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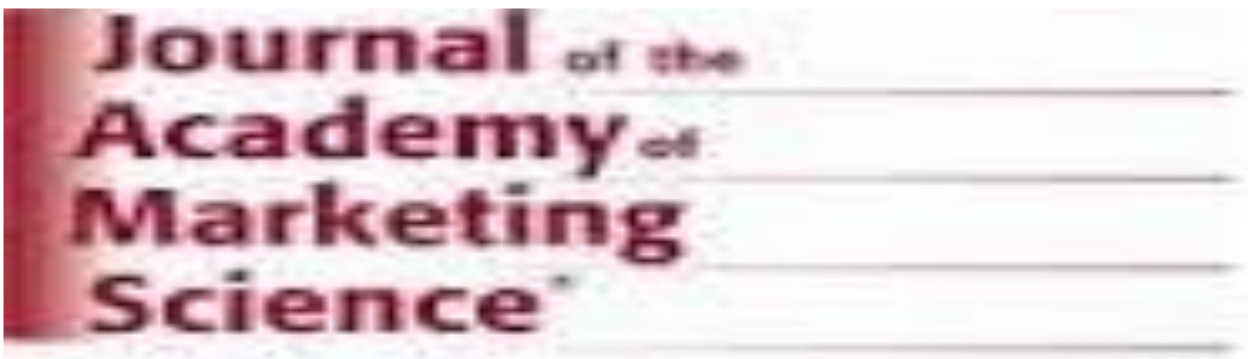
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Corporate Social Responsibility and Marketing: An Integrative Framework

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This article introduces a conceptualization of corporate social responsibility (CSR) that emphasizes the role and potential contribution of the marketing discipline. The proposed framework first depicts CSR initiatives as the actions undertaken to display conformity to both organizational and stakeholder norms. Then, the article discusses the managerial processes needed to monitor, meet, and even exceed, stakeholder norms. Finally, the analysis explains how CSR initiatives can generate increased stakeholder support.

Keywords: *stakeholder theory; corporate social responsibility; market orientation; ethics; community*

The past few years have witnessed the simultaneous development of the antiglobalization movement, of shareholder activism, and of corporate governance reform. This trend has cultivated a climate of defiance toward businesses, a climate that has only been exemplified by recent accounting scandals. Perhaps in response to this growing suspicion, some leading companies have openly profiled themselves as socially responsible. For instance, British Petroleum underlined its commitment to natural environment by changing its name to Beyond Petroleum. Similarly, Nike advertises its commitment to adopting " responsible business practices that contribute to profitable and sustainable growth" (www.nike.com), and Coca-Cola has moved to expense stock options for top management as a part of its commitment to responsible governance.

This enthusiasm for corporate social responsibility (CSR) has been echoed in the marketing literature. In particular, scholars have examined consumer responses to CSR initiatives (e.g., Brown and Dacin 1997; Sen and Bhattacharya 2001), the perceived importance of ethics and social responsibility among marketing practitioners (e.g., Singhapakdi, Vitell, Rallapalli, and Kraft 1996), along with the marketing benefits resulting from corporate actions with a social dimension (e.g., Maignan, Ferrell, and Hult 1999). Studies have also focused on specific dimensions of CSR such as the support of charitable causes (e.g., Barone, Miyazaki, and Taylor 2000) or the protection of the environment (e.g., Drumwright 1994; Menon and Menon 1997). The differentiated terminology and focuses chosen across past studies render difficult their integration into a consistent body of marketing knowledge about CSR. In an attempt to unite this developing body of research, the present article introduces a conceptual framework that provides an encompassing view of CSR along with its antecedents and outcomes. The proposed framework suggests that marketers can contribute to the successful management of CSR by expanding their focus beyond consumers to include other stakeholders and by bundling together various social responsibility initiatives. The proposed framework accounts for the main depictions of CSR found in the literature, which are presented below.

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STUDY BACKGROUND

Past Conceptualizations of CSR: A Brief Overview

Since the 1950s, CSR (e.g., Bowen 1953) along with the related notions of corporate social responsiveness, corporate social responses (e.g., Strand 1983), and corporate social performance (e.g., Carroll 1979; Wood 1991), have been the subject of many conceptualizations originating mainly from the management literature. This section outlines the main conceptual viewpoints that emerge out of this profuse literature.

CSR as social obligation. This first perspective was launched by Bowen (1953), who defined CSR as the obligation "to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (p. 6). The view of CSR as a social obligation has been advocated in later conceptualizations (e.g., Carroll 1979) and contemporary marketing studies (e.g., Brown and Dacin 1997; Sen and Bhattacharya 2001). As emphasized by Carroll (1979), different types of social obligations can be distinguished: (a) economic obligations (be productive and economically viable), (b) legal and ethical obligations (follow the law and acknowledged values and norms), and (c) philanthropic obligations (proactively give back to society).

CSR as stakeholder obligation. Starting in the mid-1990s, a number of scholars have contended that the notion of social obligation is too broad to facilitate the effective management of CSR. In particular, as stated by Clarkson (1995), society is at "a level of analysis that is both more inclusive, more ambiguous and further the ladder of abstraction than a corporation itself" (p. 102). Clarkson (1995) and other scholars (e.g., Donaldson and Preston 1995; Jones 1995; Wood and Jones 1995) argue that businesses are not responsible toward society as a whole but only toward those who directly or indirectly affect or are affected by the firm's activities. These different actors are called *stakeholders* and can be regrouped in four main categories (Henriques and Sadorsky 1999): (a) organizational (e.g., employees, customers, shareholders, suppliers), (b) community (e.g., local residents, special interest groups), (c) regulatory (e.g., municipalities, regulatory systems), and (d) media stakeholders.

CSR as ethics driven. The views of CSR as either a social or a stakeholder obligation imply that CSR practices are motivated by self-interest: they enable businesses to gain legitimacy among their constituents. Swanson (1995) regrets that such approaches fail to account for a "positive commitment to society that disregards self-interest and consequences" (p. 48). In addition, the view of CSR as an obligation fails to provide normative criteria to evaluate the extent to which actual business practices can or cannot be considered as socially responsible (Jones 1995). With philanthropic donations or employee-friendly policies, a firm may just conform to social norms; yet, these initiatives may also be "a paternalistic expression of corporate power" (Swanson 1995:50). Based on these criticisms, some scholars advocate an ethics-driven view of CSR that asserts the rightness or wrongness of specific corporate activities independently of any social or stakeholder obligation (e.g., Donaldson and Preston 1995; Swanson 1995). For example, following justice-based ethics, a company could attempt to systematically favor decisions and procedures that stimulate equality, liberty, and fairness of opportunity for its various partners and associates.

CSR as managerial processes. The three perspectives introduced thus far essentially characterize the factors inducing businesses to commit to CSR. In contrast, a number of authors have depicted CSR in terms of concrete organizational processes often analyzed under the label of corporate social responsiveness. For example, Ackerman (1975) outlined three main activities representative of corporate social responsiveness: (a) monitoring and assessing environmental conditions, (b) attending to stakeholder demands, and (c) designing plans and policies aimed at enhancing the firm's positive impacts. Similarly, Wartick and Cochran (1985), along with Wood (1991), suggested that issues management and environmental assessment constitute two sets of managerial processes useful to achieve a proactive social responsibility stance.

Given the variety of the viewpoints outlined above, it is evident that no single conceptualization of CSR has dominated past research. The comparison and integration of past definitions is especially difficult because scholars have considered the social responsibilities of different conceptual entities, including (a) businesses in general, (b) the individual firm, and (c) the decision maker (Wood 1991). In addition, while some researchers have examined CSR from a normative standpoint (with a concern for the duties of businesses in general toward society as a whole), others have favored a more managerial approach (how can an individual firm successfully manage CSR?) or an instrumental perspective (how can CSR generate organizational benefits?).

CSR in the Marketing Literature

Within the marketing literature, much fragmentation can be observed in terms of the unit of analysis considered and the dimensions of social responsibility investigated. When marketing scholars started expressing concern for corporate social responsibilities in the 1960s and 1970s, they focused on the social duties attached to the marketing function and not on the overall social role of the firm (e.g., Kotler and Levy 1969; Lazer 1969). As a result, the field of social marketing has emerged and has specialized in the contribution of marketing activities to socially desirable behaviors and goals (Andreasen 1994). Similarly, the marketing literature has developed much knowledge on the ethical perceptions, reasoning, and decision-making process of marketing managers (e.g., Blodgett, Lu, Rose, and Vitell 2001; Ferrell and Gresham 1985; Goolsby and Hunt 1992) and has allocated little attention to the ethical responsibilities of the firm as a whole. Overall, past studies have rarely considered how marketing thinking and practices can contribute to the development of socially responsible practices throughout the organization.

In addition, when marketing scholars investigate CSR, they have a tendency to focus on very limited dimensions of this construct. For example, marketing has developed expertise on cause-related marketing (e.g., Barone et al. 2000) and environmental marketing (e.g., Drumwright 1994; Menon and Menon 1997) but has established little connection between these two research areas. When marketing scholars have examined consumers' responses to CSR (e.g., Brown and Dacin 1997; Handelman and Arnold 1999; Sen and Bhattacharya 2001), they have relied on simplified indicators of CSR and have considered only limited dimensions of this construct. This fragmented view is certainly linked to the scarcity of comprehensive conceptual frameworks originating from the marketing discipline.

In sharp contrast with the abundant management literature, theoretical investigations of CSR in marketing have been scarce (for an exception see Robin and Reidenbach 1987) and focused on limited dimensions of CSR such as environmental marketing (e.g., Menon and Menon 1997) or cause-related marketing (Varadarajan and Menon 1988). As a result, past studies have not yielded an encompassing view of CSR that enables the coordination of various social responsibility initiatives. It is noteworthy that marketing scholars have focused on corporate responsibilities toward two main groups of stakeholders: customers and channel members. As suggested by management scholars themselves (Griffin 2000; McWilliams and Siegel 2001), this knowledge can certainly help understand the nature of responsible corporate behaviors toward other stakeholders.

Building on this suggestion, the discussion below introduces a conceptualization of CSR that emphasizes the potential contribution of marketing expertise to the study of CSR. This conceptualization establishes bridges between different silos of knowledge that have emerged in the management and marketing literature, respectively. In particular, the conceptualization considers (a) different types of social responsibility initiatives (e.g., environmental practices, support of charities, ethics management); (b) various stakeholder groups; and (c) the normative, managerial, and instrumental dimensions of CSR. In accordance with contemporary descriptions of CSR (e.g., Maignan and Ralston 2002; McWilliams and Siegel 2001), we embed our conceptualization within the stakeholder view of the firm.

A STAKEHOLDER VIEW OF CSR

Depicting the Firm

According to stakeholder theory, the firm can be viewed as a nexus of actors—or stakeholders—who are motivated to participate in organizational activities by various and sometimes incongruent interests (Donaldson and Preston 1995). Some of these stakeholders (e.g., employees, managers) are involved directly in coordinating and performing productive activities. Some other stakeholders (e.g., investors, strategic partners) provide only indirect or partial support for organizational activities. A third type of stakeholders operates at the boundaries of the abstract entity that makes up the firm and includes a variety of actors who encounter the organization for a variety of reasons. These other stakeholders include customers, regulators, pressure groups, and local residents. Overall, stakeholder theory describes a business as an open and flexible system made up of diverse actors and active in a network of relationships with various other actors.

Depicting CSR

Stakeholder theory posits that the behavior of an organization can be understood and predicted based on (a) the nature of its diverse stakeholders, (b) the norms defining right or wrong adopted by these stakeholders, and (c) stakeholders' relative influence on organizational decisions. These premises have received empirical support (Agle, Mitchell, and Sonnenfeld 1999; Berman, Wicks, Kotha, and Jones 1999) and are motivated by two main justifications. The first one is instrumental: since the organization depends on stakeholders for the supply of needed resources, it has to gain their continued support, for example, by conforming to their norms defining appropriate behavior. The second justification is moral: as advocated by Donaldson and Preston (1995), "*All* persons or groups with legitimate interests participating in an enterprise do so to obtain benefits and [. . .] there is no prima facie priority of one set of interests or benefits over another" (p. 68). The stakeholder perspective implies that a business acts in a socially responsible manner when its decisions and actions account for, and balance, diverse stakeholder interests. Subsequently, we suggest that *CSR designates the duty (motivated by both instrumental and moral arguments) to meet or exceed stakeholder norms dictating desirable organizational behaviors.*

Depicting the Role of Managers

Managers are in a unique position: they are both a stakeholder group and in charge of coordinating organizational relationships with all other stakeholders. Scholars have identified two main roles played by managers. The first one consists of safeguarding the welfare of the abstract entity that is the corporation, which requires the balancing of conflicting stakeholder claims (Hill and Jones 1992). The second role is mainly moral: "Managers *should* acknowledge the validity of diverse stakeholder interests and *should* attempt to respond to them within a mutually supportive framework" (Donaldson and Preston 1995:87). However, the capacity of managers to enact these two assigned roles successfully is likely to be compromised by their propensity to practice opportunism and self-aggrandizing behavior (Williamson 1985). Like all other stakeholders, managers hold, and are likely to advocate, their own specific norms defining what is responsible or irresponsible business behavior. The only barrier to managers' self-serving tendencies is the board of directors that is responsible for the oversight of all corporate decisions.

On the basis of this description of the firm and its managers, we argue that *organizations act in a socially responsible manner when they align their behaviors with the norms and demands embraced by their main stakeholders* (including their managers). The conceptual framework we propose investigates the factors conducive to socially responsible corporate behaviors (see Figure 1). This framework is meaningful at the level of the strategic business unit: the nature of relevant stakeholders and of business activities may vary greatly from one business unit to the next. In a first step, our conceptual framework considers the normative underpinnings of CSR and examines how stakeholder norms emerge and influence corporate behaviors (Propositions 1 to 4 and 7 to 8c in Figure 1). In a second step, adopting a managerial perspective, the framework outlines some organizational practices conducive to socially responsible corporate behaviors (Propositions 5 and 6). Finally, in accordance with the instrumental view of CSR, the framework surveys some of the benefits that may result from socially responsible business behaviors (Propositions 9 to 11c).

CSR: NORMATIVE UNDERPINNINGS

As previously mentioned, CSR represents the duty to meet or exceed stakeholder norms defining desirable business behaviors. This section explores the nature of stakeholder norms along with the conditions that favor their integration into business practices.

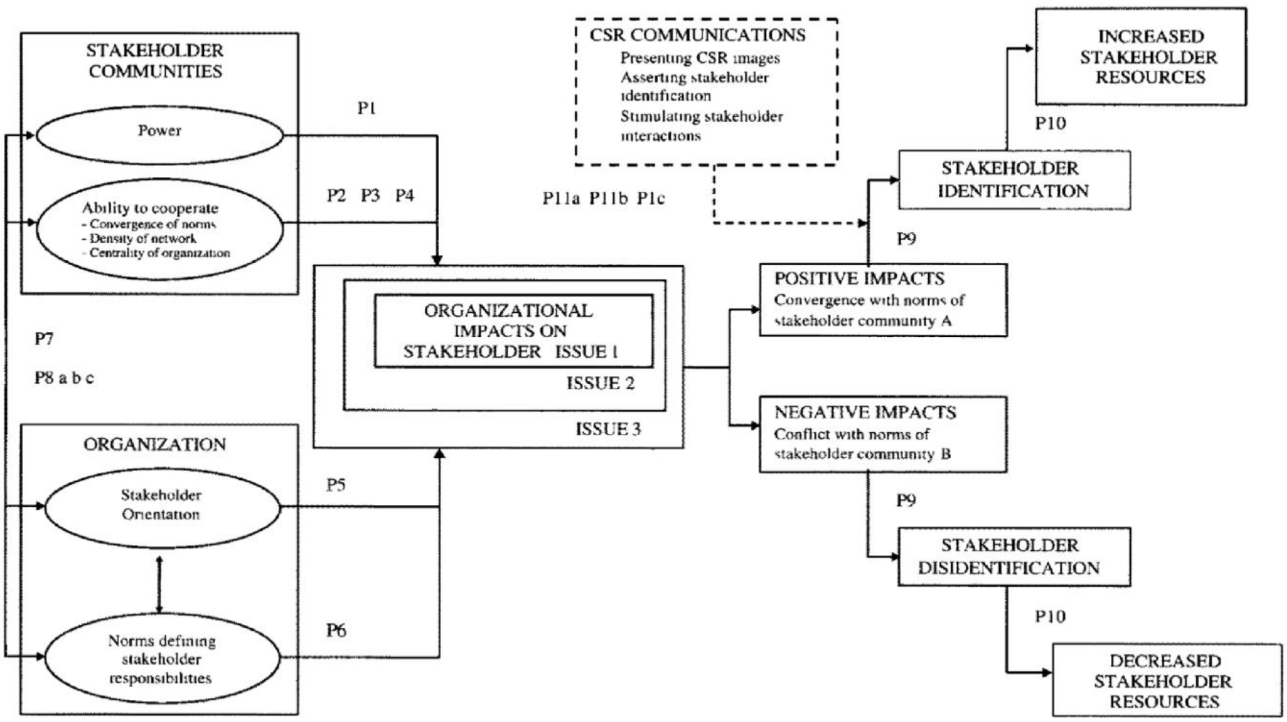
Stakeholder Norms

We depict stakeholder norms based on integrative social contract theory (ISCT) (Donaldson and Dunfee 1994), a framework previously employed in the marketing literature (e.g., Dunfee, Smith, and Ross 1999) and particularly appropriate to analyze conflicting norms among different groups. ISCT posits the existence of two types of social contracts and associated norms that dictate the nature of appropriate business behaviors. The first is a hypothetical macro social contract among all economic participants. This general contract entails broad norms called *hypernorms* that outline a small set of universal principles defining which behaviors are morally right or wrong (Dunfee et al. 1999). Frederick (1991) identified a series of normative corporate principles that could be regarded as hypernorms based on the analysis of six intergovernmental guidelines (e.g., the "OECD Guidelines for Multinational Enterprises"). One of these principles states that businesses "should adopt adequate health and safety standards for employees and grant them the right to know about job-related health hazards" (Frederick 1991:166).

According to ISCT, this first macro social contract provides the normative ground rules for a second type of implicit contract that occurs among members of specific communities (Donaldson and Dunfee 1994, cf. p. 254). A community is a web of intertwined relationships among a group of individuals, which are based on shared beliefs, history, and identity (Etzioni 2000, cf. pp. 222-223). Strategic business units, professional associations, or nations are examples of communities that are likely to embrace a given set of norms defining appropriate behaviors (Donaldson and Dunfee 1994). These different communities may hold highly diverging norms. Yet, according to ISCT, to be viable, community norms must be in agreement with broad hypernorms (Dunfee et al. 1999).

Stakeholder communities. We suggest that individual stakeholders may also be regrouped around communities. Following Etzioni (1996, 2000), a stakeholder community is defined as a group of individual stakeholders who (a) interact with one another and (b) share common norms and goals with respect to a given issue. For example, some investors choose to become members of activist groups such as "Equality Project," a shareholder association battling against gender discrimination in businesses. Active communities can also be found among employees (e.g., the International Textile Garment and Leather Workers' Federation), consumers (e.g., the Council on Size and Weight Discrimination), suppliers (e.g., Aviation Suppliers Association), competitors (e.g., American Apparel and Footwear Association), local residents (e.g., the Nature Funds), and the media (e.g., Television Directors Association). These various groups have established their own

FIGURE 1
Likely Antecedents and Outcomes of Socially Responsible Corporate Behaviors



NOTE: CSR = corporate social responsibility.

guidelines defining responsible business behaviors on issues such as working conditions, consumer rights, environmental protection, product safety, or proper information disclosure.

Stakeholder norms. Therefore, in accordance with ISCT's notion of community norms, we introduce stakeholder norms as the common set of rules and behavioral expectations shared by the majority of the members of a stakeholder community. Noticeably, individual stakeholders may share and abide by common norms even when they are not regrouped in a formal organization. For instance, customers do not need to be members of any specific environmental defense group to show concern for the environmental impact of business activities, to discuss this issue among themselves, and to enact their concerns in their purchasing decisions.

Organizational norms. ISCT also views an individual firm as a community embracing its own set of norms. These organizational norms certainly overlap with, are influenced by, and influence, the norms of the stakeholder communities that interact with the firm. In particular, much overlap can be expected between the norms of the organization and those of employees, managers, and founders, respectively. However, given that these three groups may hold conflicting expectations, organizations define their own norms dictating which behaviors are desirable or not. As suggested by the literature on organizational identity (e.g., Whetten and Godfrey 1998), these organizational norms are often a heritage of strong founders (e.g., Milton Hershey, Robert Wood Johnson) and are carefully cultivated by their followers. They are usually formalized in official documents such as mission statements, corporate autobiographies, and codes of conduct.

