in order to meet the demands and expectations of stakeholders, corporations must engage in and manage close relationships with their many stakeholders.

In regards to the above, Jones (2005; 12) suggests that there is a need to adopt more holistic ways of approaching brand equity and ways that incorporate an understanding of the stakeholder relationships the corporation engages in and how value for the brand is created. The stakeholder brand value model illustrated in figure 9f offers a continual process of firstly identifying primary and secondary stakeholders, identifying the value of the relationships and lastly identifying the nature of

Figure 9e. The Brand Value Chain (Freely Adapted from Keller, 2003; Franzen, 1999; Jones, 2005c)

Figure 9f. The Stakeholder Brand Value Model (Jones, 2005)
the exchange. It is the total communication, encompassing primary, secondary and tertiary communication forms, about the brand that provides the foundation of goodwill, trust, and reputation, which are important sources of brand value (Jones, 2005; 27). The exchange processes in which value is created between the brand and the stakeholders are particularly interesting to investigate in terms of CSR communication.

9.3.1. The Inside-out Approach to CSR Communication

If CSR is integrated into the corporate brand identity, the argument is that the corporate brand can be instrumental in aligning internal resources and thus instrumental in aligning action and communication, which is essential in overcoming the double-edge. A corporate wide integration of and commitment to CSR becomes even more essential in the light of ‘the inside-out approach to CSR communication’ suggested by Morsing et al. (2008). Based on empirical studies, Morsing et al. (2008) argue that communication of CSR to internal and external stakeholders is reliant on ‘the inside-out-approach’ illustrated below. Inherent in this approach is that managers should base their CSR communication on ensuring employee support before the communication is directed at external stakeholders. Morsing et al. (2008; 103) conclude that employee involvement is fundamental to ensure commitment and organizational support for the corporate CSR engagement.

Employees experience commitment and personal identification with the organizational CSR agenda – hereby supporting the CSR activities

Local community and people directly affected by the company

Safe and appealing work environment for employees

Integration end enlargement of the corporate agenda – based on involvement and commitment of employees

National social and environmental issues

International issues related to the company

Figure 9g. CSR Management: ‘The Inside-out Approach’ (Morsing et al, 2008)

Employees are found to be the key stakeholders because corporations are dependant on them as resources and because of their strategic significance for trustworthy CSR communication. Dawkins (2004; 116) consents to this and claims that employees are considered a particular credible source of information and their words carry far more weight than glossy brochures. Consequently, communication to the internal stakeholders becomes an important managerial task since employees are powerful advocates of a company’s CSR activities.
In corporate branding the primary audience is also often the employees and corporations furthermore use managers and employees to speak positively about the corporation (Christensen et al., 2008; 72). Employees are in addition expected to translate promises, visions and aesthetics into day-to-day activities (Christensen et al., 2008; 68). Employees are also given an essential role in the works of Hatch and Schultz and of de Chernatony. According to de Chernatony (2002; 1999; 2001) employees need to be genuinely committed to delivering the brand promise if the corporate brand is to be successfully implemented and the employees play an active role in brand building.

Likewise, Hatch and Schultz (2001; 2003) stresses that corporate branding requires an organization wide support. Moreover, while corporate branding is a top-managerial task the employees nevertheless play a particular important role in creating corporate brand value. As such, employee commitment, organizational support and CSR being part of the organizational culture are considered as prerequisites for trustworthy communication of CSR activities. The inside-out-approach’ appears to be a very powerful strategy for overcoming the double-edge of CSR communication and for creating brand value within the exchange process between corporations and stakeholders.

9.3.2. Stakeholder Involvement and Dialogue

Stakeholder involvement and dialogue has been found essential in regards to the development of the corporate brand, in regards to CSR communication and in regards to brand value creation as will be investigated next. Jones (2005; 22) stresses that the exchange between the corporations and the stakeholders is always two-way. As such, managers must be aware of the products, information and communication from the firm to the stakeholders as well as the exchange back to the firm as will be further explored subsequently.

Grunig (1990; 21) has proposed four approaches to public relations; the ‘press agentry model’, the ‘public information model’, the ‘two-way asymmetrical model’ and the ‘two-way symmetrical model’. The two-way symmetrical approach to public relations is particularly interesting. It implies that communication between corporations and stakeholders becomes more ethical, and is thus be more effective in terms of meeting the corporate objectives (Grunig, 1990; 20) and develop CSR reputations (Grunig, 2000; 43). The ‘two-way symmetrical model’ involves true dialog between the corporation and the public to achieve mutual understanding and agreement, which therefore moves public relations away from being manipulative to becoming an act of balancing the multiple attitudes and interests of both the corporation and the stakeholders. Grunig’s work with public relations theory is argued to provide a more complex understanding of corporate communication, which is useful for understanding stakeholder relations (Crane & Livesey; 2003; 43). Two-way
symmetrical communication practices are moreover argued to become increasingly widespread as stakeholders become more critical and active in terms of CSR (Christensen & Jones, 1996; 158).

Similar to Grunig’s suggestions, and due to the development from classic monologue towards mutual and dialogue-based stakeholder relationships, Morsing and Schultz (2006a; 2006b) have unfolded three types of stakeholder relations in terms of how corporations strategically engage in CSR communication. The three CSR communication strategies proposed are; the stakeholder information strategy; the stakeholder response strategy and; the stakeholder involvement strategy (Morsing & Schultz, 2006a; 141, 2006b; 326). Morsing and Schultz argue that both one-way and two-way communication are important but that there is an increasing need to develop two-way communication processes when it comes to CSR messages. Thus, “while one-way information of CSR initiatives is necessary, it is not enough for a corporation to build and maintain legitimacy” (Morsing & Schultz, 2006a; 140). Furthermore, in an investigation of stakeholder approaches and CSR, Kakabadse et al. (2005; 295) suggest that emphasis should be placed on constructive and open dialogue with various stakeholders who themselves interact. Corporate leaders should manage the dialogue with the aim of securing short-term performance and long-term organizational wealth. A key element of stakeholder management is therefore dialogue between the corporation and stakeholders in order to create shared value.

Each stakeholder group evidently holds different expectations, concerns, and objectives to the corporations and the brand (Jones, 2005; 22; Crane & Livesey, 2003; 40), which implies that they also seek different types of information about the corporation. The alignment of corporate CSR communication with stakeholders’ concerns is essential if corporations are to overcome the communication barriers and cash in on the reputational benefits of CSR (Dawkins, 2004; 109-111). As such, it is important for CSR communication to be effective, that messages are tailored to the different stakeholder interests, their information needs, and the type of exchange expected and preferred by each stakeholder group. It is however important that corporations at the same time projects a unified, clear and single corporate (brand) identity to all stakeholder groups or else the corporation risks sending out conflicting messages which threatens the stakeholders perception of the corporation’s integrity (Cornelissen, 2004; 68). The focus is on looking at how value is created for the stakeholders, which in turn is translated into value for the firm (Jones, 2005; 23). As such, the strategic potential of the relationships for the firm and the value potential for the stakeholders are considered. In sum, value for the corporation and the stakeholders is co-created in the exchange between the corporation or corporate brand and the stakeholders as a result of the relational interaction, stakeholder involvement, and dialogue.
9.3.3. The Expert and Endorsed CSR Communication Processes

In extension to the ‘inside-out-approach’ Morsing et al. (2008; 105) has proposed a model in which two interdependent processes of CSR communication are included. The ‘inside-out approach’ and ‘the expert and endorsed’ CSR communication processes are proposed as a method of overcoming the apparent ‘Catch 22’ of communicating CSR, namely that although corporations are encouraged to engage in CSR, they are simultaneously discouraged to communicate CSR. The ‘Catch 22’ of CSR engagement and communication also becomes apparent in the now famous quotation of Anita Roddick, founder of The Body Shop, who referred to CSR as a kind of; “damned if we do, damned if we don’t” (Annual Report, 1996; 3). The two processes: ‘the expert communication process’ and ‘the endorsed communication process’ are outlined below.

![Diagram of Expert and Endorsed Communication Processes](image)

Figure 9h. Expert and Endorsed Communication Processes (Morsing et al., 2008; 106).

The two CSR communication processes are especially useful because of the broad stakeholder audience and because of the general skepticism towards CSR statements. In line with the empirical findings on which the model is based, it is put forward that CSR is a primary driver of achieving a favorable reputation but that it is not effective to communicate directly to the public or to consumers in order to achieve a favorable CSR reputation (Morsing et al., 2008; 105) as was also found in chapter 8. The premise of the model is that managers target the direct CSR communication towards groups of expert readers who then convey the message in hopefully positive ways to the larger groups of stakeholders in society. In this way communication to the general public and the customers takes an indirect form because corporate CSR communication is communicated through ‘the elite’, which arguably results in more positive stakeholder responses.

The expert CSR communication processes include substantial and informative styles with facts and figures, which almost take a scientific discourse. The preferred channels of communication are i.e. web pages, reports, magazines and personal communication to expert groups of stakeholders. It is
therefore not easily understood by those who are not already knowledgeable about CSR issues and who do not have a basic interest in understanding corporate CSR activities (Morsing et al., 2008; 106). Endorsed CSR communication activities are according to Morsing et al. (2008; 107) essential to avoid appearing as a self-complacent and self-serving corporation among the stakeholders. Communicating via third parties is argued to make the CSR communication implicit in an explicit way and is thus available in an inconspicuous way to the readers.

The endorsed communication processes can be characterized as third party or tertiary communication, which implies that communication becomes less controllable than if the communication had originated directly form the corporation. Thus, as the model illustrates corporations rely on a number of both primary and secondary stakeholders to convey CSR messages to the general public and the customers. As emphasized in ‘the inside-out-approach’ the employees or organizational members are once again identified as key stakeholders in terms of CSR activities and CSR messages and this underlines the importance of internal commitment and integration of CSR. Expert groups such as e.g. journalists and NGOs are also important target audiences with adequate power to convey a positive image of the corporations’ CSR activities.

In regards to endorsement through expert stakeholder groups it is argued that communicating CSR via external stakeholders is “one of the current most powerful communication strategies available to improve member identification” (Morsing, 2006; 171). Inherent in this argument is that some of the most passionate and dedicated readers of corporate CSR messages are organizational members. CSR communication is as such viewed as a process of strategic auto-communication because CSR communication via external stakeholder endorsement often serves internal purposes such as reinforcing the corporate (brand) identity and building member identification (Morsing, 2006).

Numerous examples of auto-communication are seen in mission statements, corporate visions, and values etc. in which senders are somewhat seduced by their own messages (Christensen et al., 2008; 72). Member identification is considered instrumental in the way that both primary/secondary and internal/external stakeholders who identify with a corporation, are more likely to contribute in a positive and active way and thus provide strategic potentials such as loyalty and support for the corporation (Morsing, 2006; 171). The CSR communication model indicates that engaging in and managing relationships with these expert groups of internal and external stakeholders is necessary. It is also instrumental in ensuring that they communicate positive and relevant information about the corporations’ CSR engagement and activities to the rest of the stakeholders in an inconspicuous and attractive way and thereby enhance the corporate brand and reputation. The outcomes of brand value creation and strategic CSR communication are further explicated next.
9.4. **BRAND EQUITY IN A CSR COMMUNICATION CONTEXT**

Whereas brand value refers to the process in which value is created, brand equity is a concept used to measure brand value (Jones, 2005; 11). The concept of brand equity has mostly been used in relation to customers (Jones, 2005; 14; Brodie et al., 2002; 7) as seen in the works of e.g. Keller (2003; 60) who defines customer based brand equity as *‘the differential effect that brand knowledge has on consumer response to the marketing of that brand’.* According to Keller (2003; 67) brand equity occurs when consumers have a high level of awareness and familiarity with the brand and when consumers hold some strong, favorable and unique brand associations in memory. Based on existing literature on brand equity Franzen (1999; 100) argues that brand equity can be divided into three components; mental brand response, which equals mental brand equity and implies the impact of the brand on consumers’ consciousness; and brand behavioral response, which equals behavioral brand equity, that is consumers' behavioral response to the brand. And finally, market response which equals financial/ economic brand equity and implies the financial impact of the brand in terms of e.g. return on investment and profit. Strong brands have high equity and weak brands have low equity (Franzen, 1999; 99). High brand equity is thus valuable to corporations.

Keller (2003; 566) and Keller and Hoeffler (2002) argue that CSR communication, limited to corporate societal marketing, offers many potential benefits to corporations such as; build brand awareness, enhance brand image, establish brand credibility, evoke brand feelings, create a sense of brand community and elicit brand engagement which are all contributory in building brand equity.

Benoit-Moreau and Parguel (2007) build their empirical investigation of *‘the relationship between societal communication and brand equity’* on Keller’s framework of brand equity. While acknowledging that corporations engage with multiple stakeholders, they argue that consumers are under focus because they have become a more critical and powerful pressure group (Benoit-Moreau & Parguel, 2007; 3). The results of the investigation show that societal communication on various CSR dimensions has a positive impact on the strength and favorability of corporate and commercial brand associations, and therefore on brand equity. Brand equity was furthermore proven to be higher in cases where there is a high level of congruence between the brand and the CSR activities (Benoit-Moreau & Parguel, 2007; 12). In regards to the role of the corporate brand in the communication of CSR, Benoit-Moreau and Parguel (2007; 12+14) also suggest that it can be valuable for brand managers to integrate new favorable ethical associations to a brand since it is argued to enrich brand imagery and differentiate the brand until more brands get involved.

Whilst the abovementioned includes corporate brands, brand equity is limited to a customer focus, which seems inadequate in this case. As argued previously and as put forward by e.g. Jones (2004; 2005) and Brodie et al. (2002), corporations have to build and maintain positive relationships with
the widening stakeholder range in order for brand value to be created for all parties involved. As such there is a need for a broader definition of brand equity that include numerous types of equities. Jones (2005; 17), in his daisy-wheel of stakeholder brand equities, suggests that it is possible to identify a specific measure of brand equity for each stakeholder group, such as e.g. employee brand equity and brand equity in regards to public opinion and the government. This is also referred to as social capital. Jones (2005; 18) argues that the multiple stakeholder brand equities exist interdependent but are also connected in terms of brand equity through the corporate brand. And, if one is to know anything about overall brand equity, an assessment of the relationships must be made in terms of stakeholder equities. Jones (29005; 11) furthermore suggest that with the increased attention to corporate brands, brand equity is closely aligned with the overall performance of the corporation, which implies that measures of brand equity must encompass considerations and measures of corporate reputation. Correspondingly, Tim Ambler (2003; 50) introduces the concept of total brand equity by which he refers to "the sum of the equities in each stakeholder segment". Ambler (2003; 41) speaks of brand equity in terms of any market-based asset including reputation and goodwill, but argues that brand equity is the most frequently used term to describe market-based assets.