Stakeholder Issues

Stakeholders show concern not only for issues that affect their own welfare (e.g., consumers calling for improved product safety) but also for issues that do not affect them directly (e.g., consumers condemning child labor). Accordingly, we define stakeholder issues broadly, as the corporate activities and effects thereof that are of concern to one or more stakeholder communities. Examples of stakeholder issues include occupational health and safety, the transparency of financial information, and industrial pollution. The evaluation of an organization's impact on these respective issues could include injury and absentee rates, transparency ratings provided by institutional investors, and data on annual waste produced.

We suggest that an organization's commitment to social responsibility can be assessed by scrutinizing its impact on the issues of concern to its stakeholders. As illustrated in Figure 1, this evaluation is issue specific: while a given business may have a positive impact on one stakeholder issue, it may concurrently have a negative impact on another stakeholder issue. For example, while Levi Strauss has been applauded for its leadership in addressing the child labor issue, it has been blamed for its inability to offer job security. The evaluation of an organization's commitment to CSR is all the more difficult because different stakeholder communities favor conflicting norms. One specific corporate decision can both positively affect an issue advocated by one stakeholder community and negatively affect an issue dear to another stakeholder community. For instance, when Disney Inc. extended benefits to employees' gay partners, the company satisfied a major demand of some communities advocating gay rights. However, this decision angered some religious communities who believe that businesses should not support homosexuality. Accordingly, the evaluation of businesses' commitment to CSR is dependent both on the stakeholder issues and the stakeholder communities considered.

Stakeholder Power as an Antecedent of Corporate Impacts

According to ISCT, diverging community norms may coexist as long as they conform to hypernorms. In addition, given that businesses have their own norms defining appropriate business behaviors, one may wonder why they would worry about stakeholder norms and issues. As indicated by Frooman (1999), along with Jawahar and McLaughlin (2001), resource-dependence theory (Pfeffer and Salancik 1978) suggests an answer to this question. Resource-dependence theory states that "an organization must attend to the demands of those in its environment that provide resources necessary and important for its continued survival" (Pfeffer 1982:193). Each stakeholder community provides material or immaterial resources that are more or less critical to the firm's long-term success (Hill and Jones 1992, cf. p. 133). For example, stockholders can bring in capital; suppliers can give access to material resources or immaterial knowledge; local communities can offer infrastructure and a location; employees and managers can grant expertise, leadership, and loyalty; customers can provide loyalty and positive word of mouth; and the media can help spread positive corporate images.

The ability of stakeholder communities to withdraw needed organizational resources gives them power over the organization. In accordance with the resource-dependence framework, power is defined in relative terms: a stakeholder community has power over a focal organization if the organization is more dependent on the stakeholder community relative to the community's dependence on the organization (Frooman 1999; Pfeffer and Salancik 1978). When corporate impacts on specific issues violate stakeholder norms with respect to these issues, stakeholder communities might make use of their power to bring about changes in corporate behavior. Hill and Jones (1992) outlined three main strategies that are commonly used by stakeholder communities to advocate an issue:

1. With *legalistic approaches*, stakeholders antagonize corporate practices with the letter of the law. For example, on several occasions during the 1990s, minority customers filed lawsuits against Waffle House because they were refused service.
2. With *exit strategies*, stakeholders withhold or threaten to withhold resources if the firm fails to address a specific issue. For instance, Franklin Research (ethical investments fund) has threatened to withdraw its investments from firms that do not include human rights in their corporate ethics practices ("Saints and Sinners" 1995).
3. With *voice strategies*, a stakeholder community attempts to stimulate awareness and action among other powerful stakeholder communities. For instance, environmental defense groups organized protests outside of Staples stores, which allowed them to gain the interest and support of the media, consumer advocates, and the broad customer base of the retailer (Truini 2001).

With such actions, stakeholder communities show that they have the resources to influence corporate activities. As the ability of stakeholder communities to withhold vital organizational resources increases, so does the propensity of the firm to conform to the community norms defining appropriate behaviors. Therefore, businesses can be expected to show diligence to the issues of concern to powerful stakeholder communities in order to ascertain their continued cooperation. The relationship between stakeholder power and responsible corporate behavior is illustrated in Figure 1 and summarized in the following proposition:

Proposition 1: The more powerful a stakeholder community, the more positive the impact of the focal organization on the issue(s) of concern to that community.

Stakeholders' Ability to Cooperate as an Antecedent of Corporate Impacts

Stakeholder communities can use their own power to advocate responsible corporate behaviors. They can also join forces with other stakeholder communities that are able to withhold resources away from the firm. For example, in their fight against Nike's child labor practices in the 1990s, student activists relied on the media to voice their concerns and to earn the crucial support of consumers. Therefore, businesses' likelihood to act on a given stakeholder issue increases when different stakeholder communities can cooperate to advocate that issue. We suggest that stakeholders' ability to cooperate can be evaluated by considering (a) the degree of convergence of stakeholder norms, (b) the density of the network of stakeholders, and (c) the centrality of the organization in the network of stakeholders.

Convergence of stakeholder norms. Stakeholder actions against a certain set of corporate behaviors often fail because of conflicting stakeholder norms. For instance, a number of environmental defense groups have advocated stricter standards for pesticides such as those produced by BASF. Nevertheless, their advocacy has remained fruitless mainly because other groups concerned about economic development view enhanced environmental standards as a way to exclude poor countries from substantial markets. As illustrated in this example, the collaboration between stakeholder communities requires normative convergence: these communities must share common norms defining desirable corporate behaviors and impacts. Accordingly, the following proposition is advanced:

> *Proposition 2:* The greater the convergence of norms with respect to an issue across different stakeholder communities, the more positive the impact of the focal organization on this issue.

Density of the network of stakeholders. Different stakeholder communities are more likely to collaborate if they can easily access one another, exchange viewpoints, and interact. Rowley (1997) captured this idea with the concept of density of a stakeholder's network. On the basis of network theory (Wasserman and Galaskiewicz 1994), Rowley (1997) defined density as the relative number of ties in a network that link stakeholders together. As the density of the stakeholder network increases, so does the ability of stakeholders to exchange information about corporate impacts and to coordinate actions against socially irresponsible businesses. As a result, the focal business becomes less and less capable of hiding information or denying the relevance of the stakeholder issue(s). The importance of the density of a stakeholder's network can be illustrated with Shell's Brent Spar crisis. While the oil manufacturer was preparing to blast an old rig in the North Sea in 1995, Greenpeace established close ties with a variety of powerful stakeholders including environmental groups, churches, consumers defense groups, political circles, and journalists. The coordinated actions of these different actors led to the widespread criticism of Shell, to consumer boycotts, and to Shell's capitulation (Barbone 1996). This example illustrates the following proposition:

> *Proposition 3:* The greater the density of a network of stakeholder communities concerned about an issue, the more positive the impact of the focal organization on this issue.

Centrality of the organization. In contrast, when a business has the means to limit the level of interactions taking place between stakeholders, it is able to hold back or manipulate information about the issue, to antagonize stakeholders' interests, and to avoid addressing the issue. This ability is referred to as centrality by Rowley (1997). Network centrality designates the extent to which an actor has control over other actors' access to various regions of the network. This concept can be illustrated with the example of Qwest Communications International, Inc., a phone company charged with a variety of unethical and illegal practices ranging from the inflation of sales figures to improper accounting (Martin 2002; "Qwest Officials" 2003). Hiding behind a complex set of regulations and technologies, Qwest was able to keep information from its main stakeholders—including customers, regulators, and shareholders—for many years. There is also evidence that top managers have tried to antagonize stakeholders, for example, by suggesting to employees that collaborating with regulators could threaten the firm's survival along with many jobs. Similarly to Qwest, firms holding a central position in a network of stakeholders are able to restrain information flows between stakeholders and can ignore stakeholder issues. The link between network centrality and corporate impacts can be summarized as follows:

> *Proposition 4:* The greater the centrality of the focal organization in a network of stakeholder communities, the less positive the impact of the focal organization on issues of concern to these communities.

Is Stakeholder Power Necessary to Obtain Positive Organizational Impacts?

The discussion above could imply that businesses will engage in socially responsible behaviors only in the presence of stakeholder power and cooperation. Businesses would then limit their responsibility initiatives to those issues of concern to the most powerful and visible stakeholder communities. This view has some merit especially since managers and employees form stakeholder communities that actively defend specific norms and issues within the firm. However, the organization's own norms may stimulate a commitment to a specific cause independently of any stakeholder pressure. These organizational norms may also exceed stakeholder norms with respect to particular issues. Nevertheless, to meet or even exceed stakeholder norms defining appropriate business behaviors, firms must first be able to identify relevant stakeholder communities along with their norms and issues. In addition, businesses must have processes in place to examine how their own norms and practices fit with stakeholder norms. The next section introduces some organizational behaviors that help the firm systematically act in a socially responsible manner.

CSR: MANAGERIAL PRACTICES

Stakeholder Orientation as an Antecedent of Organizational Impacts

Keeping aware of stakeholder communities, norms, and issues demands an openness of the firm to its external environment. As pinpointed by Zeithaml and Zeithaml (1984), marketing is concerned with the management of the exchange relationships that tie organizations to their environment. Accordingly, the marketing discipline suggests organizational processes useful to keep abreast of, and manage, stakeholder relationships (Kimery and Rinehart 1998). In particular, with the concept of market orientation, scholars have characterized the organizational behaviors adopted by businesses to understand "customers' expressed and latent needs and develop superior solutions to these needs" (Slater and Narver 1999:1165). As noted by Matsuno and Mentzer (2000), most conceptualizations recognize that market-oriented firms do not focus solely on customer requirements but also on the demands of two market actors: competitors and regulators (e.g., Day 1994; Kohli and Jaworski 1990; Narver and Slater 1990).

Going beyond a concern for the market to a broader consideration of stakeholder demands, we propose the notion of stakeholder orientation as a useful concept to grasp the degree to which a firm understands and addresses stakeholder demands. Following Kohli and Jaworski's (1990) conceptualization of market orientation, we propose that a stakeholder orientation is composed of three sets of behaviors: (a) the organization-wide generation of intelligence pertaining to the nature of stakeholder communities, norms, and issues, along with the evaluation of the firm's impacts on these issues; (b) the dissemination of this intelligence throughout the organization; and (c) the organization-wide responsiveness to this intelligence. Table 1 introduces organizational activities representative of these three types of behaviors.

Generation of stakeholder intelligence. The generation of stakeholder intelligence starts with the identification of the stakeholder communities relevant to the firm. As earlier mentioned, these communities can be formally organized but can also encompass individuals who share common beliefs and who interact only loosely with one another. The selection of relevant stakeholders must be based on an analysis of the power enjoyed by each stakeholder community and on an evaluation of the aggregated power of several communities with ties to one another. Since the nature and relative power of stakeholder communities may evolve over time, it is essential that the organization revise its set of relevant stakeholders on a regular basis.

In a second step, intelligence generation focuses on characterizing the norms and issues about organizational activities that are shared among each relevant stakeholder community. As with market orientation, this stakeholder information can be gathered through formal research, including surveys, focus groups, or press reviews. For instance, the British retailer B&Q organizes biannual meetings on social and environmental responsibility with company representatives, suppliers, customers, and community leaders. Stakeholder intelligence can also be generated informally by a variety of organizational members as they carry out their daily activities. For example, purchasing managers may know about suppliers' demands, public relations executives about the media, legal advisers about regulators, financial executives about investors, sales representatives about customers, and human resources advisers about employees. Therefore, intelligence about stakeholder norms and issues is generated collectively by a variety of agents spread throughout the organization. A third aspect of intelligence generation consists of evaluating the firm's impact on various stakeholder issues. For some issues, objective indicators such as the following are employed: the annual employee time spent in community service, the number of customer complaints, the average hours of training received per employee per year, or the number of shareholder resolutions proposed per year. Subjective measures of stakeholders' evaluation of the firm can also be used.

Dissemination of stakeholder intelligence. Given the variety of the organizational members involved in the generation of stakeholder information, it is essential that this intelligence be disseminated within the firm. The dissemination of stakeholder information consists of facilitating flows of information among organizational actors about the nature of relevant stakeholder communities and norms, stakeholder issues, and the current impact of the firm on

TABLE 1
Examples of Activities Significant of a Stakeholder Orientation

	All Stakeholders	*Employees*	*Customers*	*Communities Where the Firm Operates*
Information generation	1. Selection of relevant stakeholder communities (through a press review, for example). 2. Inquiry into the nature of stakeholder issues (with panels, focus groups). 3. Evaluation of the firm's impact on stakeholder issues. 4. Evaluation of the corporate reputation among stakeholders.	1. Regular discussions with representatives of different categories of personnel. 2. Forums of information/ discussion on employee issues (health, stress management, etc.). 3. Regular evaluation of employee satisfaction. 4. Data about employee injuries, absenteeism.	1. Identification of, and contact with, customer advocates. 2. Discussion forums with customers to understand their needs and concerns. 3. Data on customer complaints.	1. Identification of community leaders. 2. Consultation with community leaders to know about emerging issues. 3. Analysis of impact of corporate activities on environment (e.g., electricity use, use of recycled materials). 4. Survey of the firm's reputation in the community.
Information dissemination	1. Regular interdepartmental meetings about trends in the firm's environment. 2. Circulation of documents (reports, newsletters) about the impact of corporate activities on stakeholder issues. 3. Facilitating the contacts of all departments with stakeholders.	1. Internal communications about employee-related issues. 2. Open-door policy to superiors. 3. Facilitation of informal meetings between employees at all levels.	1. Communicating the nature of customer complaints across all departments. 2. Including results of customer research in product policies. 3. Circulation of information on emerging consumer trends.	1. Discussion forums about community issues, for example, on Intranet. 2. Facilitating the participation of employees into community affairs (giving lectures, attending seminars). 3. Granting a prize for the best community initiative.
Responsiveness	1. Programs to address stakeholder issues.	1. Employee health and safety programs. 2. Provision of day care. 3. Facilitating employee education	1. Product quality and safety improvement programs. 2. Programs to respond to customer complaints. 3. Facilities for handicapped customers.	1. Philanthropic and volunteerism programs. 2. Environmental protection programs. 3. Economic development programs.

these issues. As is the case for market orientation, the dissemination of stakeholder intelligence can be organized formally through activities such as newsletters, the Intranet, and internal information forums. But information can also be exchanged informally during routine interactions between organizational members. Following Kohli, Jaworski, and Kumar (1993), stakeholder intelligence dissemination takes place both horizontally (across various departments) and vertically (across lines of authority).

Responsiveness to stakeholder intelligence. A stakeholder orientation is not complete unless it includes the activities adopted by the organization to actually meet stakeholder demands. The organization-wide responsiveness to stakeholder intelligence consists of the initiatives adopted in order to ensure that the firm abides by, or exceeds, stakeholder norms on a number of issues. Such responsiveness activities are likely to be specific to a stakeholder community (e.g., family-friendly work schedules) or to a stakeholder issue (e.g., emissions reduction programs).

Organizational Norms as an Antecedent of Organizational Impacts

Even though a high stakeholder orientation stimulates socially responsible corporate behaviors, it is not sufficient to ensure that the organization will systematically behave responsibly. Even when an organization generates intelligence over stakeholder norms and issues, it may choose to adopt initiatives that, unlike those presented in Table 1, are not aimed at affecting positively those issues. Businesses may choose to avoid complying with stakeholder norms, for example, by masking nonconformity, by changing the nature of their relations to stakeholder communities, or by influencing stakeholders' evaluation of the firm's impact (Oliver 1991; Zeithaml and Zeithaml 1984).

In addition, in the presence of stakeholders with similar power levels and conflicting norms, a stakeholder orientation does not provide any guidance as to which norms to favor. Similarly, limited organizational resources require that the firm select specific issues among those advocated by equally powerful stakeholder communities. A stakeholder orientation does not establish priorities between stakeholder issues. Accordingly, in supplement to a stakeholder orientation, organizational norms are required to define what constitutes desirable behaviors toward stakeholders and to select among stakeholder communities and issues. In particular, organizational norms may stipulate the nature of

1. the *most relevant stakeholder communities* (e.g., "We demonstrate our responsibility as a corporate citizen when we interact with our customers, associates, and the community at large." www.prudential.com)
2. the *stakeholder issues viewed as priorities* (e.g., "ConAgra is committed to finding solutions and working with organizations to help feed America's hungry children." www.conagra.com)
3. *appropriate behaviors toward stakeholders* (e.g., "We are proud of our efforts to maintain a workforce that represents many backgrounds, and are deeply committed to cultivating an environment where the contributions of every employee, customer, and vendor are respected." www.nordstrom.com)

Whether they are expressed formally or informally, organizational norms help clarify the nature of the stakeholder issues to be tackled along with the standards defining appropriate behaviors. Therefore, they favor corporate decisions and practices that have a positive impact on stakeholder issues. However, organizational norms dictating the nature of stakeholder responsibilities are not sufficient to systematically obtain responsible corporate behaviors: organizational norms may conflict with the norms of powerful stakeholder communities. Accordingly, it is the combination of a stakeholder orientation and of organizational norms that is most conducive of positive corporate impacts on stakeholder issues. Hence, the following two propositions are advanced:

Proposition 5: A greater stakeholder orientation is associated with more positive impacts on stakeholder issues when more organizational norms defining responsibilities toward stakeholders are in place.

Proposition 6: More organizational norms defining responsibilities toward stakeholders are associated with more positive impacts on stakeholder issues when a high stakeholder orientation is in place.

As indicated in Figure 1, reciprocal influences between an organization's stakeholder orientation and its stakeholder norms are likely to emerge. The generation of intelligence about stakeholder communities helps identify new stakeholder issues and may therefore lead to an adjustment of organizational norms. Reciprocally, when organizational norms give priority to specific stakeholder communities, the generation, dissemination, and responsiveness processes are likely to focus more on these preferred stakeholders.

Organizational and Stakeholder Characteristics Are Both Antecedents of Organizational Impacts

Noticeably, as shown in Figure 1, we suggest that stakeholder characteristics (power, ability to cooperate) and organizational features (stakeholder orientation, norms) respectively influence organizational impacts on specific issues. Even in the absence of organizational norms defining stakeholder responses, and when the stakeholder orientation is low, powerful stakeholder communities may still be able to influence corporate behaviors because they can withdraw resources away from the firm. For example, probably due to its dominant position in the diamonds market, De Beers had not worried until the late 1900s about developing norms or practices to account for stakeholders' concerns and expectations. However, when several human rights defense groups launched a successful boycott against De Beers to condemn its collaboration with Angolan rebel groups, the diamond company had little choice but to stop its dealings in Angola. Similarly, as previously mentioned, even when powerful stakeholder communities do not exercise pressures, an organization can choose to favor socially responsible behaviors. A case in point is Hershey's, a company that adopted clear guidelines dictating appropriate behaviors during its founding years in the early 1890s. These guidelines were based on Milton Hershey's personal values, and not on specific requirements imposed by stakeholder communities. Therefore, stakeholder and organizational factors, respectively, are expected to directly influence the impact of businesses on various stakeholder issues.

This does not mean that organizational norms and the degree of stakeholder orientation emerge completely independently of pressures from stakeholder communities. On the contrary, as illustrated in Figure 1, an organization's stakeholder orientation and norms defining stakeholder responsibilities are likely to be influenced by stakeholders' power and ability to cooperate. In particular, faced with powerful and closely connected stakeholder communities, a focal organization is likely to develop norms defining desirable behaviors and to encourage stakeholder-oriented behaviors. Otherwise, the organization may soon become incapable of keeping aware of, and choosing among, stakeholder demands. Accordingly, we advance the following propositions:

Proposition 7: The greater the power of stakeholder communities, the greater the stakeholder orientation of the focal organization and the more organizational norms defining responsibilities toward stakeholders.

Proposition 8: The greater stakeholders' ability to cooperate, the greater the stakeholder orientation of the focal organization and the more organizational norms defining responsibilities toward stakeholders.

Proposition 8a: The greater the convergence of stakeholder norms with respect to an issue across stakeholder communities, the greater the stakeholder orientation of the focal organization and the more organizational norms defining responsibilities toward stakeholders.

Proposition 8b: The greater the density of the network of stakeholders concerned about an issue, the greater the stakeholder orientation of the focal organization and the more organizational norms defining responsibilities toward stakeholders.

Proposition 8c: The lower the centrality of the focal organization in the network of stakeholder communities, the greater the stakeholder orientation of the focal organization and the more organizational norms defining responsibilities toward stakeholders.

A high-level stakeholder orientation and the implementation of organizational norms clarifying stakeholder responsibilities help the organization ensure that stakeholders continue to provide necessary organizational resources. However, the successful management of CSR is not limited to securing the undisrupted flow of stakeholder resources; instead, it may also aim at generating increased stakeholder resources. The next section examines how CSR can help market the organization to its stakeholders and stimulate their active support.

CSR: INSTRUMENTAL PRACTICES

Past research investigating stakeholders' reactions to socially responsible corporate behaviors remains embryonic. Nevertheless, a few marketing studies suggest that perceptions of CSR may generate increased resources from one specific category of stakeholders: consumers. For instance, Handelman and Arnold (1999) observed that consumers engage in positive word of mouth about firms committed to actions that demonstrate adherence to institutional norms. Maignan et al. (1999) established a positive relationship between CSR and customer loyalty in a managerial survey. Other studies have also demonstrated that consumers are willing to actively support companies committed to cause-related marketing, environmentally friendly practices, or ethics (Barone et al. 2000; Berger and Kanetkar 1995; Creyer and Ross 1997). Furthermore, there is evidence that some consumers are ready to sanction socially irresponsible companies, for example, by boycotting their products and services (Garrett 1987; Sen, Gürhan-Canli, and Morwitz 2001). Consequently, negative corporate impacts on issues valued by stakeholders may lead to decreased stakeholder resources.

Some preliminary research evidence suggests that socially responsible corporate behaviors may also lead to increased employee resources. For example, Turban and Greening (1996), along with Luce, Barber, and Hillman (2001), observed that firms rating high on CSR are perceived as more attractive by job applicants. In addition, Maignan et al. (1999) highlighted a positive relationship between CSR and employee commitment. These observations imply that employees may also be willing to provide more resources—in terms of time, energy, and dedication—to the companies that have positive impacts on stakeholder issues.

Research on stakeholders' reactions to socially responsible or irresponsible business practices remains scarce. In particular, investigations have been limited in terms of the stakeholder categories considered (consumers and employees) and the stakeholder resources examined. In addition, the studies mentioned above have not explained the process through which positive and negative corporate impacts on stakeholder issues affect the availability of stakeholder resources. However, several authors (Drumwright 1996; Maignan and Ferrell 2001; Sen and Bhattacharya 2001) have suggested that organizational identification theory may provide a solid basis to understand how positive CSR impacts generate the active support of consumers. Building on this suggestion, we argue that socially responsible corporate behaviors may trigger stakeholder identification and increased stakeholder resources. Conversely, as illustrated in Figure 1, corporate behaviors that fall short of stakeholder norms may lead to stakeholder disidentification and decreased stakeholder resources. Our conceptual framework considers solely the consequences of CSR impacts in terms of dis/identification. This focus is admittedly limited and ignores other paths through which organizational impacts could translate into varying levels of stakeholder resources.

Outcomes of CSR: Stakeholder Identification and Disidentification

Scholars have demonstrated that people identify with organizations when they perceive an overlap between organizational attributes and their individual attributes (Ashforth and Mael 1989; Dutton, Dukerich, and Harquael 1994; Tajfel and Turner 1985). Scott and Lane (2000) suggested that the concept of organizational identification applies not only to organizational members but also to other stakeholders. These authors defined organizational identity as "the set of beliefs shared between top managers [. . .] and stakeholders about the central, enduring, and distinctive characteristics of an organization" (p. 44). As stakeholders perceive that key organizational features are in congruence with their self-identity, they are likely to identify with the organization. Past research has highlighted some benefits of organizational identification, including employee commitment (O'Reilly and Chatman 1986), decreased turnover (O'Reilly and Chatman 1986), along with generally helpful and supportive organizational behavior (Bhattacharya, Rao, and Glynn 1985; Dutton et al. 1994; Tajfel and Turner 1985). Recent investigations also suggest that organizational disidentification may occur when individuals perceive a conflict between their defining attributes and the attributes characterizing the organization (Bhattacharya and Elsbach 2002; Elsbach and Bhattacharya 2001). Disidentification signifies a separation of the person's self-concept from that of the organization (Bhattacharya and Elsbach 2002, cf. p. 28) and translates into negative perceptions of the organization. Corporations such as WorldCom and Enron that have been confronted with scandal experience disidentification from investors, employees, and customers.

When engaging in actions aimed at addressing a specific stakeholder issue, an organization clearly acknowledges the importance of that issue. Stakeholders sharing the same concern for that issue are likely to appreciate the firm's initiative, and a feeling of bonding to the firm may then emerge. In contrast, when an organization's behaviors violate the norms embraced by a stakeholder community, the members of that community are likely to feel alienated and to disidentify from the organization. Even though past studies of consumer boycotts do not mention organizational disidentification, they do illustrate very well how this process of dissociation can take place among certain consumer groups as a result of questionable corporate actions (e.g., Garrett 1987; Sen, Gürhan-Canli, and Morwitz 2001). Similarly, there is evidence that employees disidentify from businesses that commit irresponsible actions (Dutton et al. 1994). Since stakeholder communities may not show the same level of concern for various issues, stakeholder identification and disidentification are displayed in Figure 1 as specific to an issue and to a stakeholder community.

Overall, we propose that the positive impact of a business on a stakeholder issue encourages the organizational identification of stakeholders concerned with that issue. In turn, organizational identification is likely to lead to increased stakeholder resources. Conversely, negative business impacts on a stakeholder issue may lead to the organizational disidentification of the stakeholders concerned with that issue. This disidentification process is likely to lead to decreased stakeholder resources. Therefore, the following two propositions are advanced:

> *Proposition 9:* The more positive [negative] the impact of a focal organization on a stakeholder issue, the greater the organizational identification [disidentification] of the stakeholders who are concerned with that issue.

> *Proposition 10:* The greater the organizational identification [disidentification] of stakeholders with an organization, the greater [lower] the stakeholder resources granted to that organization.

Past research findings suggest that positive corporate impacts on stakeholder issues do not systematically lead to increased stakeholder identification and resources. In particular, past studies have demonstrated that consumer support of CSR may be moderated by a variety of factors such as the level of support for the issue under consideration, perceived efficacy, and perceived price/quality trade-offs (Barone, Miyazaki, and Taylor 2000; Sen and Bhattacharya 2001). Similarly, several factors such as perceived costs, perceived efficacy, and personal values have been found to affect consumers' willingness to engage in a boycott (Garrett 1987; Sen et al. 2001). The scope of these various studies is very limited both in terms of the stakeholder groups considered and the organizational practices scrutinized. Nevertheless, they suggest some factors that may moderate the relationships outlined in Propositions 7 and 8. Overall, social responsibility practices emerge as a potentially useful instrument to market the organization to stakeholders and to avoid stakeholder sanctions. The next section suggests that marketing activities can help the organization further benefit from its commitment to CSR.

CSR Communications as a Moderating Factor

Stakeholders' awareness of businesses' impacts on specific issues is a prerequisite to organizational identification. Therefore, as suggested in Figure 1, stakeholder identification depends on the extent to which the firm communicates about its CSR initiatives to different publics. Scott and Lane (2000) outlined three mechanisms used by organizations to prompt stakeholders' cognitive elaboration of an organizational identity: (a) presenting organizational images in communications, (b) making stakeholders' affiliation with the organization more public, and (c) increasing interactions with the organization and/or among stakeholders. This classification suggests three main approaches whereby marketing communications can trigger enhanced stakeholder identification: (a) including CSR images in organizational communications, (b) enhancing stakeholders' affiliation to the firm based on a shared concern for a specific issue, and (c) stimulating stakeholder interactions around CSR.

With instruments such as advertisements, promotions, public speeches, or newsletters, corporate communications can help spread the image of a good corporate citizen caring about important stakeholder issues. For example, in its advertising campaign entitled "Profits and Principles. Is there a choice?" Shell asserted its dedication to environmental protection with statements such as: "our commitment to sustainable development, balancing economic progress with environmental care and social responsibility." Starbucks has adopted a different tactic: this company sells a so-called Fair Trade coffee; this item gives an opportunity for the firm to introduce its commitment to helping developing countries and helps present Starbucks as a responsible organization. This type of communications keep stakeholders informed about the firm's initiatives to address specific social responsibility issues.

Corporate messages can also emphasize the affiliation linking stakeholders to the firm based on a shared concern for, or commitment to, a specific issue. Such communications establish CSR as a potential bond between the firm and its stakeholders. For example, Wal-Mart advertises on store displays and on its Web site the prizes, thank-you letters, and special acknowledgments received by its employees during the working hours they spent as volunteers in the community. These messages make public the common concern for the community displayed by both the company and its employees. The publicized affiliation and commitment might be appealing to potential recruits, consumers, and community leaders. Following a similar approach, the mortgage supplier Fannie Mae advertises in the press and on its Web site its partnership with the city of Minneapolis to help rejuvenate endangered neighborhoods. Accordingly, Fannie Mae publicizes simultaneously its affiliation with community leaders and regulators along with its commitment to fighting social exclusion.

A third type of CSR communications likely to enhance stakeholder identification with the firm consists in increasing interactions between the firm and its stakeholders around an issue. For example, the services company EDS encourages stakeholder interactions during its "Global Volunteer Day," an event when employees, business partners, and clients are offered to join forces to work on a common project in the community. Shell organizes an uncensored online forum opened to all site visitors who are invited to talk about "issues and dilemmas" linked to the firm's operations. By highlighting these overlapping concerns, such initiatives stimulate the development of strong relationships between stakeholders and the focal organization. Overall, corporate communications not only create awareness for CSR initiatives but also present CSR as a bond between the firm and its stakeholders. This idea is further specified in the three following propositions:

Proposition 11a: The more communications include images displaying the commitment of the focal organization to an issue, the stronger the relationship between the positive impacts of the organization on that issue and the organizational identification of the stakeholders concerned with that issue.

Proposition 11b: The more communications underline stakeholder affiliation based on a shared concern for an issue, the stronger the relationship between the positive impacts of the organization on that issue and the organizational identification of the stakeholders concerned with that issue.

Proposition 11c: The more communications stimulate interactions with and between stakeholders around an issue, the stronger the relationship between the positive impacts of the organization on that issue and the organizational identification of the stakeholders concerned with that issue.

DISCUSSION AND CONCLUSION

Operationalizing the Conceptual Framework

Given that our investigation is conceptual, the next research step would be to examine the research propositions empirically. Table 2 provides some suggestions to operationalize the main concepts introduced and highlights potentially fruitful linkages to acknowledged areas of the marketing literature. Even though most constructs discussed in this article have rarely been employed in the marketing discipline, some of their facets have been researched, usually with a focus on either of the two following stakeholder groups: consumers or channel members. For instance, marketers have not traditionally examined the notions of stakeholder community, stakeholder norms, or stakeholder power. However, they have conducted research on constructs such as consumption communities, channel members' norms, and interfirm power. Accordingly, our conceptual framework invites marketing researchers to expand the scope of existing marketing concepts to additional stakeholders besides customers and/or channel members and to adapt their operationalizations to account for this broader scope.

Integrating Past and Future Research

Our research pinpoints four main research questions that can help structure past and future research on CSR from a marketing perspective. Each of these questions is introduced below.

How do stakeholder norms influence business practices? A first stream of marketing research consists of characterizing and comparing the norms embraced by different stakeholder communities. A starting point for this type of analysis is the existing research on managers' and consumers' respective views of CSR (e.g., Maignan and Ferrell 2003; Mohr, Webb, and Harris 2001; Singhapakdi et al. 1996). These inquiries have used differentiated research approaches, which prevents a direct comparison of norms across stakeholder groups. Our discussion calls for the development of a standardized methodology that could be applied to a variety of stakeholder communities. Ide-

TABLE 2
Suggestions to Operationalize the Main Research Concepts

Concept	*Example of Relevant Marketing Literature*	*Potential Operationalization*
Stakeholder community	Consumption communities (e.g., McGrath, Sherry, and Heisley 1993); brand communities (e.g., Muniz and O'Guinn 2001)	Content analysis of the press: selecting an issue and assessing the actors that have been advocating this issue based on press articles
Stakeholder issues and norms	Marketing managers' norms of CSR (e.g., Singhapakdi, Vitell, Rallapalli, and Kraft 1996); norms in marketing channels (e.g., Grewal and Dharwadkar 2002)	Stakeholder interviews and surveys: evaluation of their norms and concerns with respect to the activities of an organization
Stakeholder power	Interfirm power (e.g., Frazier and Summers 1986); consumer resistance (e.g., Holt 2002)	Managerial surveys/interviews: managers' perceptions of different stakeholders' power
Density of stakeholder network	Marketing alliances in the business-to-business context (e.g., Rindfleisch and Moorman 2001; Welsch and Wilkinson 2002)	Stakeholder interviews: selecting an industry and a specific issue; inquiring about the interactions taking place between different stakeholder communities
Stakeholder orientation	Market orientation (e.g., Matsuno and Mentzer 2000; Narver and Slater 1990)	Managerial interviews/surveys: examining whether the organization adopts various behaviors typifying the generation of, dissemination of, and responsiveness to stakeholder intelligence
Organizational norms	Ethical work climate (e.g., Babin, Boles, and Robin 2000)	Content analysis of corporate documents: identification of the norms stated by the organization
Corporate impacts	Measures of CSR practices (e.g., Maignan, Ferrell, and Hult 1999)	Secondary data: objective indicators (e.g., injury rates, number of product recalls, number of customer complaints, donations); ratings by independent organizations (e.g., Domini 400 Social Index)
Stakeholder (dis)identification	Identification with social marketing (e.g., Bhattacharya and Elsbach 2002); customer identification (e.g., Bhattacharya, Rao, and Glynn 1995)	Stakeholder interviews/surveys: assessing stakeholders' degree of identification with firms that have positive (negative) impacts on specific issues
Stakeholder resources	Organizational citizenship (e.g., MacKenzie, Podsakoff, and Fetter 1993); reputation (e.g., Fombrun, Gardberg, and Sever 2000); customer loyalty (e.g., Parasuraman and Grewal 2000)	Customers: loyalty, positive word of mouth, brand equity measures Employees: assessment of commitment and job satisfaction Suppliers: measure of cooperation, investments in assets Investors: amount of invested capital, shareholder loyalty Media: number of positive press releases All stakeholders: reputation measures

NOTE: CSR = corporate social responsibility.

ally, this methodology would elicit stakeholders' perceptions of the main issues raised by corporate activities within a certain industry or geographic area. Such an analysis could highlight some areas of consensus deserving the attention of businesses, activists, and public policy makers.

A second and related stream of research focuses on understanding how various stakeholder communities exercise power on businesses. Marketing studies have examined some CSR advocacy initiatives employed by stakeholder groups such as consumers (e.g., Garrett 1987; Sen et al. 2001), environmental defense groups (e.g., Stafford, Polonsky, and Hartman 2000), channel members (e.g., Maignan, Hillebrand, and McAlister 2002), and internal policy entrepreneurs (Drumwright 1994). However, these investigations have focused on specific actions (e.g., boycotts) and have not developed a classification of the strategies employed across a variety of stakeholder groups. The development of such a classification in combination with an analysis of the success factors attached to different strategies could be the focus of future marketing studies. This research could be of interest to both pressure groups and regulators.

Which organizational processes can stimulate socially responsible corporate behaviors? Past research has said very little about the processes that can help ensure that socially responsible corporate behaviors are systematically favored by organizational members. To date, marketers have mainly discussed the importance of codes of conduct in stimulating ethical business practices (e.g., Harker and Harker 2000; Murphy 1988). Our research suggests two types of processes—a stakeholder orientation and the adoption of organizational norms—that can support socially responsible corporate practices. Marketing research is needed to depict in much greater details which behaviors are significant of a stakeholder orientation and which exact norms can favor a systematic concern for stakeholders. The literature streams on market orientation and marketing ethics, respectively, provide a sound basis for this type of research.

How do different stakeholders react to CSR practices? Our analysis emphasizes the difficulty of bringing together past marketing findings on consumers' reactions to CSR (e.g., Barone et al. 2000; Creyer and Ross 1997; Webb and Mohr 1998). Past findings remain hardly comparable because they focus on specialized facets of CSR and investigate different forms of consumer responses. We propose that future studies examining the impact of CSR initiatives consider one common outcome (e.g., organizational identification) across a variety of stakeholder communities. We also suggest that future research could evaluate the effect of irresponsible corporate behaviors by scrutinizing their relationship to stakeholder disidentification. Studies on stakeholders' reactions to CSR would help assess the business benefits and costs associated with, respectively, responsible and irresponsible corporate behaviors.

How to communicate about CSR practices? There is only embryonic marketing research on CSR communications. Some studies have examined the success factors of advertising with a social dimension (e.g., Drumwright 1996) and the tactics employed by organizations to convey social responsibility images (e.g., Arnold, Kozinets, and Handelman 2001). Our study calls for research that scrutinizes the communication strategies, media, and appeals most appropriate to engender awareness of CSR practices and to stimulate stakeholder identification. Our discussion further suggests that businesses cannot hope to enjoy concrete benefits from CSR unless they intelligently communicate about their initiatives to relevant stakeholders.

Overall, by outlining these four research streams, we encourage marketing scholars to (a) consider extending established concepts and research questions to a variety of stakeholders and (b) evaluate the nature, antecedents, and outcomes of CSR practices in a systematic fashion that enables the comparability of findings across CSR initiatives, stakeholder communities, and stakeholder issues. Finally, our conceptualization makes clear that the implementation of CSR does not consist of the launching of a few benevolent initiatives such as philanthropy programs, environmental protection policies, or employee-friendly practices. Instead, to enact their commitment to CSR, businesses must embrace a solid set of principles and processes that can help to systematically address stakeholder demands and secure stakeholder support.

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“IMPLICIT” AND “EXPLICIT” CSR: A CONCEPTUAL FRAMEWORK FOR A COMPARATIVE UNDERSTANDING OF CORPORATE SOCIAL RESPONSIBILITY

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We address the question of how and why corporate social responsibility (CSR) differs among countries and how and why it changes. Applying two schools of thought in institutional theory, we conceptualize, first, the differences between CSR in the United States and Europe and, second, the recent rise of CSR in Europe. We also delineate the potential of our framework for application to other parts of the global economy.

In this paper we address the question of why forms of business responsibility for society both differ among countries and change within them. We do so by comparative investigation of corporate social responsibility (CSR), historically and contemporarily, in the United States and in Europe.[1] The paper is inspired by two commonplace observations.

The first observation is that while many U.S. corporations have both been attributed, and ready to claim, social responsibilities, this has not been so common elsewhere. Comparative research in CSR between Europe and the United State has identified remarkable differences between companies on each side of the Atlantic. This pertains, first, to the language companies use in describing their involvement in society. In a comparative study of corporate self-presentations on the internet, Maignan and Ralston (2002) found that while 53 percent of U.S. companies mention CSR explicitly on their websites, only 29 percent of French and 25 percent of Dutch companies do the same. But these differences clearly transcend language: in a recent study of voluntary codes of conduct in the global coffee sector between 1994 and 2005, Kolk (2005a: 230) identified a total of fifteen corporate codes globally, of which only two were European (both by the same company, Nestle´), while the remaining thirteen codes were issued and adopted by exclusively U.S. corporations. In a similar vein, Brammer and Pavelin (2005) found, in a United States–United Kingdom comparison of one of the most long-standing areas of CSR—corporate community contributions—that the value of contributions by U.S. companies in 2001 was more than ten times greater than those of their U.K. counterparts (United States, $4,831 billion; United Kingdom, $428 million).

The second commonplace observation is that corporations elsewhere in the world have recently begun to adopt the language and practice of CSR—particularly in Europe, but also in Africa, Australasia, South America, and South, East, and Southeast Asia (e.g., Chapple & Moon, 2005; Puppim de Oliveira & Vargas, 2005; Visser, Middleton, & McIntosh, 2005). Although we use CSR in the United States and Europe as the

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[1] By Europe, we refer to Scandinavia, the Benelux countries, Germany, Switzerland, Austria, France, Italy, the United Kingdom, and Ireland. Although these do not represent the full European CSR experience, they strengthen our comparative design, since, like the United States, they are long-standing democratic, capitalist, welfare systems (the only postwar peace-time exception being the eastern part of Germany).

empirical backdrop of our argument, we also address the wider canvas.

Our two observations inform two puzzles. First, if CSR has only recently entered the business debate and practice outside the United States, does this mean that, hitherto, non-U.S. corporations have neglected their social responsibility? Second, if "CSR has won the battle of ideas," as even *The Economist* skeptically commented (Crook, 2005), why has it only now entered non-U.S. business agendas?