Brodie et al. (2002; 8) distinguish between four perspectives on brand equity; consumer-based, financially-based, relationally-based and network-based. They argue that there has been a shift towards relational brand equity in which the focus has shifted from product brands to the interactions and relationships between customers and the corporations that provides the products and services (Brodie et al., 2002; 8). Thus, in the relational brand equity context, the corporation is the primary determinant of brand equity. It is also suggested that brand equity not only comes from customers and consumers, but from a range of stakeholder relationships and networks (Brodie et al., 2002; 11). These types of brand equity imply that brands symbolically represent trust and commitment in the relationships and that the corporate reputation and identity play an important role (Brodie et al., 2002; 11). As found previously corporations engage in a broad network of stakeholder relationships both in the case of corporate brands and CSR which implies that relational and network based equities including various stakeholders into equity measures are relevant aspects to take into consideration. It is therefore argued that adopting a stakeholder approach to brand equity is preferred in order to gain a better understanding of the brand's performance against a broad range of stakeholder equities.

Worth mentioning is also the **balanced scorecard**, which provide a comprehensible picture of the corporate performance (Kaplan & Norton, 2007). In short, the balanced scorecard is a strategic management tool, which enables a corporation to align management processes and focus the entire...
organization on implementing long-term strategy. Also, the balanced scorecard is a tool for achieving consistency of vision and action. The balanced scorecard recognizes both intangible and tangible assets and thereby comprises traditional financial measurements and those of customers, internal business processes and, learning and growth (Kaplan & Norton, 2007). While the balanced scorecard is a strategic management tool for translating vision into action and aligning management processes it is considered very instrumental in terms of measuring the performance of corporations in regards to a corporate-wide integration of CSR into the corporate brand including vision, values, strategies and culture and, equally important into the value chain and basic business operations.

**CHAPTER 10. ALIGNING ACTION–COMMUNICATION VIA THE CORPORATE BRAND IDENTITY**

In the preceding chapters it has been established that CSR is about integration not de-coupling; genuine action not window-dressing; substantive action, which preferably prevail over symbolic communication and that implicit forms of CSR communication in the form of inside-out, stakeholder involvement, and dialogue and, expert and endorsed communication processes, are favored over explicit forms of CSR communication. These contrasts each represent tensions of how corporate CSR activities and communication are perceived by stakeholders. The argument is that if a corporation’s CSR activities are predominantly characterized by integration, genuine and substantive action and, implicit CSR communication, the stakeholders will judge these activities as trustworthy and positive. And, this in turn benefits the corporation.

This argument also holds a very important assertion; namely that corporations have to walk before they talk. A notion, which the title of this master thesis, *Walk & Talk*, also refers to. In line with this and in regards to the challenging task of communicating CSR, it should be made clear, that the primary issue should be communicating the truth and not to over-promise and under-deliver. When a corporation or a brand truly performs CSR and CSR has been embedded within the corporation, it is time to communicate CSR in order to gain a license-to-operate and cash in on the reputational benefits and brand equities. The issue of walking before talking has been found to be one of the most important issues concerning corporations’ engagement in CSR. The basic suggestion is that alignment between action and communication is an essential requirement in regards to CSR. The corporate brand identity plays an instrumental role in the managerial task of aligning action and communication. This will be further accounted for and explicated in the following pages.
10.1. THE STRATEGIC CSR COMMUNICATION MODEL

Based on the key findings derived from the analysis and summarized above ‘the strategic CSR communication model’ has been developed by the author. It is suggested that the challenges of communicating CSR can be overcome by managing in accordance with the model. Consequently, the model is argued to be a powerful managerial tool for overcoming the double-edge of CSR communication. The model consists of six parts, which are starting from the top: 1) the corporate brand identity, 2) the value chain and 3) the sum of all corporate communication, which is closely linked to 4) stakeholder relationships. Moving on up again are the parts of 5) corporate reputation and brand equity and finally 6) identification of misalignments which brings us back to 1) the corporate brand identity again and so the cyclical relationship-based process inherent in ‘the strategic CSR communication model’ continues. The purpose and function of the parts comprised in the model will be presented subsequently.

![Diagram of the Strategic CSR Communication Model]

**10.1.1. The Corporate Brand Identity**

The corporate brand is increasingly being used to cast a favorable halo over everything the corporation does and says and thereby positively affect the corporate brand reputation (van Riel & Fombrun, 2007; 4). Referring to chapter 9.2 and the suggestion proposed by Jones (2005) in regards to the corporate brand vision, the entire corporate brand identity is in this case regarded as a guiding beacon or sense-making tool for corporate behavior and communication. The corporate brand identity comprises corporate vision, values, strategies, and organizational culture. The vision is situated on the top and functions as the primary guiding beacon. The vision affects values and
together they affect the organizational culture and strategies and vise versa, reinforcing alignment between the four elements of the corporate brand identity. The corporate brand identity is not isolated from the external environment and it is co-created by managers and internal and external stakeholders. This is illustrated by the cyclical nature of the ‘strategic CSR communication model’ and the importance of stakeholder involvement and dialogue.

Values and in this case also the vision have different functions in regards to internal and external stakeholders. Internally the purpose of vision and values is e.g. to communicate to employees what acceptable behavior is and externally the intention is to present the organization to society (Thyssen, 2005; 327). As such, corporations can communicate the principles they want to be known for. This form of communication however contributes to the formation of expectations of corporate behavior (Mac, 2005) and it becomes even more vital that corporations live up to their own promises to stakeholders and society. The corporate brand identity is considered a powerful management tool for firstly aligning internal resources and integrating CSR into core business processes, and as powerful communication tool for involving and communicating directly to many stakeholders at the same time.

In ‘the strategic CSR communication model’ the corporate brand identity, including all elements encompassed, is situated at the top overshadowing corporate action and communication. The corporate brand identity thus functions as a steering device and CSR, which is inherent in the corporate brand identity, works its way from the top to the bottom infusing everything the corporation is, does and says. As such, an ethicalization of the entire corporation is carried out from the inside and out and social responsibility is a topic considered in every decision made, from the top to the bottom. In the end this enhances the trustworthiness of the corporation’s socially responsible behavior and communication, which increases the effectiveness of CSR communication.

10.1.2. The Value Chain
The value chain takes center stage in ‘the strategic CSR communication model’. The value chain involves primary as well as support activities and comprises core business practices and actions. It has been stressed throughout the previous chapters, that CSR should be integrated into vision, values, strategies, and into core business processes. In regards to this, reference to Porter and
Kramer’s value chain including CSR elements is made, which was also mentioned in chapter 5.2. Porter and Kramer (2006) advocate that business and society are interrelated and interdependent and that CSR should be anchored in strategies and activities. By integrating CSR into the core business framework, shared value for business and society can be achieved. As a result, the CSR activities become company specific encompassing value chain social impacts instead of generic social issues, which in the end enhances trustworthiness of the CSR commitment and increases the shared value. An affirmative CSR agenda consequently "moves from mitigating harm to finding ways to reinforce corporate strategy by advancing social conditions" (Porter & Kramer, 2006; 85).