We investigate these puzzles through two research questions. First, *comparatively*, why have U.S. corporations long made *explicit* their attachment to CSR, whereas European business responsibility to society has tended to be more *implicit* such that few specific *corporate* claims have been made? Here the comparison is between responsibility policies, programs, and practices enacted by and *explicitly* articulated by companies, on the one hand, and responsibility practices enacted by companies that reflect wider policy arrangements, and that are not articulated as reflecting these companies' own discretion and initiative, on the other. In order to explore this question, we present a theoretical argument about the social responsibility of corporations reflecting the historical institutions of their national business systems.

Second, *temporally*, why have European companies recently adopted a more explicit commitment to CSR resembling that of their U.S. counterparts? Here the focus is on why companies show a greater propensity to use their discretion to engage in firm-specific responsibility practices and to articulate these as CSR, regardless of the fact that responsible business practices have been and continue to be *implicitly* part of their day-to-day business activities. We develop our argument with reference to "new institutional" theories about corporations' responses to changes in their environments.

The remainder of paper is divided into five sections. In the first section we consider the meaning of CSR, noting that it is nationally contingent, essentially contested, and dynamic. The second section presents a theoretical analysis of the institutional bases of CSR. It opens with a discussion of the institutional prerequisites for systems of business responsibility and proceeds to distinguish two institutional approaches: the national business systems approach and new institutionalism. In the third section we apply the framework by comparing four salient social responsibility and *ir*responsibility issues in the United States and Europe. The fourth section applies the framework with reference to analysis of the contemporary dynamics of CSR: how and why CSR is spreading globally and why certain distinctive features of European CSR persist. In the concluding section we offer an evaluation of the framework beyond the U.S.-European context, possible limitations of our analysis, and implications for further research.

WHAT IS CSR?

It is axiomatic for our analysis that we do not define CSR in detail, because the meanings and practices of business responsibility in different countries constitute part of the research question. Certainly, there is plenty of cross-national evidence that CSR varies in terms of its underlying meanings and the issues to which—and modes by which—it is addressed.

Despite a vast and growing body of literature on CSR (Crane, McWilliams, Matten, Moon, & Siegel, 2008; Lockett, Moon, & Visser, 2006) and on related concepts, defining CSR is not easy. First, this is because CSR is an "essentially contested concept," being "appraisive" (or considered as valued), "internally complex," and having relatively open rules of application (Moon, Crane, & Matten, 2005: 433–434). Second, CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten & Crane, 2005). Third, it has clearly been a dynamic phenomenon (Carroll, 1999).

At the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success. Thus, CSR (and its synonyms) empirically consists of clearly articulated and communicated policies and practices of corporations that reflect business responsibility for some of the wider societal good. Yet the precise manifestation and direction of the responsibility lie at the discretion of the corporation. CSR is therefore differentiated from business fulfillment of core profit-making responsibility and from the social responsibilities of government (Friedman, 1970). Furthermore, even within the United States, understandings of CSR have varied and have developed over half a century since Bowen’s (1953) landmark book. Carroll (1979, 1991) systematized CSR, distinguishing economic, legal, ethical, and philanthropic responsibilities. Subsequently, concerns with corporate social performance, stakeholder relations, corporate citizenship, links with financial performance, and new applications of business ethics have extended CSR theory and practice, sometimes reflecting impacts of European thinking (Garriga & Mele´, 2004).

In Europe the academic debate is relatively young, and the practices of CSR in management education (Matten & Moon, 2004), CSR tools (Kolk, 2005b; Langlois & Schlegelmilch, 1990), and philanthropic donations for educational, social, or environmental causes (Brammer & Pavelin, 2005) have only become widespread relatively recently. While research has provided rich descriptions of national and regional specifics of CSR, little attention has been dedicated to the question regarding how and why CSR differs among national settings. It is here that our paper contributes. We now proceed with a theoretical analysis of systems of business responsibility that is founded on their institutional contexts.

THEORETICAL APPROACHES TO UNDERSTANDING COMPARATIVE CSR

Our comparative conceptualization of CSR draws on Tempel and Walgenbach’s (2007) analysis of different institutional theories to explain both the historical comparative differences between U.S. and European CSR and the contemporary evidence of the spread of U.S.-style CSR in Europe.

As Aguilera and Jackson (2003) have argued, institutional—as opposed to agency—theory is particularly useful for understanding crossnational differences in corporate governance. Because stakeholder identities and interests vary cross-nationally, some of the assumptions of agency-oriented analysis are too simplistic. In CSR the motives of managers, shareholders, and other key stakeholders shape the way corporations are governed. Institutional theory allows these to be explored and compared within their national, cultural, and institutional contexts. Moreover, institutional theory brings interdependencies between and interactions among stakeholders into the analysis, which is vital to understanding CSR, given its societal orientation. We propose that differences in CSR among different countries are due to a variety of longstanding, historically entrenched institutions.

Contemporary institutional theory illuminates the global spread of CSR and its social contextualization beyond its U.S. origins. It enables CSR to be framed in the broader context of organization studies and international management. Thus, the recent worldwide adoption of CSR policies and strategies can be understood as part of the global spread of management concepts, ideologies, and technologies (Guler, Guille´n, & MacPherson, 2002), resulting in some sort of “Americanization” of management practices (Djelic, 1998). Nonetheless, the assumption of social responsibility by corporations remains contextualized by national institutional frameworks and therefore differs among countries. Thus, CSR is part of the debate about the convergence and divergence of management practices (Child, 2000).

By “institutions,” we mean not only the formal organization of government and corporations but also norms, incentives, and rules. We follow Huntington, who defined institutions as “stable, valued, recurring patterns of behavior," defined by their adaptability, complexity, autonomy, and coherence (1969: 12), and March and Olsen, who defined them as "collections of rules and routines that define actions in terms of relations between roles and situations" (1989: 160). Institutions enable predictable and patterned interactions that are stable, constrain individual behavior, and are associated with shared values and meaning (Peters, 1999).

Notwithstanding the differences we anticipate, we assume some basic institutional prerequisites for CSR. First, we assume a functioning market in which corporations have discretion over their responses to market, social, or political drivers. Second, we assume functioning governmental and legal institutions that guarantee, define, and administer the market and act on behalf of society to address instances of market failure. Third, we assume that these institutions neither capture nor are captured by market actors. And fourth, we assume a civil society that institutionalizes and articulates social values and preferences, to which government and market actors respond.

This idealized system masks great variety in the structure of markets and the nature of the firm, in the accountability of the government and the operation of the judiciary, and in the freedom of civil society. Opportunities for irresponsibility increase in the absence of these conditions, as is evident in much of sub-Saharan Africa and the former USSR, with, for example, monopolistic companies exploiting capitalist economies or governments substituting regulation and administration of markets with rent seeking. Clearly, the point is not that responsibility can only be enacted where there are markets and business autonomy, as demonstrated by myriad cases of individual, family, tribal, religious, charitable, and feudal responsibility. Rather, it is that CSR is located in wider responsibility systems in which business, governmental, legal, and social actors operate according to some measure of mutual responsiveness, interdependency, choice, and capacity. But the question remains why, even among systems that share the prerequisites of CSR, there have been such contrasts between the explicit CSR in the United States and the more implicit versions in Europe.

The answer, we argue, lies in the respective national business systems. Although all markets necessarily generate actors that pursue their economic interests, corporate choices about these strategies are colored by their social and political context. Leaving aside economic contextual variables, as Polanyi (1957) has noted, markets are embedded in human societies and are created and maintained by state actions—specifically, in the design of legal frameworks and the management of markets.

In its very name, CSR presumes corporate choices (in Granovetter's [1985: 487] terms, the "atomistic"). Yet it also entails conformance with the law [1] (in Granovetter's terms, the "hierarchical") and with "customary ethics" (in Granovetter's terms, "embedded in ongoing systems of social relations"; see also Carroll, 1991). Given that different societies have developed different systems of markets, reflecting their institutions, their customary ethics, and their social relations, it would therefore follow that we might expect some differences in the ways in which corporations express and pursue their social responsibilities among different societies.

Our analysis proceeds in two steps. First, we provide a theoretical framework to understand the differences in CSR among countries. This will be the basis of our conceptualization of CSR as a dual construct—the implicit and the explicit. We then explain the recent spread of explicit CSR.

[1] In the case of MNCs headquartered in industrialized democracies, the relevant legal framework is the one of the country of origin, where our prerequisites for CSR (as discussed earlier) actually apply. As the examples of western MNCs in South Africa during apartheid or the contemporary dilemmas of internet providers with Chinese censorship laws show, enhancing CSR might occasionally result in MNCs not complying with local laws in their host countries.

Why Do CSR Systems Differ? The National Business Systems Approach

We argue that national differences in CSR can be explained by historically grown institutional frameworks that shape "national business systems" (Whitley, 1997). Hence, we adopt the national business system (NBS) or societal effect approach (Maurice & Sorge, 2000; Maurice, Sorge, & Warner, 1980; Sorge, 1991; Whitley, 1992, 1999, 2002a,b), which shares key features with the varieties of capitalism approaches that distinguish liberal market economies and coordinated market economies (Hall & Soskice, 2001), along with specific social systems of production (Hollingsworth & Boyer, 1997). We suggest this approach because it points to durable and embedded aspects of business systems. We argue that the NBS approach explains the distinctive underpinnings of both implicit and explicit CSR. We continue by fleshing out how different historical institutional frameworks inform differences in NBSs and how these contribute to our framework for understanding comparative CSR. Whitley (1999) has identified four key features of historically grown national institutional frameworks: the political system, the financial system, the education and labor system, and the cultural system. We discuss these below.

Political systems. The key distinguishing feature of American and European political systems is the power of the state. This has tended to be greater in Europe than in the United States (Lijphart, 1984), and European governments genments have been erally have been more engaged in economic and social activity (Heidenheimer, Heclo, & Adams, 1990). Some have nationalized insurance systems for health, pensions, and other social commodities, and others have mandated corporations to assume responsibility in these areas. In the United States there is greater scope for corporate discretion, since government has been less active there. Even where American govern- active, this has often been through the creation of incentives to employers to provide social benefits via negative tax expenditures.

Financial systems. In the United States the stock market is the central financial source for companies. Most of the larger, publicly owned companies obtain their capital there, and shareholding is relatively dispersed among shareholders (Becht & Ro¨ell, 1999; Coffee, 2001). With the stock market being the most important source of capital, corporations have to provide a high degree of transparency and accountability to investors. In the European model of capitalism, corporations tend to be embedded in a network of a small number of large investors, among which banks play a major role. Within this network of mutually interlocking owners, the central focus is the long-term preservation of influence and power. More significant for our argument is that within the European model stakeholders other than shareholders also play an important role, sometimes even equivalent to or above that of shareholders (Fiss & Zajac, 2004).

Education and labor systems. Europe and the United States have differed in the regulation and production of human resources at the postsecondary school level. In Europe there have been publicly led training and active labor market policies in which corporations have participated according either to custom or regulation, whereas in the United States this has been an area in which corporations themselves have developed strategies. This contrast not only reflects different

state strategies but also differences between the relatively integrated, nationwide, and hierarchical European structures of business and labor interests and those of the United States, which are generally poorly and sporadically represented in national policymaking terms. Historically higher levels of union membership in Europe resulted in laborrelated issues being negotiated at a sectoral or national, rather than corporate, level. Likewise, European corporations have shown a greater propensity to pursue collective interests through national business associations or federations (Molina & Rhodes, 2002; Schmitter & Lehmbruch,
1979).

Cultural systems. The U.S. and European cultural systems have generated very different broad assumptions about society, business, and government. Compared to Europeans, Americans are regarded as having a relative capacity for participation (De Tocqueville, 1956/1835), a relative capacity for philanthropy (Bremner, 1988) and a relative capacity of business people for philanthropy (Dowie, 2001), relative skepticism about big government (King, 1973), and relative confidence about the moral worth of capitalism (Vogel, 1992). Thus, there is a much stronger American ethic of stewardship and of "giving back" to society, epitomized in Carnegie's view that "the duty of the man of Wealth [is] to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer . . . in a manner . . . best calculated to produce the most beneficial results for the community" (2006/1889: 10). The social responsibility of the wealthy businessperson evolved into that of the corporation (Heald, 1970). This contrasts with the greater European cultural reliance on representative organizations, be they political parties, unions, employers' associations, or churches, and the state (Lipset & Rokkan, 1967).

These institutional factors have informed the U.S. and European NBSs, specifically in terms of the nature of the firm, the organization of market processes, and coordination and control systems (Whitley, 1999).

Nature of the firm. The institutional framework of a country determines key structural features of the firm, including the degree to which private hierarchies control economic processes, the degree of discretion owners allow managers in running the company, and organizational capabilities to respond to changing and differentiated demands. While the United States has been more reliant on market-based forms of contract-based ownership, European countries, especially Scandinavian and Continental ones, have had a large amount of direct ownership or alliance ownership, most notably through networks of banks, insurance companies, or even governmental actors (Coffee, 2001). European countries, particularly France and the United Kingdom, have historically had high levels of public ownership and public investment in private industry. Thus, European corporations have had a range of embedded relations with a relatively wide set of societal stakeholders.

Organization of market processes. A decisive feature of an NBS is how the economic relations between actors are organized and coordinated, the two extremes here being markets and alliances. Characteristic features include the extent of long-term cooperation between firms within sectors, the role of intermediaries in establishing market transactions, the role and influence of business associations, the role of personal relations, and trust in establishing market transactions. In the United States, greater prominence has been given to market self-organization, upheld by governments and the courts through antitrust laws, for example. In Europe, markets have tended to be organized by producer group alliances, which either reflect consensual representation and mediation of labor and capital or, particularly in the case of France, strong government leadership. The way these relations are organized touches on a significant number of CSR issues, such as consumer protection, product stewardship, and liability for production and products.

Coordination and control systems. Finally, NBSs differ considerably in the way companies are governed. Key characteristics of NBSs include the degree of integration and interdependency of economic processes, anonymity of employer-employee relations, the degree to which delegation takes place and trust governs relationships, the level of discretion in the task environment of employees, and the degree of responsibility of managers toward employees. In the context of this paper, coordination and control systems significantly impact the role of employee stakeholders for the company. For example, European employee representation and participation are covered by dense employment regulation and protection covering a significant number of issues, which in the United States would be part of explicit CSR.

Notwithstanding their similar commitments to democracy, capitalism, and welfare, the United States and Europe have different historically grown institutional frameworks and NBSs. These are vital to a comparative understanding of CSR. Pasquero (2004) has argued that CSR in the United States is embedded in U.S. institutions and culture, particularly in the traditions of individualism, democratic pluralism, moralism, and utilitarianism. We argue that the distinctive elements of European CSR are embedded in the European
NBSs, such as industrial relations, labor law, and corporate governance.

A Conceptual Framework for Understanding Differences in CSR

We have argued that U.S.-style CSR has been embedded in a system that leaves more incentive and opportunity for corporations to take comparatively explicit responsibility. European CSR has been implied in systems of wider organizational responsibility that have yielded comparatively narrow incentives and opportunities for corporations to take explicit responsibility. We therefore identify two distinct elements of CSR—the *explicit* and the *implicit.*

By "explicit CSR," we refer to corporate policies that assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company. A recent example was the response of Wal-Mart, FedEx, Home Depot, and other U.S. companies to provide disaster relief to the victims of Hurricane Katrina in 2005, which—with more than $792 million raised by September 2005 (Roner, 2005)—in speed and scope exceeded the initial response by the U.S. government. Explicit CSR may be responsive to stakeholder pressure (e.g., consumer and activist responses to labor conditions in Nike's Asian supply chains), it may involve partnerships with governmental (e.g., the U.S. Apparel Industry Code of Conduct, the United Nations [UN] Global Compact) and nongovernmental organizations (e.g., the Marine Stewardship Council, the ISO 14000 and 26000 series), and it may even involve alliances with other corporations (e.g., the Global Business Coalition on HIV/AIDS, the Equator Principles). The point remains that explicit CSR rests on corporate discretion, rather than reflecting either governmental authority or broader formal or informal institutions.

By "implicit CSR," we refer to corporations' role within the wider *formal and informal institutions* for society's interests and concerns. Implicit CSR normally consists of values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms. While representative business associations would often be directly involved in the definition and legitimization of these requirements, individual corporations would not normally articulate their own versions of such responsibilities.

Our differentiation focuses, first, on the *language* corporations use in addressing their relation to society: companies practicing explicit CSR use the language of CSR in communicating their policies and practices to their stakeholders, whereas those practicing implicit CSR normally do not describe their activities this way. Second, our differentiation also exposes differences in *intent*: corporations practicing implicit CSR might conduct practices similar to those of corporations practicing explicit CSR. Implicit CSR, however, is not conceived of as a voluntary and deliberate corporate decision but, rather, as a reaction to, or reflection of, a corporation's institutional environment, whereas explicit CSR is the result of a deliberate, voluntary, and often strategic (Porter & Kramer, 2006) decision of a corporation. Many of the elements of implicit CSR occur in the form of codified norms, rules, and laws but are not conventionally described explicitly as CSR. It is the societal norms, networks, organizations, and rules that are explicit, rather than their implications for the social responsibilities of business. It is in this sense that CSR in these systems is implicit. Where corporations comply with the law and customary ethics but do not claim distinctive authorship of these practices, they are nonetheless acting responsibly, as noted by Carroll (1979). Table 1 provides a comparative overview over the implicit and explicit elements of CSR.[2]

Figure 1 indicates the predicting factors for the nature of CSR in a specific national context as lying in the nature of the institutional framework. Institutions encouraging individualism and providing discretion to private economic actors in liberal markets would be considered national systems in which one would expect to find strong elements of explicit CSR. The NBS literature would characterize the United States as having these attributes. It would characterize European institutional frameworks as having coordinated approaches to economic and social governance through a partnership of representative social and economic actors led by government.

It is difficult to offer measures of these differences, since much of the NBS literature is qualitative in nature. There are some proxies that would enable an NBS to be located on this continuum. For instance, the existence, influence, and density of trade unions, industry associations, and other collective actors might be an indicator, as might the number of national agreements on issues like pay, work conditions, and educational responsibility. Levels of corporate taxation might also be relevant. However, we do not see this as a dichotomous distinction between the two systems but, rather, one of emphasis. Thus, we recognize U.S. implicit elements of CSR in legal requirements imposed on business in, for example, workers' rights, the role of trade unions, corporate taxation, and environmental legislation. Similarly, we do not see Europe as historically devoid of explicit CSR, as evidenced by cases of industrial paternalism and business philanthropy.

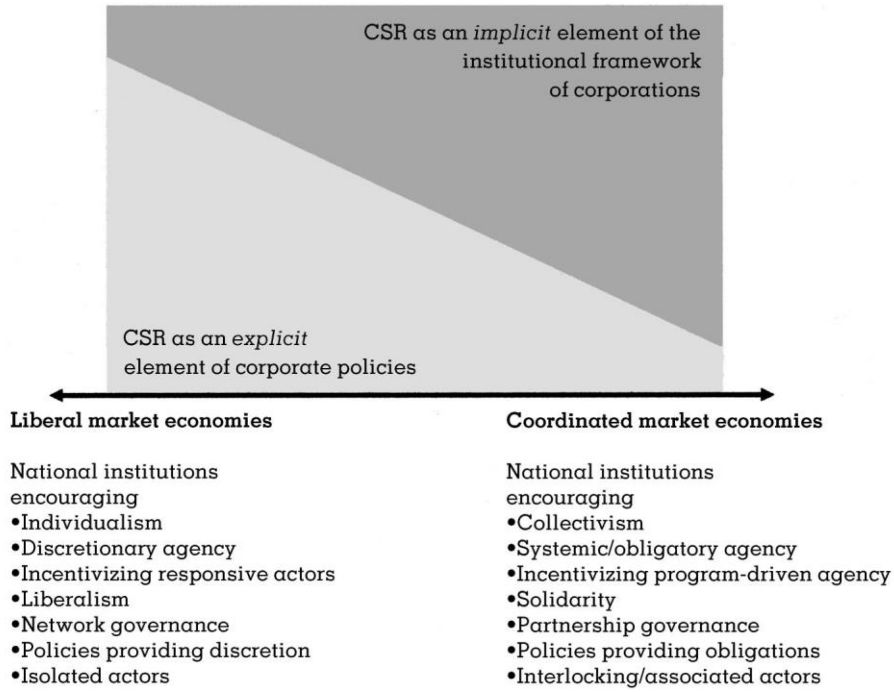
TABLE 1 Explicit and Implicit CSR Compared

Explicit CSR	Implicit CSR
Describes corporate activities that assume responsibility for the interests of society	Describes corporations' role within the wider formal and informal institutions for society's interests and concerns
Consists of voluntary corporate policies, programs, and strategies	Consists of values, norms, and rules that result in (often codified and mandatory) requirements for corporations

[2] Our terminology captures the difference between distinctive and entailed CSR. "Explicit" is defined by the Oxford English Dictionary as "of knowledge, a notion etc: developed in detail; hence, clear, definite" and "of declarations, indications, utterances: distinctly expressing all that is meant; leaving nothing merely implied or suggested; express." In contrast, "implicit" is defined as "implied though not plainly expressed; naturally or necessarily involved in, or capable of being inferred from, something else," as well as "entangled, entwined, involved; involved in each other; overlapping." Our use of the term *implicit* is designed to capture both of these dictionary meanings. In the first case, the corporation does not "develop" and "indicate" the responsibility, but, rather, when it does undertake and indicate responsibilities, it does so through involvement in wider business systems.

Incentives and opportunities are motivated by the perceived expectations of different stakeholders of the corporation	Motivated by the societal consensus on the legitimate expectations of the roles and contributions of all major groups in society, including corporations

FIGURE 1
Implicit and Explicit CSR



Why (Explicit) CSR Is Spreading Globally: Neoinstitutional Theory and Institutional Legitimacy

While we argue that CSR is understood by the location of corporations in NBSs, we recognize that comparative evaluations of CSR cannot be deterministic, overfunctional (Molina & Rhodes, 2002), or oversocialized (Granovetter, 1985). Rather, institutional frameworks and NBSs change, raising new incentives and opportunities for actors—in this case, corporations—to relate to and position themselves with respect to wider systems of responsibility. As we noted in our introduction, CSR—or, in our terms, explicit CSR—is gaining new momentum across Europe (and beyond).

We suggest that "new institutionalism" (DiMaggio & Powell, 1983; Meyer, 2000; Meyer & Rowan, 1977) provides a helpful theoretical perspective for understanding these processes. New institutionalism has been informed by the homogenization of institutional environments across national boundaries and has indicated how regulative, normative, and cognitive processes lead to increasingly standardized and rationalized practices in organizations across industries and national boundaries. The key argument is that organizational practices change and become institutionalized because they are considered legitimate. This legitimacy is produced by three key processes: coercive isomorphisms, mimetic processes, and normative pressures (DiMaggio & Powell, 1983). We continue by addressing these three processes in order to argue that new institutionalism explains why and how explicit CSR is gaining momentum as a new management concept.

Coercive isomorphisms. It is assumed in neoinstitutionalism that externally codified rules, norms, or laws assign legitimacy to new management practices. In the case of CSR in Europe, there has been a rush of governmental strategies and initiatives fostering its spread

(Eberhard-Harribey, 2006). Similarly, self-regulatory and voluntary initiatives, most notably codes of conduct issued by bodies such as the UN, the Organization for Economic Cooperation and Development (OECD), the International Labor Organization (ILO), and the Global Reporting Initiative are also seen as isomorphisms. Moreover, compliance with certain environmental standards (e.g., ISO 14000, the Eco-Management and Audit Scheme)—often supply chain driven—requires companies to adopt CSR policies. The growth of socially responsible investment indexes and the adoption of CSR-type criteria by more mainstream investment funds also constitute new drivers for corporations to develop explicit CSR policies in order to access these sources of capital.

Mimetic processes. In a business climate of increased uncertainty and increasingly complex technologies, managers tend to consider practices as legitimate if they are regarded as "best practice" in their organizational field (e.g., business reengineering, total quality management). We see similar trends in European CSR, whereby MNCs are joining business coalitions for CSR (e.g., the U.K. Business in the Community, CSR Europe) and subscribing to CSR training programs (e.g., the U.K. CSR Academy) in order to learn and develop best CSR practice. The explosion of CSR reports in Europe (Kolk, 2005b), usually informed by membership of or guidance from CSR organizations, is another example of the operation of mimetic processes, as is the leadership-focused approach of the UN Global Compact, which, incidentally, has more European than U.S. Fortune 500 members (Williams, 2005).

Normative pressures. Educational and professional authorities that directly or indirectly set standards for "legitimate" organizational practices are a third source of isomorphic pressure in new institutionalism (e.g., in the increasingly standardized MBA degree). We argue that it is also helpful in understanding the new explicit European CSR. Leading European business schools or institutions for higher education now include CSR at least as an option and often as a compulsory part of business education (Matten & Moon, 2004). This trend toward stronger inclusion of CSR in the curriculum developed an institutional character in the formation of the European Academy of Business in Society in 2002. A growing number of European professional associations (e.g., in HRM, accounting, supply chain management) also increasingly exert normative pressures on business to adopt CSR.

Shifts in the balance of implicit and explicit CSR therefore reflect changing features of corporations' historical national institutional frameworks and their immediate organizational fields. Figure 2 provides an overview of our framework. The corporation is both embedded in its historically grown national institutional framework and its respective NBS, as well as in its organizational field, which influences the corporation through isomorphic forces. The result is CSR reflecting a hybrid of implicit and explicit elements.

APPLYING THE PROPOSED FRAMEWORK: HOW AND WHY CSR VARIES

We now illustrate differences in the embeddedness of CSR by comparing workers' rights, environmental protection, education, and corporate irresponsibility in the United States and Europe.

Workers' Rights: CSR and European Employment Legislation

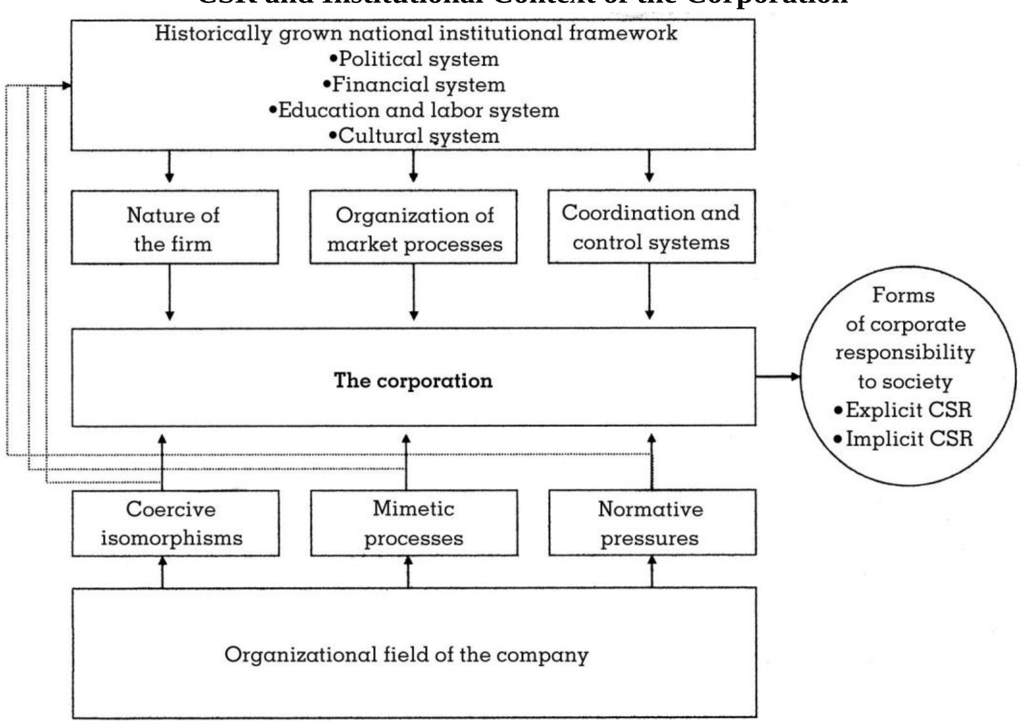
The role and rights of employees has been a long-standing item on U.S. CSR agendas. Nearly a century ago the president of Studebaker Motor Company commented that

> the first duty of an employer is to labor. . . . It is the duty of capital and management to compensate liberally, paying at least the current wage and probably a little more, and to give workers decent and healthful surroundings and treat them with utmost consideration (quoted in Heald, 1970: 36).

Subsequently, CSR has explicitly addressed such issues as fair wages, working time and conditions, health care, redundancy, and protection against unfair dismissal. For many U.S. corporations, initiatives to insure the uninsured are fundamental to their CSR (Cover the Uninsured, 2007). In 2004, many U.S. Starbucks Coffee outlets announced that they would pay the health care benefits of all those they employed for more than twenty days per month (Starbucks, 2004). Similar initiatives would be inconceivable from British or German restaurant chains, but this is not because they are less concerned about their employees' health or social security. Every British citizen is entitled to coverage under the National Health Service, and corporations, along with other taxpayers, contribute to this through taxation. In Germany, membership in a health insurance plan is mandatory for every employee, and the legal framework defines the value of the monthly insurance premium paid for by the employer and the employee (normally a 50/50 split).

We conclude that the absence of many employment-related issues in European CSR reflects these countries' institutional frameworks and NBSs—in particular, formal, mandatory, and codified rules or laws defining the responsibility of corporations and other governmental and societal actors for particular social issues, which we call "implicit CSR." Likewise, the U.S. institutional framework has long resisted public health insurance (Hacker, 1997, 2006), which leaves space for CSR. It is worth adding that the relative historic capacities of trade unions—strong and integrated in Europe and weak and fragmented in the United States—also contribute to this comparative understanding of CSR. Explicit CSR in the United States, thus, is a rather iterative substitute for more embedded systems for treating workers with "utmost consideration."

FIGURE 2
CSR and Institutional Context of the Corporation



Note: Solid arrow indicates direct, immediate influence; dotted arrow indicates indirect, long-term influence.

Environmental Protection: Different Approaches in the United States and Europe

Our second example draws on Vogel's comparison of U.S. and European approaches to allocating responsibility for technological and scientific risks—in particular, the risks of genetically manipulated organisms (GMOs; Lo¨fstedt & Vogel, 2001; Vogel, 2002). The U.S. Food and Drug Administration and the Department of Agriculture have a laissez-faire approach, legalizing fifty-eight GMOs until 2002, during which time the European Commission legalized just eighteen. Vogel argues that this reflects significantly lower public risk perceptions in the United States than in Europe. However, in response to substantial consumer activism, some major U.S. food companies (e.g., McDonald's, Gerber, McCain Foods) have publicly renounced ingredients made from genetically altered seeds. In response to particular stakeholder pressure, they assumed the explicit responsibility that most of their European counterparts left to regulators (Vogel, 2002: 6).

Similar differences occur in corporate responses to global warming and climate change (Levy & Kolk, 2002; Levy & Newell, 2005). First, the U.S. government delegated significant responsibility for the Kyoto Protocol and its targets to private discretion. Thus, the Ford Motor Company dedicates large parts of its CSR report to initiatives to reduce carbon emissions, largely in response to shareholder activism (Ford, 2005). Second, the approach of U.S. regulators to greenhouse gas is to prefer discretionary trading schemes, whereas in Europe the trend is toward negotiated agreements setting specific targets (Carraro & Egenhofer, 2003: 6).

Independent corporate responsibility for issues of such societal concern is far less likely to be undertaken by European companies. This is not because they necessarily care less about environmental responsibility but because they have less discretion in this area. Even if voluntary action occurs, such as the refusal of some British supermarket chains to retail products containing GMOs (Kolk, 2000), these initiatives tend to take place in a consensual, negotiated approach with governmental institutions. Similarly, the decision of Shell and BP to leave the American-led anti-Kyoto Global Climate Coalition reflects both strong social pressures on European companies and their relatively narrow margins for discretion in responding to environmental concerns (Levy & Kolk, 2002). As Delmas and Terlaak note, compared to Europe, in the United States the "institutional environments marked by fragmentation of power and open access in policymaking reduce regulatory credibility and thus hamper the implementation of negotiated agreements" (2002: 5). Again, the main element of transatlantic difference lies in the institutional framework, both in terms of informal institutions such as social values and expectations and the mandatory legal framework.

Education: American and European Business Roles

Education is another area of markedly different forms of social responsibility on either side of the Atlantic. Notwithstanding the United States' high public profile in primary and secondary school and higher education sectors (Castles, 1998), education is also an area of relative explicit CSR priority (Heald, 1970: 210–221). Maignan and Ralston (2002) found education to be the second most signaled U.S. stakeholder issue, whereas it is significantly less signaled in the United Kingdom and is virtually absent for French and Dutch companies. Support for primary and secondary schools in the United States is not simply a case of supporting local schools. CSR education alliances have been used by business as a major vehicle for addressing issues of economic and social inequality (Heaveside, 1989; Lacey & Kingsley, 1988; Timpane & Miller McNeil, 1991). Turning to higher education, Dowie (2001: 26) reported that in 1998 corporations and corporate foundations (e.g., Carnegie, Ford, Annenberg) donated $3.25 billion and $3.8 billion, respectively.

Education's general U.S. philanthropic priority (Dowie, 2001: 23) goes hand in hand with its highly decentralized administration (Heidenheimer et al., 1990). In contrast, despite its federal structure, German education has long been centrally administered and funded, extending to the setting of university appointments. In Sweden, government has rationed entry to higher education according to national labor market planning objectives. The comparative outcome has been more conspicuous social inequality in American education, on the one hand, and higher levels of participation, diversity, choice, and innovation than in Europe, on the other (Heidenheimer et al., 1990).

Corporate Irresponsibility

Finally, we argue that our framework informs the understanding of corporate irresponsibility. In a context of explicit CSR, the spate of corporate scandals in the United States can be understood with reference to the ethical presuppositions of the national institutional framework. Recognizing the plethora of possible interpretations of the scandals, we suggest that the gradual slide into what culminated in fraud and misappropriation of assets at Enron and WorldCom was substantially influenced by the NBS context of shareholder preeminence. In this context, the accounting tricks applied at Enron could be regarded as a rational response to the American NBS (Sims & Brinkmann, 2003). The same applies to the damage inflicted on employees in these companies. Given that the U.S. welfare system has tended to attribute responsibility for pensions to employers and individuals, the fact that so many employees lost their pensions reflects not only unethical behavior by managers but also a system that entrusted these companies with responsibility for their employees' social and economic welfare, as articulated by the former Studebaker president (see above).

In contrast, recent scandals in European companies, such as Elf Acquitaine in France, Ahold in the Netherlands, and Parmalat in Italy, usually reflect the corporate governance system of interlocking patterns of ownership, long-term relations, and friendships in business and politics. Parmalat clearly illustrates this point (Melis, 2005): with high levels of concentrated share ownership, underdeveloped financial markets, low levels of transparency and accountability of corporations, and close personal ties among business, the banks, and politics, the owners of Parmalat were able to exploit the specific institutional features of the Italian NBS. Although the Enron and Parmalat scandals were of similar dimensions, their origins lay in different national systems for allocating responsibility.

In light of our model, we argue that what is customarily perceived as corporate irresponsibility is deeply embedded in the NBS of a country in which the company operates. It is also instructive to compare the remedies. In the United States, the introduction of new regulation—the Sarbanes-Oxley Act—constitutes a shift from the explicit to the implicit responsibility of the corporation within the wider institutional framework. In Italy, one of the reactions to the Parmalat scandal was an interest in improving—if not creating—the market for corporate capital (Murphy, 2004) and, thus, encouraging a more explicit CSR.

APPLYING THE FRAMEWORK: HOW AND WHY EXPLICIT CSR IS SPREADING TO EUROPE

Having emphasized the differences between U.S. and European CSR, we turn now to the phenomenon of the global spread of explicit CSR as a new management idea. First, we argue that the rise of explicit CSR in Europe is a response to changes in the historically grown institutional frameworks of European NBSs (Figure 2). Second, we flesh out the features of the new European explicit CSR.

There have been clear changes to European *political systems,* particularly regarding the capacity of the welfare state and corporatist policy making to address such issues as the onset of mass unemployment and fiscal stress from the late 1970s to the early 1990s. In the United Kingdom these issues were compounded by urban decay and unrest, which made for widespread discussion about the capacity and legitimacy of the whole system, rather than simply of individual administrations (Moon & Richardson, 1993). This led the government to expressly encourage CSR as part of the restoration of legitimate societal governance, particularly regarding the *education and labor system.* Simultaneously, concerns about business's own legitimacy pushed corporations toward explicit CSR (Moon, 2004a). *The Economist* described Marks & Spencer's expenditure on community work and charity as "making a sensible investment in its market place. If urban disorders become a regular fact of life, many of its 260 stores would not survive" (1982: 20). In this period Business in the Community (BITC, 2007) was founded, which is now the leading U.K. business coalition for explicit CSR. When other European countries faced similar crises, business was called on to take explicit responsibility (Jespersen, 2003).

The more explicit responsibilities of corporations also reflect changes in political representation, mediation, and exchange among organized interests of labor and capital and in their contributions to national policy making, often referred to as *neocorporatism.* Whereas for thirty or forty postwar years these interests were relatively hierarchical, broad in scope, and consensual, the emergence of new "postindustrial" or "post-Fordist" issues (e.g., education, health care, the environment), the proliferation of actors and networks, the decentralization of decision making, and the increase in business selfregulation and discretion have unsettled these policy-making systems (Molina & Rhodes, 2002). In a similar vein, government-business interactions in the EU have been transformed, most notably in lobbying at the EU level (Coen, 2005). Privatization of European industry and public services has led to the substantial delegation of energy, education, health, telecommunication, public transport, and social services to corporations. These shifts have informed increased societal expectations of business.

Turning to the *financial system,* most European countries have experienced a "financialization" of their economies (e.g., Tainio, Huolman, & Pulkkinen, 2001). While significant differences between European and U.S. financial systems remain, European corporations increasingly use stock markets as a source of capital. Many large European MNCs have even registered on the New York Stock Exchange. Ongoing European corporate governance reforms (Albert-Roulhac & Breen, 2005) tend to move control from banks and major block holdings to capital markets, encouraging shareholder-oriented corporate governance. With increasing socially responsible investment criteria, access to capital has become a key driver of CSR in Europe (Williams & Conley, 2005). This is illustrated by new European stock market indexes focusing on companies' social and environmental performance (e.g., the London-based FTSE4Good, the French ASPI, and the German Natur-Aktien-Index).

Other drivers toward more explicit CSR come from changes in European *labor systems*. Key elements are the deregulation of labor markets and the weakening position of trade unions and industry associations (Preuss, Haunschild, & Matten, in press). In cases of redundancy, plant closures, or skill development, European companies increasingly assume responsibility for fulfilling stakeholder expectations rather than relying on welfare state institutions. Corporations are also taking greater direct responsibility for industrial training following the deregulation of state systems.

Finally, significant changes in European *cultural systems* are also propitious for explicit CSR. A key factor is the increased awareness of the impact of individual European MNCs, rather than of capitalism as an economic system, in the developing world and the growing societal expectations regarding health, safety, environment, and human rights impacts. Anglo-Dutch Shell pioneered explicit European CSR as a result of social reactions to its activities in the North Sea and Nigeria (Wheeler, Fabig, & Boele, 2002). The Swiss company Nestle´ earned notoriety as the most boycotted company in the world, not because of domestic issues but because of its marketing policies for baby formula outside of Europe (Smith, 1990). More generally, a key driver of explicit CSR in Europe has been fair and ethical trade movements, especially in the United Kingdom and Switzerland (Nicholls & Opal, 2005).

Figure 2 indicates that those changes in the European institutional framework are due to the same isomorphic pressures that influence companies. In the latter case this influence is direct, whereas in the former it is more indirect and long term—admittedly a subject of continuing debate in the NBS literature (e.g., Quack, Morgan, & Whitley, 1999)

One source of *coercive isomorphisms* in Europe is the EU itself, through deregulation of business and the liberalization of markets for labor, services, and goods, which have challenged European corporatism. Similarly, the criteria for fiscal prudence in many accession countries constrained the welfare systems within which much implicit CSR had been enacted. The Competition Commission has circumscribed national government subsidies of coal, steel, and car manufacturing industries, further limiting implicit CSR.

Though more difficult to disentangle, *mimetic processes* and *normative pressures* have also encouraged more explicit CSR. The European Commission has encouraged explicit CSR through Green Papers, communications, funded projects, and incentive schemes (e.g., Commission of the European Communities, 2001, 2002). Corporations are expected to assume greater responsibility in the policy-making process—for instance, through the introduction of selfregulation, reflexive regulation, and other regulatory efforts (Orts & Deketelaere, 2001).

Not only does Europe have a legacy of distinctive implicit CSR elements but, we also argue, its new explicit CSR still reflects respective national institutional frameworks. We illustrate this with reference to four specific features: the role of government, the role of industry associations, the types of issues to which corporations are responding, and the bias in company size of European explicit CSR.

First, European explicit CSR is comparatively *government driven*, reflecting European Commission initiatives (see above) as well as those of national governments (Albareda, Tencati, Lozano, & Perrini, 2006). The United Kingdom has not only attached a ministerial responsibility to CSR but has introduced policies to encourage CSR, both domestically and within the global business of U.K. companies (Aaronson, 2002). Even regional and local governments have developed policies for CSR, as illustrated by the German province of North Rhine-Westphalia (Corporate Citizenship NRW, 2007) and U.K. local government procurement policy (McCrudden, 2007). While this reflects the longer traditions of government intervention in society and the economy, there is a shift from reliance on government authority toward the endorsement, facilitation, partnership, and soft regulation of CSR (Moon, 2004b). Thus, CSR constitutes part of a change in the mix of European governance roles toward "the enabling state" (Deakin & Walsh, 1996; Moon, 2002).