In ‘the strategic CSR communication model’ the value chain is affected by the corporate brand identity, which encourage socially responsible behavior. Consequently, the primary and the support activities in the value chain should all be conducted in a socially responsible manner. To name a few examples this could include sustainability reporting and transparency in regards to firm infrastructure or supply chain management in terms of procurement (e.g. bribery, child labor, pricing to farmers etc.). Another hot topic these days is greenhouse gas and CO₂ emissions and energy and water usage in regards to operations, and many other social impacts of the value chain.

The value chain becomes a responsibility chain in which all activities are conducted in socially responsible ways in line with the corporate brand identity. Additionally, CSR activities that correspond to corporate resources, expertise and management skills are argued to have a greater impact on the social good, which in turn positively affect the business benefits. Since action is also a form of communication, the otherwise symbolic act of communication is substantiated through action. Moreover, if CSR is communicated via the corporate brand and via action, the communication becomes more implicit, which is favored by stakeholders and, which will hopefully be perceived as more authentic and not just window-dressing. Last but not least, actions speak for themselves and often louder than words!

10.1.3. The Sum of all Corporate Communication and Stakeholder Relationships
In ‘the strategic CSR communication model’ the bottom level includes two parts; the sum of all corporate communication and stakeholder relationships. The two parts are connected via an arrow pointing both ways, which illustrate the importance of stakeholder involvement and dialogue in regards to strategic CSR communication. The sum of all corporate communication and stakeholder relationships are closely linked and are argued to be primarily internal to the corporation. The sum of all corporate communication is however also to a high degree affected by external factors and external stakeholder involvement as found in chapter 9.3 and as will be accounted for subsequently.
All corporate communication includes various communication forms, channels, and media c.f. Balmer's concept of 'total corporate communication'. Total corporate communication implies that everything a corporation says, makes and does is seen to communicate (Balmer, 1998; 987). The concept of total corporate communication encompasses a three-part focus on primary-, secondary- and tertiary communication, which should be managed from a strategic perspective in order to acquire a corporate reputation/corporate brand reputation (Balmer, 2001; 253) and thus gain a competitive advantage (Balmer & Gray, 2000).

Balmer's view of corporate communication is broader and less controllable than that proposed by e.g. van Riel (1992; 19) who identifies three main forms of corporate communication, which are management-, marketing- and organizational communication. Whereas van Riel (1992; 26) only speaks of controllable or consciously used communication forms, Balmer includes tertiary communication from third parties which is highly relevant forms of communication to consider in terms of CSR communication as was derived in chapter 9.3. Primary communication is preferential while secondary communication should be avoided. Because expert and endorsed CSR communication plays a central part, involving stakeholders and engaging in dialogue with stakeholders becomes even more imperative for succeeding in communicating CSR.

It should furthermore be stressed that managers should strive to harmonize and integrate all conscious corporate communication forms strategically (van Riel, 1992; 19; Cornelissen; 2004; 45) in order to present a clear communication effort with a common starting point and a coherent whole (van Riel, 1992; 19). Maintaining and nurturing stakeholder relationships by involving stakeholders and engaging in dialogue is also central in CSR communication. It is argued that this will have a positive influence on the tertiary communication such as how the internal and external stakeholders perceive the corporate brand identity, the corporate behavior and communication and finally how the various stakeholders respond to these images.

The main suggestion is that using the corporate brand identity as a steering device that permeates everything the corporation is, does and says more successfully follows this through. And, for that reason secure alignment and communicate consistently through the corporate brand identity, action and total corporate communication to the multiple stakeholders. It is essential that CSR communication reflects actual corporate behavior and that communication is aligned with actions via the corporate brand identity and that stakeholders are involved all the way in CSR communication.
10.1.4. Corporate Reputation and Brand Equity

The outcome of managing CSR communication strategically by aligning action and communication via the corporate brand identity is a favorable corporate reputation and stakeholder based brand equity. References to chapter 5.3. and 9.4. are made in which brief investigations into the nature of the corporate reputation and the many stakeholder brand equities have been carried out. In ‘the strategic CSR communication model’ corporate reputation and brand equity are placed as an external part situated between stakeholder relationships and identification of misalignments. An external component is thus added as was seen in de Chernatony’s ‘identity-reputation gap model’.

The outcome is a result of how the stakeholders perceive the corporate brand identity, the corporate behavior, all the corporate communication, and how the stakeholders respond to these images. The corporate reputation and brand equity therefore represent the success of CSR communicational efforts. Regardless of whether the results are positive or negative they provide the corporation with an indication of to which extent objectives and goals have been met and which changes must be made in the future in order to maximize the communicational effect. This brings us to the second function of the arrows pointing from stakeholder relationships, through the outcomes and, to the final stage, which is identification of misalignments. From the close relationships with stakeholders corporations can obtain feedback. Feedback from stakeholders is instrumental in the managerial task of identifying misalignments between the various elements of the corporate brand identity, the various elements in the model and, in this case, the critical misalignment between action and communication which must be identified in order to succeed in communicating CSR.

10.1.5. Identification of Misalignments

The final part of ‘the strategic CSR communication model’ concerns identification of misalignments. Theories on identification of gaps or misalignments in regards to corporate brand identity management were presented in chapter 9.2 and references to Hatch and Schultz, de Chernatony and to Balmer are in order. The function of the sixth part of the model is primarily to identify misalignments between action and communication, which affects the corporate brand identity, action, communication and so on. The arrows pointing from the bottom through corporate reputation and brand equity to identification of misalignments and back to the top illustrate this cyclical relationship-based process in which stakeholders are involved.

Identification of misalignments is a managerial task and the sixth part of ‘the strategic CSR communication model’ is thus primarily internal to the corporation. Managers are however to some degree reliant on feedback from both internal and external stakeholders and from the results achieved so far, in order to identify where in the model the problem is. It could e.g. be gaps between
the elements inherent in the corporate brand identity, which most likely causes gaps between other parts of the model. In regards to CSR communication a critical misalignment is the one between action and communication, which is sought reduced through the corporate brand identity.

The main argument in regards to misalignments is that by using the corporate brand identity as a steering device for all corporate action and communication, the occurrence of gaps is reduced. Consequently, the managerial task of identifying misalignments should be less comprehensive opposed to if the corporate brand identity was not guiding corporate behavior. It is nonetheless essential that misalignments are identified, accounted for, and possibly fixed. If not, stakeholders might perceive CSR as merely window-dressing and symbolic assurance, which can cause damages to the corporate brand reputation and brand equity. Aligning action and communication via the corporate brand identity is as such a means of communicating a genuine and trustworthy CSR commitment, which stakeholders respond (mental and/or behavioral brand responses) to accordingly. The result of the strategic CSR communication is hopefully a favorable corporate reputation and a positive effect on brand equity.

10.2. MANAGING STRATEGIC CSR COMMUNICATION

Managing Strategic CSR communication is about narrowing the gap between action and communication by focusing on the corporate brand identity as a steering device for all corporate behavior and communication as illustrated in ’the strategic CSR communication model’. The model serves as a normative and generic framework for the strategic management of CSR communication, which is initiated by top management, but involves a wide range of both internal and external stakeholders in the process.

Other theories on strategic CSR communication lack attention to the role of the corporate brand and CSR integrated into the value chain. In ’the strategic CSR communication model’ the corporate brand is placed at the top functioning as a steering device for corporate action and communication. The value chain also takes center stage in the model because the value of integrated CSR into basic business propositions is recognized. Also, actions speak for themselves and often louder than words. A hole in existing literature on strategic CSR communication is thereby filled and the main suggestion of the model is that the corporate brand plays an essential instrumental role as a steering-device for action and communication in strategic CSR communication. ’The strategic CSR communication model’ encompasses a six-step cyclical relationship-based process in which top managers are advised to address the following tasks;
1. State who you are and what you want to become and formulate it into vision and values, which then affect strategies and the organizational culture and, enable the corporate brand identity (infused with CSR) as a steering-device for all corporate behavior and communication.

2. Integrate CSR into the core business framework by identifying value chain impacts and issues and engage in CSR activities that are compatible with corporate resources, expertise and management skills.

3. Coordinate the sum of all corporate communication to ensure consistency of messages, to the extend possible both primary, (secondary) and tertiary, and ensure alignment of the corporation’s communication to its behavior. Talk the walk!

4. Involve and nurture relationships with all relevant stakeholders (internal and external) in the entire process and engage in dialogue with stakeholders.

5. Monitor and measure the results of the CSR communication efforts through the performance measurements; corporate reputation and brand equity.

6. Identify misalignments in order to optimize CSR communicational performance. Focus should especially be on aligning action and communication via the corporate brand identity.

Integration, genuine and substantive action and, implicit forms of CSR communication should characterize corporations’ CSR activities to make them come across as trustworthy. It is argued that these challenges are met by using ‘the strategic CSR communication model’ as a management tool as has been sought demonstrated throughout the previous pages. The model represents a powerful managerial tool for aligning action and communication via the corporate brand identity with the aim of securing long-term organizational wealth. By managing strategic CSR communication in accordance with the model CSR becomes a strategic commitment and not just a symbolic play and it should be stressed that strategic CSR communication is a matter of talking the walk and never the other way around. Consequently, symbolic communication is accompanied by substantive action and the risk of over-promising and under-delivering is reduced. The result is that corporate managers are provided with an instrument for achieving a favorable corporate reputation and high brand equities for being socially responsible without communicating CSR explicitly and thereby gain the opposite effect than what was intended.
PART V. CONCLUSION

The fundamental point of departure for this master thesis has been to investigate the challenging tasks of engaging in and communicating corporate social responsibility. The main objective of the thesis is to contribute to the limited amount of literature on CSR communication. This objective is sought achieved by researching the question; *why do corporations engage in corporate social responsibility and how can the corporate brand be instrumental in strategic CSR communication?*

The thesis is primarily theoretical and researched through well-known and well-regarded theories. The foundation of the conclusion is the research question and the sub-questions. These will however not be gone through slavishly as the key findings and conclusions are accentuated instead. Lastly, the master thesis is briefly put into perspective in regards to the far-reaching financial crisis.

CHAPTER 11. CONCLUSION

**CSR should be integrated into vision, values, strategies and organizational culture, and into core business operations - No one size fits all.** Based on the literature review and the discussion of the concept of CSR comprising the views of four prominent theorists; Milton Friedman- *the economic view*, R. Edward Freeman – *the stakeholder view*, Archie B. Carroll – *the inclusive and altruistic view* and, John Elkington – *the instrumental view* it can be concluded that CSR is an elusive concept and that numerous and distinct definitions and conceptualizations exist. The explanation is that there are various opinions of for what and to whom corporations are responsible. It can furthermore be concluded that each individual corporation should define CSR according to business context encompassing the range of stakeholders, core expertise and skills. Another important finding is that business and society are two sides of the same coin and that corporations in the 21st century are expected to generate shared value for business as well as for stakeholders and society in general. CSR is in this thesis defined as; an approach to business that embodies transparency and respect for stakeholders and, the commitment to integrate economic, social and environmental concerns in business operations and thereby create shared value.

**Corporations engage in CSR because of Institutional-, strategic-, and moral drivers of CSR.** A corporate-wide integration of CSR is influenced by what motives and outcomes corporations are driven by when engaging in CSR. The institutional drivers of CSR encompass conformism to institutional mechanism such as, state regulation, self-regulation, private independent organizationnal monitoring, institutionalized norms, trade and employer associations and stakeholder dialogue, and isomorphism. Legitimacy is the main outcome but the likelihood of CSR being integrated in business operations is low. The strategic drivers of CSR cover the business case of CSR in which corporations find CSR engagement to be instrumental in obtaining business benefits and
instrumental in civic positioning, organizational functioning, risk management and market positioning while at the same time generating value for stakeholders. Reputation is the main outcome and the likelihood of CSR being integrated in business operations is high. The moral drivers of CSR include that managers believe that CSR is ‘the right thing to do’. Credibility is the main outcome due to the likelihood of integrated CSR being very high. It is however questioned if there is such a thing as selfless good deeds. In regards to this, it is suggested that self-interest driven CSR can be found in all three motives and in the main outcomes legitimacy, reputation and credibility. In regards to this, a mixture of motives and outcomes for engaging in CSR often drives corporations.

**The business case of CSR.** Whether driven by institutional, strategic and/or moral motives and outcomes for engaging in CSR a shift towards the business case of CSR has been suggested. Inherent in this suggestion is that CSR should be approached strategically and integrated in business operations to generate the highest shared value. This entail a form of ‘green capitalism’ in which corporations by no means are expected to solve all of the problems of the world, nor do they have the requisite skills to do so. Corporations nevertheless have an obligation to behave responsible within their range of value chain impacts and issues, expertise and management skills. Consequently, corporations ought to conduct business and earn profits in socially responsible ways without causing more harm by compromising on environmental and social concerns.

**Genuine action and not window-dressing.** The question of integrated versus decoupled CSR is essential if CSR engagement is to be perceived as genuine action and not window-dressing and thereby demonstrate a true commitment to the often skeptic stakeholders. A genuine commitment to the CSR agenda is best demonstrated via substantive action opposed to symbolic reassurance. Since corporations often engage in both substantive and symbolic practices it can be concluded that symbolic practices should always be backed up by substantive action. This duality moves us from action to communication or more accurately, strategic CSR communication.