Second, European CSR initiatives are largely driven by programs and initiatives of wider *industry associations*—also a long-term feature of European NBSs. This is both through longstanding business associations encouraging CSR and through new CSR-specific organizations (e.g., the U.K. Business in the Community, the German Econsense, and the pan-European CSR Europe).

Third, there are distinctive *issues* driving CSR in Europe, particularly concerning the environment and sustainability (Lo¨fstedt & Vogel, 2001).

European corporations have shown an enthusiasm for such new issues as genetic engineering, BSE (commonly referred to as “mad cow disease”), and other risk-related issues. The decision of Shell and BP to leave the Americandominated Global Climate Coalition illustrates a distinctive European style of explicit CSR (Levy & Egan, 2000; Levy & Kolk, 2002). Yet European corporations remain less inclined to philanthropy than their North American counterparts (Palazzo, 2002). This reflects the corporate assumption that because of the relatively high levels of corporate taxation and more developed welfare states of Europe, the funding of education or the arts remains a government responsibility.

Fourth, explicit CSR in Europe is mainly a topic for *large companies* (e.g., Spence & Schmidpeter, 2002). Smaller firms in Europe still tend to enact their social responsibility within long-standing formal and informal networks, rather than through explicit policies. For example, German SMEs rely on implicit CSR through mandatory membership in local Chambers of Industry and Commerce, the traditions of the dual vocational education system, and informal networks, whether through the local church or at the local societal actors’ “regular table” (*Stammtisch*) in a pub.

EVALUATION AND DISCUSSION

Our framework provides an approach to answering our two research questions. The first concerns the historically more explicit CSR in the United States than in Europe. The second concerns the evidence of a recent shift from implicit to more explicit CSR among European corporations. Our answers to both questions are institutional. For over a century the explicit responsibility of U.S. corporations was socially embedded but not in the European style of stateoriented and cross-sectoral coordinated matrices of responsibility associated with more implicit CSR. The recent adoption of explicit CSR among European MNCs is related to the wider national (and supranational) European institutional reordering, which provides incentives to adopt corporate-level managerial solutions.

The Wider Significance of the Implicit–Explicit CSR Framework: Beyond the United States– Europe Comparison

Although we have developed our argument about comparative and dynamic CSR through analysis of U.S. and European corporations, we were motivated by the observation of different and changing balances of implicit and explicit CSR more widely. Turning to other developed economies, business systems in Japan and, to a lesser degree, in Korea and Taiwan are considered fairly similar to European ones in the NBS literature (Whitley, 1999: 139–208), characterized by high bank and public ownership, patriarchal and long-term employment, and coordination and control systems based on long-term partnerships rather than markets. The Japanese *keiretsu*, the Korean *chaebol*, and the (mostly stateowned) Taiwanese conglomerates have a legacy of implicit CSR similar to European companies, including lifelong employment, benefits, social services, and health care as elements of their wider business systems. Yet these NBSs have been in flux, and companies have been exposed to the isomorphisms in our model. The result, especially among Japanese MNCs, is the development of explicit CSR in the last decade (Fukukawa & Moon, 2004). Key factors have been companies’ increased exposure to global capital markets, the adoption of American business techniques and education models, and challenges to their national governance capabilities.

In the NBSs of Russia and Eastern Europe, the former state-owned companies demonstrated elements of implicit CSR. Democratization and market liberalization might have been expected to shift these companies’ CSR characteristics from the right- to the left-hand end of our spectrum (Figure 1). However, with weak civil society and market institutions and sometimes overarching governments, there has only been a slow and tentative development of explicit CSR. In the case of Russia, this is compounded by the absence of long-term social capital and habits of business responsibility (Kostjuk, 2005). But where markets, civil society, and government are relatively autonomous, mutually reinforcing, and nonparasitic, explicit CSR may emerge within the range of governance solutions, as evidenced in the Czech Republic and Hungary (coincidentally, countries that retained some vestiges of civil society through communism; see Habisch, Jonker, Wegner, & Schmidpeter, 2004).

Applying the framework to the global South, we see these countries as often characterized by weak institutions and poor governance, whose NBSs often delegate responsibility to private actors, be they family, tribal, religious, or, increasingly, business. There is ample evidence of a rise in explicit CSR in Africa (e.g., Visser et al., 2005), Asia (e.g., Birch & Moon, 2004), and Latin America (e.g., Puppim de Oliveira & Vargas, 2005). In general terms, our framework suggests that the rise of explicit CSR in many countries of the South can be accredited to isomorphic pressures. For example, CSR has been introduced through industrial metastandards, such as ISO 14000 via MNC-led supply chains (Christmann & Taylor, 2001, 2002). More broadly, many MNCs face institutional pressures in their respective home NBSs to meet European and North American environmental, health, and safety and human rights standards in their global operations. A particular twist to our argument is provided by the recent debate over “bottom of the pyramid” strategies (Prahalad, 2005). As many developing country government initiatives to improve living conditions falter, proponents of these strategies argue that companies can assume this role. In these circumstances, explicit CSR might offer a normative and institutional context for corporations seeking to take greater responsibility for social empowerment.

A more intermediate situation can be found in transitional economies. India has manifested long-term implicit CSR through corporate paternalism, reflecting both colonial and indigenous business-society traditions (Arora & Puranik, 2004). This has become more explicit, first in the 1960s with the growth of nonfamily companies and, second, following recent economic liberalization and privatization, with new societal expectations of business. One interesting aspect of this shift is that the companies that had long demonstrated implicit CSR through corporate philanthropy have now taken the lead in explicit CSR.

It is beyond the scope of our comparative investigation of CSR to elaborate a detailed predictive framework for national systems of CSR, but a few general remarks are in order. Since many of the institutional forces explaining the rise of explicit CSR in Europe are global phenomena, there is good reason to expect a rise of explicit CSR in countries hitherto characterized by strong implicit CSR (e.g., Japan, India, Korea). These same isomorphic pressures may also make for a rise in explicit CSR among MNCs operating in the so-called developing world, where there are weak institutions and poor governance mechanisms. The degree to which explicit CSR will become more common for corporations domicile in these countries may depend on the strengths of traditional institutions (e.g., family, religious, and tribal institutions) and governments that have shaped implicit CSR. In contrast, government-dominated transitional countries (e.g. China, Russia, and, currently, Venezuela or Bolivia) may see responsibilities of business delineated by regulation (Miller, 2005) and, thus, give greater emphasis to implicit CSR.

Possible Limitations of the Proposed Framework

As with all generalizing conceptualizations, we cannot close our remarks without some caveats. First, we recognize that some features of the U.S. national institutional framework resemble the European model. Pioneering U.S. governments brought implicit, rather than explicit, corporate responsibilities in the New Deal (Weir & Skocpol, 1985) and in 1960s environmental policy

(Lundqvist, 1974), just to name some prominent examples.

Second, we recognize that, even within Europe, the twentieth century witnessed a great range of democratic and capitalist systems in which the nature and extent of business incorporation, independence, and responsibility varied. We acknowledge the historic and abiding differences among and even within European countries, and there are numerous ongoing efforts to capture these from a CSR perspective (Midttun, Gautesen, & Gjølberg, 2006). Our purpose is to signal their shared similarities and contrasts with the United States in order to understand the different ways in which CSR is conceptualized and practiced.

Third, these more fine-grained comparisons inform different contemporary dynamics of CSR. Despite the European orientation of much of its NBS, the United Kingdom has also shared some NBS features with the United States, which have become more pronounced through changes in the institutional framework since the 1980s. The U.K. NBS has historically had a greater role for capital markets and weaker regulation of labor markets than the rest of Europe. This explains why it has had longer and stronger manifestations of explicit CSR, illustrated by the nineteenth-century philanthropic and paternalistic activities of Boots, Cadbury, and Rowntree's. Moreover, the reduced scope of the public sector and the welfare state since the 1980s has informed a new surge in explicit CSR by British business addressing community, workplace, environmental, and market issues with company, business-wide, or partnership-based CSR policies and programs (Moon, 2004a). Nevertheless, U.K. explicit CSR reflects its more European NBS—specifically, in the roles of business associations and government. Thus, the United Kingdom serves to illustrate the dynamics of the explicit and implicit CSR balance reflecting specific changes in the NBS institutional framework.

A fourth consideration is the active role of corporations in shaping, rather than simply reflecting, institutional frameworks. As Tempel and Walgenbach argue, institutional theory tends to neglect the role of agency:

> New institutionalists and business systems proponents share in common that they portray organizations as passive pawns, adapting willingly to institutionalized expectations in organizational fields or to dominant business systems characteristics (2007: 10).

We concur that the nature and balance of explicit and implicit CSR not only result from overall institutional features of the NBS or the organizational field but also from the roles of corporations in shaping them. Corporations have contributed to U.S. employment and welfare systems and, thus, to an environment conducive to explicit CSR. There is an ongoing debate about whether and how to include the aspect of agency in institutional theory (e.g., regarding the role of MNCs in transnational institution building; Geppert, Matten, & Walgenbach, 2006). Moreover, corporations often assume an active and even political role in shaping those institutions that, we have argued, are crucial in fostering the rise of explicit CSR globally, such as the Global Business Coalition on HIV/AIDS and the UN Global Compact. These developments have been discussed under various labels, such as *reflexive* (Orts, 1995), *civil* (Bendell, 2000), *procedural* (Black, 2000), and *privatized* (Cashore, 2002) regulation. In line with our argument, corporate agency in shaping institutional frameworks differs between the United States and Europe, as Doh and Guay (2006) have recently shown for climate change, patent protection, and GMO policies.

Implications for Future Research

We suggest the implicit-explicit framework for CSR because we think that it contributes to the debate on three levels: descriptive, instrumental, and normative. On a *descriptive level*, the distinction between implicit and explicit CSR allows for a better understanding of what CSR consists of, its specific institutional underpinnings, and the national contexts in which corporations operate and whose perceptions of appropriate social responsibilities they seek to live up to.

This is closely related to our contribution at the *instrumental level.* Corporations choosing to assume their social responsibilities have to take into account how different national backgrounds influence their CSR agenda. Corporations on both sides of the Atlantic ignore this at their peril. While McDonald's prides itself for being a leader of the U.S. CSR movement, it is regularly criticized for its infringements on workers' rights in its European subsidiaries and for circumventing elements of implicit CSR in European employment law (Royle, 2005). Bayer, on the other hand, an MNC generally regarded as responsible in Europe, has met with criticism and legal action for its mishandling of consumer and product safety in the United States (Mokhiber & Weissman, 2004), where these are regarded as elements of explicit CSR. In Europe, these are generally treated as implicit in the legal framework.

Finally, on a *normative level*, the framework exposes two significant one-sided perspectives on the current CSR debate. On the one hand, CSR enthusiasts often assume that (explicit) CSR emphasizes discrete duties and resources of companies for addressing certain societal issues for which there is no alternative approach. Our NBS approach reveals alternative institutional frameworks to regulate the social consequences of business and to enable corporations to share in coordinated social responsibility. On the other hand, our framework also characterizes the dynamic institutional context that obliges European corporations to assume wider responsibilities than hitherto, which CSR skeptics, who regard CSR as window-dressing or corporate spin, fail to recognize.

The recent proliferation of CSR in Europe and beyond provides a descriptive, instrumental, and normative laboratory where each NBS will play out a rebalancing of corporations' relationships with societal institutions, which we expect to be revealed in changing balances of their implicit and explicit responsibilities. It remains, of course, open to future research whether different social issues are more effectively and efficiently addressed by explicit than by implicit CSR; how the social outcomes reflect fairness, social inclusion, and equality of opportunities; and how these values are balanced with other norms of innovation, diversity, and choice.

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Corporate social responsibility communication: stakeholder information, response and involvement strategies

Mette Morsingand Majken Schultzn

Introduction

Messages about corporate ethical and socially responsible initiatives are likely to evoke strong and often positive reactions among stakeholders. Research has even pointed to the potential business benefits of the internal and external communication of corporate social responsibility (CSR) efforts (Maignan et al. 1999). However, while CSR is generally associated with positive corporate virtues (e.g. Johnson & Johnson, The Body Shop, Patagonia) and reflects an organization's status and activities with respect to its perceived societal obligations (Brown & Dacin 1997), corporate CSR messages have also proven to attract critical attention (e.g. Starbuck, Shell, TDC). In fact, research suggests that the more companies expose their ethical and social ambitions, the more likely they are to attract critical stakeholder attention (Ashforth & Gibbs 1990, Vallentin 2001). Other studies have triggered questions such as 'if a company focuses too intently on communicating CSR associations, is it possible that consumers may believe that the company is trying to hide something?' (Brown & Dacin 1997: 81). Furthermore, stakeholder expectations regarding CSR are a moving target and must be considered carefully on a frequent basis.

While stakeholders previously primarily attributed negative attention to particular industries (i.e. 'sin stocks', including companies producing tobacco, alcohol, weapons, pornography, etc.), today CSR issues have become more unpredictable and changing, and including, for example, child labour, gene-modified organisms (GMOs), hormones, union assembly rights, sweatshops, etc., which in practice are concerns across many if not all industries. Furthermore, the number of CSR rankings and CSR surveillance institutions is increasing. Critical stakeholder attention is not restricted to a company's decisions and actions, but also focuses on the decisions and actions of suppliers, consumers and politicians, which may spur criticism towards a company (e.g. Nike, Cheminova). In that sense, corporate CSR engagement today requires more sophisticated and ongoing stakeholder awareness and calls for more sophisticated CSR communication strategies than previously.

To increase our understanding of how managers can develop and maintain an ongoing awareness towards themselves and their environment, we argue, in line with the editors of this special issue and other research (Craig-Lees 2001, Cramer et al. 2004), that the theory of sensemaking is a fruitful method for better understanding communication processes. Sensemaking is inherently social (Weick 1995), as we 'make sense of things in organizations while in conversation with others, while reading communications from others, while exchanging ideas with others' (Nijhof et al. 2006), implying that no manager or organization makes sense in splendid isolation (Craig-Lees

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2001). But, the extent to which an individual – or an organization – is able to integrate the sensemaking of others will influence the individual's – or the organization's – ability to enact strategically a productive relationship (Gioia et al. 1994). This implies that managers need to develop a sense of the organization's internal and external environments (Thomas & McDaniel 1990) and thereafter be willing to define a revised conception of the organization. This process is what Gioia & Chittipeddi (1991: 434) refer to as 'interpretive work' under the label 'sensemaking', i.e. trying to figure out what the others want and ascribe meaning to it. However, Gioia and Chittipeddi expand the notion of sensemaking by introducing the concept of 'sensegiving', putting a special focus on the managerial processes facilitating sensemaking in organizations. According to Gioia & Chittipeddi (1991: 443), sensemaking is followed by action in terms of articulating an abstract vision that is then disseminated and championed by corporate management to stakeholders in a process labelled 'sensegiving', i.e. attempts to influence the way another party understands or makes sense. In contrast to Gioia & Chittipeddi, who have an internal focus on sensegiving and sensemaking processes among managers and employees, we add an external focus as we suggest that by involving external stakeholders in corporate CSR efforts, managers and employees will also engage in the sensegiving and sensemaking processes. Building on Gioia and Chittipeddi's terminology, we suggest that not only managers but also external stakeholders may more strongly support and contribute to corporate CSR efforts if they engage in progressive iterations of sensemaking and sensegiving processes, as this enhances awareness of mutual expectations.

First, this paper outlines stakeholder theory with a focus on communication and, second, it links stakeholder relations to the three CSR communication strategies discussed in this paper: informing, responding and involving. Next, a demonstration of several survey studies illustrating the communication challenge for managers is given. Finally, the implications for managerial practice are discussed because companies want to communicate that they are ethical and socially responsible organizations. This paper concludes by suggesting that communicating CSR introduces a new – and often overlooked – complexity to the relationship between sender and receiver of corporate CSR messages, which entails a managerial commitment to involving stakeholders in the ongoing sensegiving and sensemaking processes.

Stakeholder theory

While the stakeholder model was introduced to management theory many years ago by Freeman (1984), stakeholder management has developed into one of current management theory's most encompassing concepts (e.g. Donaldson & Preston 1995, Mitchell et al. 1997, Stoney & Winstanley 2001). Freeman's (1984: 25) 'stakeholder view of the firm' instrumentally defines a stakeholder as 'Any group or individual who can affect or is affected by the achievement of the firm's objectives' and he suggests that there is a need for 'integrated approaches for dealing with multiple stakeholders on multiple issues' (1984: 26). While Freeman framed and demarcated stakeholders as elements of corporate strategic planning, he most importantly demonstrated the urgency of stakeholders for the mission and purpose of the company, and in doing so, also suggested the positive financial implications of better relationships with stakeholders. In line with Freeman's thinking, many other scholars have pursued exploration of the link between corporate social performance and financial performance (Wood 1991, Pava & Krausz 1996), but the conclusions so far paint an unclear picture (Margolis & Walsh 2003).

In recent years, stakeholder theory has developed a focus on the importance of engaging stakeholders in long-term value creation (Andriof et al. 2002). This is a process whose perspective focuses on developing a long-term mutual relationship rather than simply focusing on immediate profit. This does not imply that profit and economic survival are unimportant, but the process argument is that in order to profit and survive companies need to engage frequently with a variety of stakeholders upon whom dependence is vital. The emphasis is moved from a focus on stakeholders being managed by companies to a focus on the interaction that companies have with their stakeholders based on a relational and process-oriented view (Andriof & Waddock 2002: 19). This implies an increased interest in understanding how managers can manage not the stakeholders themselves, but relationships with stakeholders. As a result, this increases the scope of stakeholder relationships from public relations and marketing managers practising their authority and communication skills to a strategic potential for all functional managers to relate to multiple stakeholders. Stakeholder relationships in this processual perspective have even been suggested as a source of competitive advantage (Andriof & Waddock 2002, Post et al. 2002, Johnson-Cramer et al. 2003) as those companies with strong relations to other organizations, institutions and partners are in a better position to develop relational rents through relationspecific assets, knowledge-sharing routines, complementary resource endowments and effective governance (Dyer & Singh 1998).

The stakeholder relationship is assumed to consist of ‘interactive, mutually engaged and responsive relationships that establish the very context of doing modern business, and create the groundwork for transparency and accountability’ (Andriof et al. 2002: 9). This brings the notion of participation, dialogue and involvement to the centre of stakeholder theory, with a clear inspiration (and aspiration) from democratic ideals. While dialogue is the tool, agreement and consensus are most often regarded as the solution on which to base further decisions and action, and hence to continue the collaboration. As argued by Johnson-Cramer et al. (2003: 149) ‘The essence of stakeholder dialogue is the co-creation of shared understanding by company and stakeholder’. Today, participation and dialogue have become a natural element of corporate self-presentations. In the following section, three CSR communication strategies are presented that cover the development from a classical monologue to more mutual and dialogue-based stakeholder relationships.

Three CSR communication strategies

Based on Grunig & Hunt’s (1984) characterization of models of public relations, we unfold three types of stakeholder relations in terms of how companies strategically engage in CSR communication vis-a` - vis their stakeholders: the stakeholder information strategy; the stakeholder response strategy; and the stakeholder involvement strategy.

In 1984, public relations theory argued (Grunig & Hunt 1984) that 50% of all companies practised one-way communication (in terms of public information) to their stakeholders, and only 35% practised two-way communication processes (in terms of either two-way asymmetric or twoway symmetric communication). This relates to the theory of sensemaking in terms of public information building on processes of sensegiving, whereas two-way communication builds on processes of sensemaking and sensegiving. While some would agree that the prevalence of public information (sensegiving) is also a fairly accurate picture of corporate communication processes today, we suggest that there is an increasing need to develop sophisticated two-way communication processes (sensemaking and sensegiving) when companies convey messages about CSR. While one-way information on corporate CSR initiatives is necessary, it is not enough.

Grunig & Hunt have also presented a fourth public relations model, i.e. a one-way communication model defined as ‘press agentry/publicity’ or a propaganda model. We have not elaborated upon this model as one of our strategies for CSR communication, but we mention it to put our three CSR communication strategies into perspective. The press agentry model serves a propaganda function in which practitioners ‘spread the faith of the organization involved, often through incomplete, distorted, or half-true information’ (Grunig & Hunt 1984: 21). The question of whether a message is true or not does not play a major role in this model. While the propaganda model may benefit, for example, the delivery of a sports promotion, movie press agentry or generally aesthetic advertising messages, we contend that this model is inappropriate for CSR communication.