**The double-edge of CSR communication.** When corporations communicate CSR they are challenged by the double-edge of CSR communication, which entails that CSR communication risks having the opposite effect than what was intended. The double-edge of CSR communication is best conquered via implicit instead of explicit forms of communication and via substantive action that prevail over symbolic activities. Corporate CSR messages and claims are often questioned since corporate words, decisions and actions can be conflicting because words are not always followed through by action. Stakeholders are consequently skeptic of corporations communicating CSR and doubt if it is merely a manipulative act or if corporations are as good as they say they are.
The corporate brand is very instrumental in CSR communication. A corporate brand is not to be perceived as a giant sized product brand since a corporate brand has greater responsibilities due to the many stakeholder relationships it engages in and because corporate branding is inspired by broader goals such as legitimacy, trust and credibility. Corporate branding offers a cross-disciplinary framework for managing the corporate brand identity through interface and gap analysis. Attention should especially be placed at the corporate brand vision as a guiding beacon and sense-making tool for aligning internal resources whilst maintaining flexibility, and as a communication tool for reaching across multiple stakeholders at the same time.

Brand value is created through implicit and indirect forms of CSR communication and performance is measured through brand equity and corporate reputation. Brand value is created in the exchange processes between the corporate brand and the stakeholders. In a CSR communication context brand value is best achieved through the inside-out approach to CSR communication, and expert and endorsed CSR communication processes. Stakeholder involvement and dialogue is furthermore imperative to successful CSR communication and in strengthening brand value. Employees are the key stakeholders. The employees are both receivers and senders of corporate CSR claims and messages and central for trustworthiness. The basic suggestion is that the ‘catch 22’ of CSR communication is best overcome by implicit and indirect CSR communication.

The corporate brand identity as a steering device for aligning action and communication. It is instrumental that CSR is inherent in vision and values, which then affects corporate strategy and organizational culture and thereby enable the corporate brand identity as a steering device for aligning action and communication. By communicating via the corporate brand identity embracing vision, values, strategies and organizational culture, CSR becomes company specific and contextual, which distinguishes the corporation from competitors and increases trustworthiness of the CSR engagement and CSR communication. It is not up to managers to define the corporate brand once and for all. Instead the corporate brand should be viewed as an ongoing process in which the corporate brand is created in interaction with the stakeholders. Clarity of vision, values and leadership along with applying a relationship-based process perspective on corporate branding is essential in terms of CSR integration and in nurturing close relationships with stakeholders.

The strategic CSR communication model. CSR is about integration not de-coupling; genuine action not window-dressing; substantive action, which prevail over symbolic communication, and implicit forms of CSR communication are favored over explicit forms of CSR communication. In response to these key findings the author has developed ‘the strategic CSR communications model’.
The model comprises a six-step cyclical relationship-based process in which managers are advised to address the following tasks:

1. State who you are and what you want to become and formulate it into vision and values, which then affect strategies and the organizational culture, and enable the corporate brand identity (infused with CSR) as a steering-device for all corporate behavior and communication.

2. Integrate CSR into the core business framework by identifying value chain impacts and issues and engage in CSR activities that are compatible with corporate resources, expertise and management skills.

3. Coordinate the sum of all corporate communication to ensure consistency of messages, to the extend possible both primary, (secondary), and tertiary, and ensure alignment of the corporation's communication to its behavior. Talk the walk!

4. Involve and nurture relationships with all relevant stakeholders (internal and external) in the entire process and engage in dialogue with stakeholders.

5. Monitor and measure the results of the CSR communication efforts through the performance measurements; corporate reputation and brand equity.

6. Identify misalignments in order to optimize CSR communicational performance. Focus should especially be on aligning action and communication via the corporate brand identity.

It is concluded that the corporate brand identity plays an instrumental role in the managerial task of aligning action and communication. As such, the corporate brand identity, infused with CSR, casts a halo over the entire corporation resulting in CSR being integrated in everything the corporation is, says and does. CSR communication becomes more substantial, implicit and indirect, and consequently more trustworthy. ‘The strategic CSR communication model’ provides managers with an instrument for achieving a favorable corporate reputation and high brand equity for being socially responsible without gaining the opposite effect than what was intended. Also, while other theories lack attention to the role of the corporate brand as a steering device and the value chain for classifying value chain impacts and issues in strategic CSR engagement and communication, they are placed center stage for long-term corporate success in ‘the strategic CSR communication model’.

Integrated CSR should be able to survive through bad times such as the worldwide financial crisis anno 2008/2009. If CSR is de-coupled, pure window-dressing or simply perceived as an expensive activity, it is suspected that CSR is one of the first things on the corporate agenda being laid of. It is in times like this that a genuine corporate social responsibility commitment will be revealed. It should nevertheless be kept in mind that CSR is about performing against the triple bottom line including people, planet as well as profit. Profit being the basic prerequisite for doing business in socially responsible ways, let alone doing business at all. And last but not least, it is stressed that CSR should be walked as well as talked and in that order - Walk & Talk.
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APPENDIX 1. WORKING DEFINITIONS OF CORPORATE SOCIAL RESPONSIBILITY

The working-definitions of CSR provided by The UN Global Compact, The European Commission and The Danish Commerce and Company Agency encompass a wide range of areas similar to the ones identified from the discussion of the perspectives of Friedman, Freeman, Carroll and Elkington. The importance of respecting stakeholders as well as communicating with the surrounding world is emphasized in the working-definitions. Additionally, all three definitions stress the importance of a voluntary, strategic and integrated approach to CSR in order to generate value for both the corporation and for the society in general. This indicates that it has been taken into consideration that all corporations are distinct in terms of internal and external business contexts and that the concept of CSR varies between corporations.

The UN Global Compact has no working definition of CSR but refers to the definition provided in the SustainAbility 2004 report that; "By CSR we mean an approach to business that embodies transparency and ethical behavior, respect for stakeholder groups and commitment to add economic, social and environmental value" (Communication with Anna Murray, UN GC). What can be derived from this definition is that the UN GC agrees with John Elkington, who is the founder of SustainAbility, that corporations should strive to perform against the triple bottom line in order to be characterized as a responsible or sustainable corporation. Aspects such as transparency, ethical behavior and stakeholder relationships are also mentioned as an important factor in value creation.

The European Commission stresses that CSR is not about what businesses must do, but about what businesses can do. Hence, CSR is not about obligations but about opportunities. In the European Commission the working definition of CSR is: “a concept whereby companies integrate social and environmental concerns into their business operations and in their interactions with their stakeholders on a voluntary basis”. Moreover, CSR concerns ways to add value to businesses by looking at some of the social and environmental aspects of the business operations20. The European commission stresses the importance of voluntarily integrating social and environmental aspects into both core business and into relationships with stakeholders.

The Danish Commerce and Company Agency defines CSR as; “... companies’ voluntary and strategic work with social and environmental concerns – also corporate citizenship. CSR is about integrating social and environmental concerns into the company’s business operations and into the daily dialogue with the surrounding world”21. This definition of CSR is somewhat similar to the working definition proposed by The European Commission. However, included in the definition is corporate citizenship, which in this respect, is considered to refer to philanthropic aspects of CSR.