While some messages play with pretending to be real, this is not the case for messages about ethics and CSR. In this case, the public expects another type of authenticity and organizational support, i.e. that the company actually means what it says. In fact, we argue that the press agentry model erodes the very ambition of CSR communication, which is to present the company as an ethical and transparent socially responsible organization. Nevertheless, this model highlights one of the assumptions behind contemporary stakeholder expectations regarding corporate CSR communication, that it represents the truth.

The following is a presentation of the three CSR communication strategies: a one-way communication strategy, a two-way asymmetric communication strategy and a two-way symmetric communication strategy, each of which we relate to the processes of sensegiving and sensemaking (Table 1).

Table1: Three CSR communication strategies

	The stakeholder information strategy	The stakeholder response strategy	The stakeholder involvement strategy
Communication ideal: (Grunig & Hunt 1984)	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication ideal: sense-making and sensegiving:	Sensegiving	Sensemaking ⇩ Sensegiving	Sensemaking ⇳ Sensegiving – in iterative progressive processes
Stakeholders:	Request more information on corporate CSR efforts	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role:	Stakeholder influence: support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Identification of CSR focus:	Decided by top management	Decided by top management. Investigated in feedback via opinion polls, dialogue, networks and partnerships	Negotiated concurrently in interaction with stakeholders
Strategic communication task:	Inform stakeholders about favourable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.
Corporate communication department's task:	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third-party endorsement of CSR initiatives:	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are themselves involved in corporate CSR messages

Stakeholder information strategy

In the 'stakeholder information strategy', similar to Grunig & Hunt's public information model, communication is always one-way, from the organization to its stakeholders. Communication is basically viewed as 'telling, not listening' (Grunig & Hunt 1984: 23), and therefore the oneway communication of the stakeholder information strategy has the purpose of disseminating information, not necessarily with a persuasive intent, but rather to inform the public as objectively as possible about the organization. Companies adopting a stakeholder information model engage in active press relations programmes and concurrently produce information and news for the media, as well as a variety of brochures, pamphlets, magazines, facts, numbers and figures to inform the general public. Governments, non-profit organizations and many businesses primarily use the public information model. The company 'gives sense' to its audiences. The stakeholder information model assumes that stakeholders are influential as they can either give support in terms of purchasing habits, showing loyalty and praising the company, or they can show opposition in terms of demonstrating, striking or boycotting the company (Smith 2003). Therefore, the company must inform stakeholders about its good intentions, decisions and actions to ensure positive stakeholder support. Quite a few companies engage in CSR initiatives because corporate managers believe that it is morally 'the right thing to do' (Paine 2001), and this often sincere wish to improve social conditions in the local or global community supports their stakeholder information strategy. Top management, confident the company is doing the right thing, believes the company just needs to inform the general public efficiently about what it is doing to build and maintain positive stakeholder support. One strategic task of stakeholder information strategies is to ensure that favourable corporate CSR decisions and actions are communicated effectively to the company's stakeholders. The task of the corporate communications department is to ensure that a coherent message is conveyed in an appealing way and that the focus is on the design of the concept message (van Riel 1995), i.e. that the CSR message conveys, for example, how the CSR initiatives demonstrate a generally shared concern, are linked to the core business and show organizational support (Scott & Lane 2000). It is outside the realm of this strategy to consider that external stakeholders, i.e. third-party stakeholders, should endorse corporate CSR initiatives. Trustworthy communication originates from the company itself.

Stakeholder response strategy

The stakeholder response strategy is based on a 'two-way asymmetric' communication model, as opposed to the two-way symmetric model of the stakeholder involvement strategy. In both models, communication flows to and from the public. But there is a conspicuous difference between the two models in that the two-way asymmetric assumes an imbalance from the effects of public relations in favour of the company, as the company does not change as a result of the public relations. Rather, the company attempts to change public attitudes and behaviour. As such, the company needs to engage stakeholders by making the corporate decisions and actions relevant for them because the company needs the external endorsement from external stakeholders. The corporate communication department will typically conduct an opinion poll or a market survey to make sense of where the company has – hopefully – improved and can improve its CSR efforts. Communication is perceived as feedback in terms of finding out what the public will accept and tolerate. This is an evaluative mode of measuring whether a particular communication initiative has improved stakeholder understanding of the company – and vice versa. Corporate management will champion and 'give sense' to its decisions according to the market survey results in which managers 'make sense'.

Although these communication processes are perceived as two-way methods in Grunig & Hunt's public relations models, we elaborate on their model as we stress that responding to stakeholders is still rather sender oriented. The stakeholder response strategy is a predominantly one-sided approach, as the company has the sole intention of convincing its stakeholders of its attractiveness. We, therefore, highlight stakeholder responsiveness rather than their pro-active engagement in communication processes. Stakeholders are perceived as being influential, but as passively responding to corporate initiatives. In a company's attempts to understand stakeholder concerns in a CSR perspective, it runs the risk of only hearing its own voice being reflected back; the company asks its stakeholders questions within a framework that invites predominantly the answers it wants to hear. What aspires to be a two-way communication mechanism is really a one-way method of supporting and reinforcing corporate actions and identity. As the stakeholder response strategy is a frequently used communication model within CSR communication, and as many CSR initiatives assume stakeholder sensitivity, we find this latter point important, and return to it in the discussion.

Stakeholder involvement strategy

The stakeholder involvement strategy, in contrast, assumes a dialogue with its stakeholders. Persuasion may occur, but it comes from stakeholders as well as from the organization itself, each trying to persuade the other to change. Ideally, the company as well as its stakeholders will change as a result of engaging in a symmetric communication model, i.e. progressive iterations of sensemaking and sensegiving processes. Because the stakeholder involvement strategy takes the notion of the stakeholder relationship to an extreme, companies should not only influence but also seek to be influenced by stakeholders, and therefore change when necessary. While this could apply to Freeman's stakeholder conceptualization, it would also challenge his stakeholder concept regarding the extent to which a company should change its (CSR) activities when stakeholders challenge existing (CSR) activities, and the extent to which a company should insist on its own possibly divergent assessment.

Rather than imposing a particular CSR initiative on stakeholders, the stakeholder involvement strategy invites concurrent negotiation with its stakeholders to explore their concerns vis-a` -vis the company, while also accepting changes when they are necessary. By engaging in dialogue with stakeholders, the company ideally ensures that it keeps abreast not only of its stakeholders' concurrent expectations but also of its potential influence on those expectations, as well as letting those expectations influence and change the company itself.

The stakeholder involvement strategy is in harmony with the stakeholder information strategy in the assumption that stakeholders are influential in terms of their support of, or opposition to, the company, and it concurs with the stakeholder response strategy in that stakeholder expectations should be investigated using opinion polls. The involvement strategy, however, further assumes that, while informing and surveying is necessary, it is not sufficient. Stakeholders need to be involved in order to develop and promote positive support as well as for the company to understand and concurrently adapt to their concerns, i.e. to develop its CSR initiatives. Therefore, the stakeholder involvement strategy suggests that companies engage frequently and systematically in dialogue with their stakeholders in order to explore mutually beneficial action – assuming that both parties involved in the dialogue are willing to change.

In organizational practice, the primary top managerial task in the stakeholder involvement strategy becomes one of ensuring that the organization is capable of establishing an ongoing and systematic interaction with multiple stakeholders. The communication task becomes one of ensuring a two-way dialogue (Grunig & Hunt 1984) in an almost Habermasian[1] sense, in which the primary aim is to bring about mutual understanding, rational agreement or consent. As no top management is capable of engaging in dialogue with multiple stakeholders on a concurrent basis, the organizational implication is an 'integrated form' (Weaver et al. 1999) of stakeholder thinking in which the corporate CSR programme depends on its ability to integrate not only organizational members' CSR concerns but also to integrate external stakeholders' CSR concerns in a concurrent dialogue. Corporate policies dictating what organizational units can and cannot do with respect to certain stakeholder groups are 'sure to fail to establish successful transactions with the stakeholder, no matter how well intentioned the policy' (Freeman 1984: 162), as they neither motivate nor integrate changing expectations.

While these three CSR communication strategies have been presented to underline the increased necessity for managers to incorporate learning and techniques to support more stakeholder involvement, there is only little evidence that two-way communication processes are the norm currently being practised. In the following, we explore this apparent corporate hesitation to engage in two-way communication processes by presenting empirical observations on the challenges managers face in terms of CSR communication.

Empirical illustration of the CSR communication challenge

In the following, we present some empirical observations that serve to demonstrate the managerial challenge in communicating corporate CSR efforts. These empirical data originate from national reputation surveys in Denmark, Norway and Sweden, which in further detail demonstrate the CSR communication challenge for companies operating in the Scandinavian countries. The data serve as illustrations of a managerial challenge in practice and not as proof of the validity of our discussion on CSR communication. As a result, no statistical analysis of the data is given.

The empirical data consist of part of the results from national reputation surveys in Denmark, Sweden and Norway (annual Reputation Quotient[5]). The survey is conducted in each country to outline the reputation of the companies most visible among the general public (Fombrun et al. 2000 and see Table 2 for basic information).

The reputation survey shows how the general public in the three Scandinavian countries in general agree that it is important that companies are responsible for more than just their shareholders. In all three countries, less than 10% of the general public find shareholders to be the only prime stakeholder in 2005 (see Table 3). In Denmark, almost half of the general public finds that companies should take on a broader responsibility that exceeds core stakeholders such as employees and customers. In Sweden and Norway, this percentage is significantly lower, as only one-third of the population believes that companies should engage in broader CSR activities.

The reputation surveys also show the general public's perceptions of how companies should communicate about their social responsibility. Survey findings from 2005 suggest that the citizens in all three Scandinavian countries in general hold different perceptions of how companies should communicate their CSR efforts (see Table 4). Some find that companies should publicize proactively and openly, while others prefer more minimal communication based on websites and annual reports. Few people find that companies should not communicate about their CSR efforts at all. There are slight variations between the three countries in that Danes are more reluctant about the use of corporate advertising and press releases than Swedes and Norwegians. The countries are nevertheless similar to the extent that only 10% of the public finds that corporations should not publicize information about their CSR activities. The difference between the countries concerns how companies should publicize

Table2: Data for national Reputation Quotient Surveys in 2005

Country	Denmark	Sweden	Norway
Number of respondents	4178 Online interviews February 2005	2783 Online interviews February 2005	3397 Online interviews February 2005
Number of companies included in the ranking	22	16	20
Highest ranking company	Novo Nordisk 79.9	IKEA 81.1	IKEA 72.7
Lowest ranking company	Cheminova 48.1	Skandia 41.5	NSB 51.5
Top five companies in relation to social responsibility	Grundfoss Danfoss Lego Oticon Carlsberg	IKEA Arla Foods ICA Volvo Microsoft	NRK Microsoft Coop Hydro IKEA

Table3: For what should companies be responsible?

Which of the following statements are closest to your opinion?	Denmark 2005 (%)	Sweden 2005 (%)	Norway 2005 (%)
Only generate profits to shareholders	4	4	9
Responsible towards shareholders and employees and customers	49	64	56
Shareholders, employees, customers PLUS broad social responsibility	45	29	31

Table4: How should companies communicate their CSR efforts?

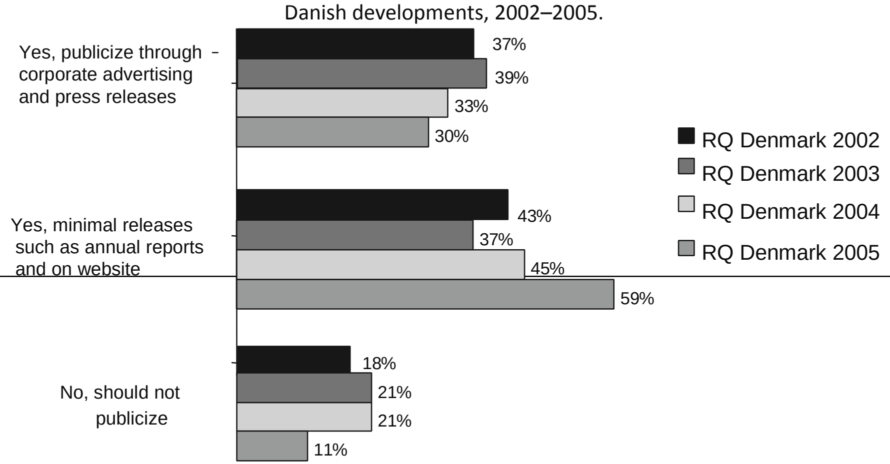
When companies engage in acts of corporate citizenship, do you think they should publicize their good deeds?	Denmark 2005 (%)	Sweden 2005 (%)	Norway 2005 (%)
Yes, publicize through corporate advertising and press releases	30	47	42
Yes, minimal releases such as annual reports and on website	59	46	49
No, should not publicize	11	8	9

information. Danes, for example, are more in favour of more discrete communication channels such as annual reports and corporate websites as compared to advertising and public relations.

However, opinions about how companies should communicate may change over time. This is demonstrated by the development of opinions among the general public in Denmark from 2002 to 2005. Figure 1 shows that the Danish scepticism towards CSR communication has changed from 2004 to 2005. In the period from 2002 to 2004, approximately 20% of the population found that companies should cease to communicate about their good deeds. This perception changed during the last year of the reported data, bringing the level of Danish scepticism more in line with Sweden and Norway. At the same time, however, Danes have also become less accepting of the less discrete and more aggressive types of communication (advertising and public relations), while the attitude towards using annual reports and websites has become much more positive since 2002. Although Danes have become more aligned with the other Scandinavian countries in the period from 2002 to 2005, they are still more sceptical about CSR communication than other Scandinavians.

In general, the reputation surveys point to a particular communication challenge for managers operating in the Scandinavian countries, illustrating the sensitive nature of communicating social responsibility for managers in practice. People agree that companies have a responsibility that exceeds shareholders' thinking and as a minimum, should also be concerned with employees and customers. More than a third of the population groups find that companies share a broad social responsibility. Half of the Scandinavian population finds that companies should communicate broadly and openly about these important social efforts via advertising and public relations. However, the other

Figure1: How companies should communicate about their corporate social responsibility efforts: Danish developments, 2002–2005.



half of the population encourages companies either to communicate in a subtle way or not to communicate about their social responsibility at all. While the reputation surveys do not serve to prove the quest for more sophisticated CSR communication, they do suggest a managerial challenge in that the general public finds that CSR is of high importance to companies, while at the same time they have mixed opinions about how companies should communicate their CSR efforts. This raises the question of which communication strategy managers in Scandinavian companies should adhere to if they want to convey their corporate CSR efforts to the general public in order to achieve the benefits of their corporate CSR efforts. Should corporate managers inform stakeholders about their good deeds, i.e. 'give sense' to stakeholders? Or should corporate managers instead engage stakeholders in twoway communication processes in terms of consulting stakeholders using attitude surveys before communicating their CSR messages, i.e. a process of 'make sense' followed by 'give sense'? Or is the manager better advised to involve stakeholders in two-way communication processes in terms of ongoing iterative processes of sensegiving and sensemaking? In the following, we discuss the implications for managers of the complexity involved in CSR communication.

Discussion

While the empirical observations have served to illustrate the complexity faced by managers as they engage in CSR communication, they do not guide managers in how to approach the complexity of the communication. Drawing on prior research on communication, the concepts of sensegiving and sensemaking, as well as anecdotal empirical examples regarding the general reputation survey, we discuss how corporate managers may improve their stakeholder relations as they communicate their CSR activities in terms of (1) pointing at CSR information as a double-edged sword, (2) non-financial reports as a means for subtle CSR communication and (3) involving stakeholders in CSR communication as a proactive endorsement.

CSR information: a double-edged sword

In line with other empirical studies (Lawrence 2002, Windsor 2002, Lingaard 2006) as well as older studies (Arnstein 1969) and more recent (Smith 2003) theoretical debate, our reputation survey suggests that corporate CSR initiatives are important to the general public. However, the example, particularly from the Danish survey on how companies should communicate their CSR initiatives (Figure 1), shows that the general public has different perceptions of whether companies should communicate their CSR initiatives in corporate advertising and corporate releases or in minimal releases, such as annual reports and websites. On the one hand, the Danish survey indicates that companies should concentrate on developing efficient one-way communication, i.e. to 'give sense' to stakeholders about corporate CSR efforts. According to Grunig & Hunt (1984), this is the most preferred way of engaging with stakeholders. Nevertheless, on the other hand, the data also send a warning signal to corporate managers to avoid communicating CSR efforts too conspicuously, as a large percentage of the survey sample subscribe to minimal releases as the most appropriate way of communicating CSR efforts.

Reputation surveys in all three Scandinavian countries show that people are uncertain with respect to how companies should communicate their CSR initiatives – in more or less conspicuous channels – and this uncertainty has been addressed in prior research, for example, by Ashforth & Gibbs' (1990) discussion on the legitimacy risks for companies that are perceived as overaccentuating their good deeds. Ashforth & Gibbs' analysis also suggests a preference for communicating CSR initiatives through minimal releases as they argue that conspicuous attempts to increase legitimacy may in fact decrease legitimacy. Ashforth & Gibbs (1990: 188) refer to this as the challenge of the 'self promoter's paradox' in which they suggest that companies that overemphasize their corporate legitimacy run the risk of achieving the opposite effect. They argue that conspicuous CSR communication often is associated with, and comes from, organizations that attempt to defend their corporate legitimacy or from companies that have experienced a legitimacy problem: 'the more problematic the legitimacy, the greater the protestation of legitimacy' (Ashforth & Gibbs 1990: 185). Too much 'sensegiving' regarding CSR efforts may be counter-productive. It is argued that companies already perceived as legitimate constituents do not need to communicate their CSR efforts loudly. With reference to impression management, Ashforth & Gibbs indicate that individuals who believe that others will become aware of their desirable qualities tend to be less self-aggrandizing than individuals who do not. If companies are not granted positive recognition from their stakeholders, they tend to find it necessary not only to exemplify desirable qualities but also to promote them. Thus, the promotion of desirable qualities such as CSR will tend to evoke scepticism if a company is stigmatized beforehand with a bad reputation or if a company is experiencing a legitimacy threat such as a corporate scandal. While Ashforth & Gibbs take this argument to one extreme by pointing at companies with a legitimacy problem, we build on their argument and suggest that contemporary companies increasingly need to prepare for potential legitimacy problems.

As argued in the introduction, CSR is a moving target. Some years ago, CSR had narrower and more well-defined limits, whereas today any company may in principle be associated with the violation of human rights as supplier and customer actions are increasingly seen as a corporate responsibility by stakeholders. Any contemporary company may in fact encounter legitimacy problems at some point. On the one hand, informing about CSR initiatives may be a means of preparing to avoid such a legitimacy problem by concurrently informing stakeholders about corporate CSR initiatives. On the other hand, CSR communication may in fact provoke a legitimacy problem if a company encounters a stakeholder concern about its legitimacy. Information on CSR initiatives may then retrospectively be perceived as a means of covering up or accommodating the legitimacy problem, which in turn reinforces stakeholder scepticism towards CSR initiatives and corporate legitimacy. Thus, a straightforward 'stakeholder information strategy' turns out to have a double edge.

A means towards subtle communication: non-financial reports

The reputation surveys suggest the increasing importance of minimal releases such as annual reports and websites as a preferred means of CSR communication by stakeholders on behalf of corporate advertising or corporate releases. Prior research has argued that implicit forms of communication (e.g. organizational rituals and folklore) are perceived to be more credible than explicit forms, e.g. press releases and policy statements (Martin 1992). This argument suggests that CSR communication will be perceived as more plausible if it is indirect and subtle, such as, for example, in the presentation of more objective data in non-financial reports (Tan 2002), which supports the tendency shown in reputation surveys that many stakeholders prefer more subtle forms of CSR communication. Potential regional differences, however, must also be noted. The reputation surveys presented in this paper are from the Scandinavian countries, and other research has pointed to certain cross-cultural differences in the type of responsibilities that stakeholders assign to businesses (Maignan & Ferrell 2003). Another study shows that French and Dutch businesses were not as concerned as US-based companies about communicating CSR activities on corporate websites (Maignan & Ralston 2002). The explicit North American CSR approach (Matten & Moon 2004), which has a strong tradition of philanthropic giving, seems to encourage stakeholders to welcome more conspicuous CSR communication than in the European context – including the Scandinavian one – with its traditions for more implicit and less conspicuous CSR approaches.