21 http://www.eogs.dk/sw32171.asp
APPENDIX 2. ARLA – ISOMORPHISM AND DE-COUPLING

Since 2003 the Danish dairy-corporation Arla has experienced massive critique from consumers and the media all over the world resulting in an image-crisis. The critique included allegations of Arla exploiting their position as one of the market leaders, bullying the small dairies and running a hardcore business without concern for anything other than profit (Sørensen, 2005; Graversen, 2005). In 2005 Arla initiated a campaign called ‘Naturlig Omtanke’ in order to position Arla as a more soft, open and obliging corporation and to win back the trust of the stakeholders. ‘Naturlig omtanke’ consisted of e.g. tv-commercials portraying stories about the milk-producers, their families and the employees. However, the story about a farmer who walks around in idyllic scenery patting his cows stood in deep contrast to Arla’s vision and image of being a global dairy-corporation (Mordhorst, 2006). It just did not seem trustworthy. The campaign came across as a desperate attempt from Arla to change the corporate image from being a greedy international corporation to being a national and socially responsible corporation. From the author’s point of view, it looked as if the campaign was all about communication and no action. As such, the effort is regarded as pure window-dressing without genuine action. In addition, Arla Foods was in ‘Børsens Imageundersøgelse 2006’ announced as one of the Danish corporations, which had the biggest problems communicating with the surrounding world in 2005. The investigation furthermore showed that Arla was less respected in 2006 opposed to in 2005 (Tholstrup, 2006). This indicates that Arla’s 2005 campaign was not as successful as hoped and that Arla would have to change strategy to repair the wounded Arla brand.

After having kept a low profile for a couple of years Arla introduced a new corporate strategy in November 2008 by the name ‘closer to nature’. The new strategy is graphically illustrated in a new and green logo and the purpose is to position Arla as a single global brand that cares for the environment (Rostgaard, 2008). Greening of corporate logos is a tendency seen previously by e.g. BP, and does not necessarily imply that the corporation actually cares for the environment since it is corporate behaviors and actions that are essential in being a socially responsible corporation. At a first glance, it appears as if Arla is riding the ‘green-wave’ because stakeholders and institutions demand it and because other corporations have done it with great results. The question is whether Arla succeeds in transforming their new strategy into action by changing formal structures and by integrating CSR into values and business processes, in extention to the new green logo. Arla joined the United Nations Global Compact in 2007 and has taken several other CSR related initiatives, which point towards a more substantial and genuine commitment to the CSR agenda. Therefore, only time will tell if Arla, the second time around, succeeds in convincing the skeptic audience of their newfound devotion to CSR and in branding Arla as a socially responsible corporation that cares for not only for profit but also for people and the planet.

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APPENDIX 3. NOVOZYMES – STRATEGIC AND INTEGRATED CSR

A turn to the business-case of CSR has been claimed and many corporations believe that approaching CSR strategically is the most beneficial both for the corporation and society. The Danish corporation Novozymes is the biotech-based world leader in enzymes and microorganisms and has for seven years in a row been announced as number one in the Dow Jones Index for sustainable technology26. Novozymes strives towards better business, cleaner environments and better lives27. Inherent in this statement is the triple bottom line principle including profit, planet and people. Sustainability is ranking high on Novozymes’ strategic agenda because sustainable development creates long-term value both for Novozymes and for society. Sustainability is therefore an integrated part of doing business, right from values, policies and internal management systems to products and business processes28 and in engagement with stakeholders29. In the strategic work with sustainability Novozymes has developed a cross-functional ‘sustainability development strategy group’, which sets the overall direction on environmental and social responsibility and puts Novozymes’ vision into practice30.

In regards to integration of CSR, the manager of sustainability development, Claus Stig Pedersen, stresses that it is not enough to only look at sustainability on a corporate level. Sustainability should also be sought attained throughout the value chain including suppliers and distributors. Novozymes therefore carries out what they call a lifecycle evaluation of products and processes and secure concern for the triple bottom line (Hoffman, 2007). Claus Stig Pedersen furthermore states that sustainability involves the entire corporate brand and organizational identity and serves as corporate justification and, that having a reputation for being socially responsible is good for business (Hoffman, 2007). The main point to be made is that a strategic approach to CSR is likely to result in a corporate-wide integration of CSR and that if attention is brought to the triple bottom line both in regards to practices and reporting corporations can obtain the greatest business benefits, as in the case of Novozymes.

26 http://www.novozymes.com/da/MainStructure/PressAndPublications/PressRelease/2008/Wal-Mart+inviterer+Novozymes+t il+at+rådgive+om+bæredygtighed.htm
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APPENDIX 4. STARBUCKS – MORAL OR STRATEGIC APPROACH TO CSR?

In the 1980’s Howard Schultz, the founder of Starbucks observed an overworked and time-constrained group of American consumers. Schultz believed that these consumers were increasingly interested in ‘authentic’ products and experiences with a meaningful and social component (Koehn, 2001). Starbucks, one of the worlds’ largest brands, can be argued to represent the moral approach because Starbucks was one of the first corporations to integrate CSR into strategies and business operations. All the more, social responsibility was a part of Starbuck’s mission, vision and values, and Starbucks also published annual CSR reports and provided information about CSR on their webpage even before CSR became a recognized term (Werther & Chandler, 2006).

In addition to this, Starbucks announce on their web-page that “we are committed to doing what’s right – from the way we source our coffee to the way we treat our partners, customers, shareholders, and business partners”31, which indicates that Starbucks are committed to doing business in socially responsible ways for moral reasons. On the same page Starbucks however also state “we have built our reputation on acting ethically in all our dealings. And our success is a direct result of this behavior. We are unwavering in our commitment to protecting our culture and support our core values and guiding principles”32. As such, it is indicated that Starbucks acknowledge ‘the business case’ for CSR, which also becomes evident in the ‘2007 Corporate Social Responsibility Annual Report’.

In the report genuine commitment to CSR is expressed through their devotion to a corporate wide integration of CSR. Moreover, Starbucks define CSR as “conducting business in ways that produce social, environmental and economic benefits for the communities in which we operate and for the company’s stakeholders, including shareholders”33. Starbucks’ definition of CSR draws attention to the principle of the triple bottom line, which arguably represents a strategic and instrumental approach to CSR. Starbucks also points out business benefits such as; attracting and retaining our partners (employees), customer loyalty, reducing operating costs, creating a sustainable supply chain and license-to-operate34. Therefore, it appears as if Starbucks has adopted a strategic approach to CSR and believes that CSR is good for both business and society. The Starbucks case illustrates the possibility of co-existing approaches to CSR. It also illustrates a genuine and integrated commitment to the CSR agenda and possibly also that ‘the business case of CSR’ is so persuasive and prevailing that even “idealistic” corporations have realized the benefits and possibilities of approaching CSR strategically.

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31 http://www.starbucks.com/aboutus/businessethicsandcompliance.asp
32 http://www.starbucks.com/aboutus/businessethicsandcompliance.asp
APPENDIX 5. GRUNDFOS – MISALIGNMENT BETWEEN CSR ACTION - CSR COMMUNICATION

As in the case of Novo Nordisk, the corporation Grundfos is known and recognized for its commitment to social responsibility. Grundfos is one of the worlds leading producers of pumps and CSR is an integrated part of Grundfos’ culture and business foundation and has been right from the very beginning due to the founder Poul Due Jensen’s personal values. Niels Due Jensen, son of the founder, former CEO and now Group Chairman of Grundfos has for several years been a very public figure in regards to CSR both in general and in the case of Grundfos’ commitment to CSR. Niels Due Jensen does not hesitate to publically express his opinions along with personal as well as corporate values, which is why his name frequently appears in the Danish business press. He has during the years become closely linked to the corporate brand, but it has not all the time resulted in positive media coverage. Grundfos’ values build on ethical and social responsibility and include sustainable development, focus on people, global thinking, open and credible conduct, leadership, partnership, responsibility and independence. Accordingly there are many socially responsibility promises inherent in the corporate brand, which Grundfos has not always been able to live up to. Such an example became public in 2005 when Grundfos among others were accused of bribery in connection to the UN Oil for Food Program.

Consequently, while Grundfos’ socially responsible commitment is frequently covered in the media and communicated via e.g. the web-page, in corporate sustainability reports and the corporate branding program and more importantly by Niels Due Jensen, they failed at living up to their own values and code of conduct. As such, there was not alignment between what was communicated and what actually took place. Moreover, Grundfos received much more negative attention than the other corporations involved, and the Oil for Food-scandal somehow became known as the Grundfos-scandal (Lund, 2006; Evert, 2005). The reasoning for why Grundfos received much more criticism than other corporations involved in the Oil for Food-scandal can in the authors opinion be partially credited to the energetic and dominating Niels Due Jensen. Because Niels Due Jensen has announced himself to be a moralist it caused damages to his personal image (Lund, 2006) and most likely also to the corporate brand reputation when caught in a bribery and corruption scandal.

Because of Niels Due Jensen’s and Grundfos’ self-acclaimed moral approach to CSR it was ironic that the wrongdoers in the Oil for Food-scandal was Grundfos. Grundfos furthermore handled the case in an unintelligent manner which made it seem like Grundfos were more interested in nurturing the image instead of confessing and taking responsibility for their actions. Even though Grundfos themselves had informed an independent UN investigation committee about the bribery case and fired the two employees involved, Niels Due Jensen at first refused knowing anything about the case (Crone, 2005b). Grundfos kept it from the public, and it was not until the Danish newspaper ‘Berlingske Tidende’ publicized the story, that Grundfos sent out a press release (Højbo, 2005). As time passed and more information about the bribery case became public, the less the management team at Grundfos whished to comment on the case (Crone, 2005b), which from an outside perspective seemed suspicious. In the end, Grundfos accepted that the United Nations blacklisted Grundfos from the list of approved suppliers and was ready to account for their behavior in order to prevent similar mistakes from occurring in the future. (Hansen, 2008; Bjerrum & Tüchsen, 2008). Thus, while Grundfos at first handled the situation in a clumsy manner the corporation in the end took responsibility for their actions. It can however be discussed whether Grundfos are a few years too late on that account.

http://www.grundfos.dk/web/homeDK.nsf/Webopslag/UGRD-49SDTW
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The Oil for Food-scandal has been referred to as the largest corruption scandal in the world and 139 oil-companies and 2.253 other international corporations participated in the bribery affair, which took place in 1996-2003 (Halskov, 2008).
The Grundfos-case illustrates how difficult it is to manage and make sure that every employee and every department of a large international corporation including the entire value chain act in accordance with the corporate ethics and values. Also, regardless if there has been spent approximately 100 million dkkr. a year on a corporate branding campaign ‘Be, Think, Innovate’ as the one Grundfos initiated in 2001 (Sommer, 2001). The importance of alignment between communicated and actual CSR must however be stressed. Perhaps the main conclusion once again is that when it comes to CSR communication, implicit communication backed up by substantial action and genuine commitment is favored over the more explicit forms of communication. As expressed previously, the more you talk, the more attention you get and the more you will be held accountable for. Thus, the ones who talk the most are also the ones who get the most criticism.
APPENDIX 6. NOVO NORDISK - INTEGRATION OF CSR AS PART OF THE CORPORATE BRAND

More and more corporations are integrating social issues as part of their corporate brand. Corporations such as Body Shop, Shell, Starbucks, BP and Noir are known and recognized for adding socially responsible promises into their corporate brands. A textbook example of a corporate brand infused with CSR is the Danish pharmaceutical company and world leader in diabetes care, Novo Nordisk. According to Lise Kingo, the executive vice president and chief of staffs at Novo Nordisk, CSR is not only about idealism, but also about competitive advantage.

One way of gaining a competitive advantage is by using CSR as a way of branding the corporation (Djurso & Drejer, 2006; 230). CSR is thus seen as a strategic instrument in branding Novo Nordisk and CSR is perceived as being rewarding for both the corporation and society. The business rationale also becomes evident from the fact that Novo Nordisk is devoted to the triple bottom line. CSR has for decades been an integrated part of how Novo Nordisk is doing business and ethical values are translated into action by using the triple bottom line principle38. Sustainability is furthermore credited as the main driver for the business success of Novo Nordisk39. Concern for profit, people and planet are thus accounted for in the business decision-making.

Novo Nordisk is the most conspicuous communicator about CSR and Novo Nordisk's sustainability reports have demonstrated convincing results on the triple bottom line performances (Morsing et al., 2003; 9). Consequently, Novo Nordisk is in addition to being socially responsible in practice also very skilled in communicating their CSR activities and commitment. Lise Kingo states that in the future, Novo Nordisk will aim at communicating what is at the heart of the corporation and what the corporation stands for more intensely to the stakeholders and combine it with branding (Djurso, 2006; 285).

A good example of branding is when socially responsible behavior is united with corporate expertise. To name a few, such cases include Novo Nordisk supporting India in their fight against diabetes by offering free treatment and education (Justesen, 2008). Another case is Novo Nordisk donating free insulin to the victims of hurricane Katrina in and around New Orleans worth three billion dollars and additionally the recent five-year program called ‘changing the future for children with diabetes’, which includes free insulin for 10,000 children in the poorest countries of the world40. Such types of socially responsible activities come across as highly trustworthy since these areas are part of Novo Nordisk core business practices and purpose. Novo Nordisk is thus helping in areas where they are experts. Activities like these are considered very instrumental and valuable to the corporate brand reputation and overall competitive advantage.

While Novo Nordisk has achieved great results and recognition for their efforts within CSR communication, CSR is also, and has been for years, an integrated part of business strategies and practices and of the corporate brand. The argument proposed by the author is that, it is primarily because CSR is part of the corporate brand identity, that Novo Nordisk has won recognition for both substantive and symbolic CSR. Novo Nordisk's success is illustrated from numerous awards and achievements such as e.g. when Novo Nordisk in 2005 was placed as a healthcare leader in the global Dow Jones Sustainability World Index as well as the pan-European Dow Jones STOXX Sustainability Index41 and when Novo Nordisk in 2007 was nominated as ‘one of the worlds most ethical companies’ by Ethisphere Magazine42. In regards to communication Novo Nordisk was in 2002 ranked as the world’s second best in communicating about soft values in corporate

42 http://ethisphere.com/2007-worlds-most-ethical-companies/
sustainability reporting by United Nations’ Environmental program\textsuperscript{43} and in 2008 Novo Nordisk received the Corporate Register Reporting Award 2007 at a ceremony held in Berlin in connection with the first Global CR Reporting Summit\textsuperscript{44}. The main point to be made is that integrated CSR as part of the corporate brand results in and reflects a genuine and corporate-wide commitment to the CSR agenda and is thus strategically valuable to the corporation.


\textsuperscript{44} http://www.novonordisk.com/sustainability/news/2008-03_global_award_win_in_berlin.asp