Nevertheless, while non-financial reports may be used as a type of 'subtle CSR communication', they are still predominantly designed as a means to 'give sense' to potentially critical stakeholders. They are produced to inform and convince public audiences about corporate legitimacy and, as such, they are framed within a one-way communication perspective. In addition, they may be illusory as they may possibly lead managers to conclude that they control meanings and perceptions among stakeholders (Crane & Livesey 2003). Non-financial reports may seem an appropriate response and 'sensegiving' tool for making stakeholders aware of corporate CSR efforts, but they also raise the potential risk of organizational self-absorption. Organizational communication research has pointed out that one of the major risks for communication in practice is that corporate managers publish the information that they themselves find important, taking pride in what is presented, and therefore also believe it is what other stakeholders want to hear (Morgan 1999, Christensen & Cheney 2000). Even with market analysis as an analytical tool to collect data to understand stakeholder concerns, prior research has pointed to the risk of self-fulfilling prophecies in market surveys and opinion polls (Christensen 1997). In the case where managers are to communicate issues of social responsibility to stakeholders, managers may be tempted to reinforce information on issues they themselves identify with and take a pride in regardless of stakeholder concerns, because social responsibility often implies a personal moral designation for managers (Lozano 1996, Pruzan 1998). The risk is that in deciding what CSR issues to communicate and how to do it, managers become what Christensen & Cheney (2000) refer to as 'selfseduced and self-absorbed', not realizing that other stakeholders may be uninterested in the information presented, and more importantly, that other stakeholders may not find it appropriate for companies to publish information on how good they are. To avoid this trap of CSR communication, close collaboration with stakeholders on the relevance of what CSR issues to emphasize and report on may possibly increase organizational awareness regarding stakeholder expectations. This dialogue contributes to the identification of potentially critical issues of importance for corporate legitimacy and a company's reputation.

One example illustrating our argument is demonstrated by stakeholder involvement, which is increasingly used as an argument for giving awards for best non-financial reporting. For instance, the European Sustainability Reporting Awards (ESRA) emphasize stakeholder relations as a separate criterion for the reports to demonstrate: 'Stakeholder relationships (e.g. basis for definition and selection of major stakeholders, approaches to stakeholder consultation, type of information generated by stakeholder consultations, use of stakeholder feedback)' (ESRA 2005: 4). Our contention is that reporting on stakeholder involvement may be carried out with or without stakeholder involvement, but that the latter form, actively involving stakeholders in sensemaking and sensegiving processes on CSR issues, is a more promising path as opposed to emphasizing 'sensegiving' in engaging stakeholders by eloquent persuasion. In the following section, we further explore how to involve stakeholders pro-actively.

Involving stakeholders in CSR communication: pro-active endorsement

We suggest that communicating messages that claim to represent a true image of corporate initiatives such as CSR will benefit from a proactive third-party endorsement, i.e. that external stakeholders express their support of corporate CSR initiatives. This implies that managers need to understand how to enact carefully the dynamic processes of sensegiving and sensemaking in order to develop the endorsement in practice. Further, we suggest that this happens during the development of corporate CSR efforts, and for this purpose, some companies have demonstrated how non-financial reporting holds a potentially promising tool for managing the complexity of CSR communication. Today, however, many nonfinancial reports are still expressions of a sophisticated yet conventional 'stakeholder information strategy' or 'stakeholder response strategy' (see, for example, the SAS Group's Annual Report & Sustainability Report, KMD's Strategic Report 2004, and Novozymes' Annual Integrated Report 2004). While these corporate non-financial reports on stakeholder relations demonstrate engagement in stakeholder concerns, it is most often done through a simple listing of the partners with whom the company interacts (see e.g. Danisco 2004, SAS 2004). Shell's 'People, Planet and Profit' from 2003, and Brown & Williamson Tobacco's 'Social and Environmental Report 2001/2', are other examples of companies demonstrating that they are aware of the importance of stakeholder dialogue. Brown & Williamson Tobacco (2001/2002: 38) write, for example, 'Here we outline some steps we have taken to help us to ensure we manage the dialogue and reporting process with the same level of commitment as any other aspect of the business', as well as, 'We recognize that a commitment to social reporting is a commitment to change' (Brown & Williamson 2001/2002: 38). In addition, BNFL states that 'It is our aim to talk openly about issues that concern you, our stakeholders'.

While these companies state how much they acknowledge the importance of stakeholder dialogue, there are no comments from stakeholders in the reports. We would like to point out the potential of exploring a more pro-active commitment by external stakeholders, as we draw on Gioia & Chittipeddi's notion of sensegiving and sensemaking. In the following examples, we show the involvement of external stakeholders in these processes, arguing that there are benefits from developing and maintaining stakeholder relationships by inviting external stakeholders to critically raise CSR concerns in public in collaboration with the company.

Novo Nordisk, a Danish pharmaceutical company focusing on diabetes, has participated for all 5 years of the Reputation Survey and has been among the three most highly reputed companies. In 2005, it was the most admired company in Denmark. Novo Nordisk's non-financial reporting is an inspiring and sophisticated example of how a company has managed to handle its CSR communication challenges in a manner that approaches the two-way symmetric model as outlined in the 'stakeholder involvement strategy'. In 2002, Novo Nordisk (2002) began involving stakeholders in the actual reporting. Critical and highly involved stakeholders were given a voice in the report, as they were invited to comment on and critique issues that they perceived as being of particular concern in their relations with Novo Nordisk. For example, Søren Brix Christensen of Doctors without Frontiers was given a page under the heading, 'How can we improve the access to diabetes treatment by selling our products at prices affordable in the developing countries, while we maintain a profitable business?' (2002: 27), to express that he strongly believes that the medical industry needs to take responsibility and sell medicine at cost price. In a similar set-up in 2003, Lars Georg Jensen, programme coordinator for global policy in the Danish chapter of the World Wide Fund for Nature, critically addressed the question of 'How can we be focused on investing in the health of society and yet not compromise the need to invest in the global environment?' (Novo Nordisk Sustainability Report 2003: 47). A number of managers and employees were also given a voice in the nonfinancial reports, but giving loyal members a voice remains a more conventional and less risky communication mechanism than inviting critical external stakeholders to comment on and critique shared concerns within the framework of CSR. By inviting external stakeholders inside, so to speak, Novo Nordisk opens the possibility for new issues to emerge and become integrated, hence inviting an ongoing reconstruction of the CSR efforts as stakeholder concerns develop and change. Although the communication is of course controlled from Novo Nordisk's corporate headquarters, it nevertheless allows controversial dilemmas for Novo Nordisk's core business to surface.

Another example of the pro-active involvement of stakeholders is Vodafone's social report from 2004, which demonstrates how the company involves the capital market, the public, opinion makers and customers in identifying critical issues and actions by bringing these voices into the report. Rather than being communicated to, the critical stakeholders become co-responsible for the corporate CSR messages, as they locally articulate their shared concern regarding the company. Instead of imposing corporate norms for CSR initiatives on stakeholders, the invitation to participate and co-

construct the corporate CSR message increases the likelihood that these stakeholders and those who identify with them will identify positively with the company.

The external endorsement of corporate CSR messages differentiates itself from other endorsement strategies in the sense that critical issues come to the surface. Rather than giving a completely positive and almost saintly impression of corporate CSR initiatives, which may evoke scepticism, Vodafone communicates that it acknowledges that the company has a way to go yet, but that it is trying to act in a more socially responsible manner by taking stakeholder concerns into consideration. Vodafone reports on controversial issues of great importance for its business, such as electromagnetism and health, responsible marketing, inappropriate content, junk mail, etc. In addition, Vodafone brings critical survey results. Similarly, Novo Nordisk brings issues such as obesity, the distribution of wealth, poverty and health and hormones in their report. Many of these issues are reported and commented on by external stakeholders.

By letting critical stakeholders have their own comments in the reports, Novo Nordisk and Vodafone demonstrate that they listen to stakeholders, they dare to mention – and even openly express – stakeholder concerns in their public annual report.

Concerns about the corporate motives behind such invitations to participation and public dialogue were already raised many years ago and pointed at the inequalities of the partners and the power-play of the strategic dialogue. Based on studies of federal community programmes, Arnstein warned that 'participation without redistribution of power is an empty and frustrating process for the powerless' (Arnstein 1969: 216). He argues that participation can cover a broad range of gradations of participation, from manipulation to citizen control (in what he labels a 'ladder of citizen control'), and that no matter what practical reality participation is enacted in, the underlying issue is the same: 'Nobodies' attempting to become 'somebodies' with enough power to make the target institutions responsive to their views, aspirations and needs. As an extension of Arnstein's ladder typology, it has also recently been argued that while dialogue can be beneficial for all constituents if they are genuinely motivated for dialogue, participation and dialogue can also be expensive, time-consuming and, in fact, lead to counterproductive activities that do not build trust, facilitate collaboration or enhance the value of the corporation. Similarly, Crane & Livesey question the assumption that more involvement and dialogue lead to more understanding. They argue that dialogue may lead to cynicism and distrust when it is 'instrumentally and superficially employed' and not 'genuinely adopted' (Crane & Livesey 2003: 40).

While we can only agree with these concerns about the risks of the exploitation of stakeholders and other malfunctions connected to participation, dialogue and stakeholder involvement – and in fact, to the whole democratic project – we also question how one is to know when stakeholders are 'genuinely motivated for dialogue' and when dialogue is 'instrumentally and superficially employed' as opposed to 'genuinely adopted'. Most importantly, and in keeping with the sensemaking perspective of constructivism as highlighted by this special issue's editors, we argue that the way organizations give and make sense about themselves and their practices are not neutral activities, but constitutive actions that contribute to the continuous enactment of the organizational reality (Weick 1979). From this perspective, the communicative strategies of stakeholder involvement and dialogue contribute to the enactment of such involvement, creating more awareness of the critical potential of business–stakeholder relations. It can be argued that the 'stakeholder involvement strategy' is an ideal, and that neither Novo Nordisk nor Vodafone are examples of 'genuine' two-way symmetric communication, and that no sustainability report can ever be an expression of real two-way symmetric communication. Yet, we contend that striving towards stakeholder involvement and an improved mutual understanding of stakeholder expectations towards business and vice versa are crucial elements in its enactment. In this process, CSR communication is a forceful player for all partners.

Conclusion

Our paper has built on the recent development of theories on stakeholder management and critically drawn on public relations theory in the development of three strategies for CSR communication in order to better conceptualize how managers inform, engage with and involve important stakeholders. In line with this development of stakeholder theories, it is our main contention that stakeholder involvement becomes increasingly more important for ensuring that a company stays in tune with concurrently changing stakeholder expectations. CSR is a moving target, making it increasingly necessary to adapt and change according to shifting stakeholder expectations, but also to influence those expectations.

In particular, we focus on three areas of strategic importance for managers as they embark on CSR communication. First, the general assumption that managers need to improve their corporate 'stakeholder information strategy' to keep the general public better informed about CSR initiatives to achieve legitimacy and good reputations is challenged. Such a communication strategy has a narrow focus on sensegiving and runs the risk of the 'self-promoter's paradox'. Second, the findings from the reputation surveys indicate the increasing importance of minimal releases such as annual reports and websites as a preferred means of CSR communication by stakeholders rather than corporate advertising or corporate releases. However, we suggest that such minimal releases would benefit from responding to, and even more extensively involving, stakeholders directly in a mutual construction of CSR communication. Although such a communication strategy is minimal in terms of number of channels and public exposure, it allows maximum flexibility and a strong focus on content. As a result, we suggest that communicating messages claiming to represent a true picture of corporate initiatives such as CSR would benefit from a third-party endorsement, i.e. from external stakeholders becoming involved and expressing their support of corporate CSR initiatives in actual corporate CSR messages by taking an active part in both the sensegiving and the sensemaking process.

Nevertheless, this does not mean that the 'stakeholder information strategy' or the 'stakeholder response strategy' should be underestimated. Companies must 'give sense' as well as 'make sense'. But, we suggest that the increasing significance of managers being able to handle the simultaneous interdependency between these processes and to engage in new and more complex relations with their stakeholders includes involving these stakeholders in actual corporate CSR communication. Our paper has suggested how the inclusion of both sensemaking and sensegiving processes make managers aware of the need to involve stakeholders pro-actively and continuously in both processes. Theories on sensegiving and sensemaking focus on internal stakeholders and the mutual top-down and bottom-up processes between managers and employees, but our paper has shown the importance of also involving external stakeholders in the ongoing processes of sensegiving and sensemaking in CSR communication.

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Note

1. Sociologist Jürgen Habermas developed the idea of discourse ethics in which all stakeholders must engage and be heard in an equal and power-free dialogue in order to promote democracy. In a wellknown passage he states that, 'At any given moment we orient ourselves by this idea that we endeavor to ensure that (1) all voices in any way relevant get a hearing, (2) the best arguments available to us given our present state of knowledge are brought forward, and (3) only the unforced force of a better argument determines the "yes" and "no" responses of the participants' (Habermas 1993: 163).

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

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

Introduction

Defined broadly as ‘a commitment to improve [societal] well-being through discretionary business practices and contributions of corporate resources’ (adapted from Kotler and Lee 2005), corporate social responsibility (CSR) occupies a prominent place on the global corporate agenda in today’s socially conscious market environment. More than ever, companies are devoting substantial resources to various social initiatives, ranging from community outreach and environmental protection, to socially responsible business practices. To give but two examples: Target contributed 5% of its income, amounting to more than $150 million in 2007, to programs which inspire education, increase access to the arts, and promote community safety (Target 2008); and similarly, as part of its Healthymagination initiative, General Electric is investing billions of dollars in healthcare technologies to reduce medical errors and improve patients’ lives (General Electric 2009).

These unprecedented CSR efforts are driven not just by ideological thinking that corporations can be a powerful and positive force for social change, but more by the multi-faceted business returns that corporations can potentially reap from their CSR endeavors. Indeed, findings from both marketplace polls and academic research suggest that key stakeholders such as consumers, employees and investors are increasingly likely to take actions to reward good corporate citizens and punish bad ones. According to a Cone research study (2007), 87% of American consumers are likely to switch from one brand to another (price and quality being equal) if the other brand is associated with a good cause, an increase from 66% since 1993; conversely, 85% will consider switching to another company’s products or services because of a company’s negative corporate responsibility practices, and 66% will boycott such a company’s products or services.

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

Needless to say, the business returns to CSR are contingent on stakeholders’ awareness of a company’s CSR activities. Much of the academic research to date, in its pursuit of insights into the psychological mechanisms and outcomes of CSR-driven stakeholder behaviors, has largely presumed or mandated (e.g. in laboratory studies) CSR awareness on the part of the relevant test populations. However, recent studies with real stakeholders revealed that awareness of a company’s CSR activities among its external stakeholders (e.g. consumers) or even among its internal stakeholder (e.g. employees) is typically low, hence constituting a key stumbling block in the company’s quest to reap strategic benefits from its CSR activities (Bhattacharya *et al.* 2008; Du *et al.* 2007; Sen *et al.* 2006). Consistent with these findings, of the 20 attributes measured in the annual Harris Interactive corporate reputation study published by the *Wall Street Journal*, people are most in the dark about corporate responsibility; questions about whether companies are socially and environmentally responsible consistently elicit the most 'don't know' responses (Alsop 2005).

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

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

A key challenge of CSR communication: generating favorable CSR attributions

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

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

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

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

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

What to communicate: message content

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

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

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

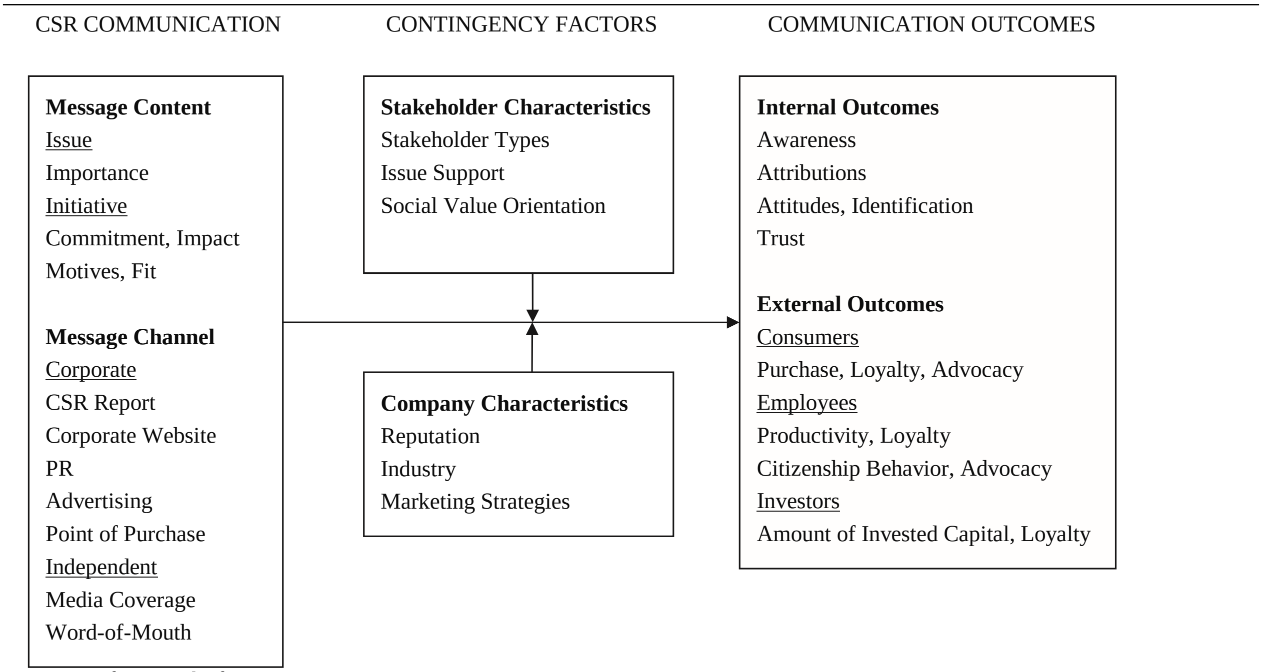

Figure 1. A framework of CSR communication

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

CSR commitment

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

CSR impact

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

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

CSR motives

In addition to CSR commitment and CSR impact, CSR communication can also focus on CSR motives. As we have stated earlier, one key challenge in CSR communication is to reduce stakeholder skepticism. In light of this, should companies only emphasize altruistic, intrinsic motives, denying business-related motives in their CSR communication? Or should they be honest and acknowledge the business motives underlying their CSR initiatives? A study of businesses' CSR communication at their websites (Maignan and Ralston 2002) finds that companies vary as to the types of CSR motives they communicate to stakeholders. Some stress the intrinsic motives for their CSR activities. For example, PNC states at the company website, 'Giving back is a bedrock value at PNC'. Alternatively, other companies stress the business case for engagement in CSR. For example, Carrefour explains the rationale for its environmental initiative as follows: 'Consumers are increasingly attentive to everything that has to do with safety and environmental health. Safeguarding the environment is a criterion they will increasingly consider.' Research on CSR attributions shows that consumers often perceive multiple motives, and they understand that companies often seek to achieve certain business goals through their CSR initiatives (Ellen *et al.* 2006). According to Forehand and Grier (2003), acknowledgement of extrinsic, firm-serving motives in its CSR message will actually enhance the credibility of a company's CSR communication and inhibit stakeholder skepticism, which underlies the potential boomerang effect of CSR communication. Therefore, a company should emphasize the convergence of social and business interests, and frankly acknowledge that its CSR endeavors are beneficial to both society and itself (Porter and Kramer 2006).

CSR fit

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

Corporate social responsibility fit is important because it affects stakeholders' CSR attributions (Menon and Kahn 2003; Simmons and BeckerOlsen 2006). According to the two-stage model of attributions (Gilbert 1989), consumers will first attribute CSR activities to dispositional motives (i.e. intrinsic motives), and then 'correct' this inference, if they allocate sufficient processing capabilities and engage in more effortful elaboration by considering alternative, contextual factors (e.g. competitive pressure, financial motivations). Low CSR fit, owing to the lack of logical connection between a social issue and a company's business, is likely to increase cognitive elaboration and make extrinsic motives more salient, thereby reducing stakeholders' positive reactions to a company's CSR activities. Therefore, a company should highlight the CSR fit of its social initiative if there is congruence between the social issue and its business. When a company does not have a good natural fit with the social cause it supports, it should elaborate on the rationale for its social initiative to increase perceived fit. For example, DenTek Oral Care, a sponsor of the American Diabetes Association, includes in its sponsorship communications the information that diabetes can lead to tooth decay, bad breath, dry mouth and gum disease (Simmons and BeckerOlsen 2006). Because many people may not know about diabetes-related dental problems, the sponsorship might otherwise seem to be a bad fit. By elucidating the underlying link between the sponsorship and its core business, the company is able to create a high perceived fit and hence enjoy greater business returns to its CSR activities.

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

Where to communicate: message channels

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

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

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

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

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

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

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

Moderators of communication effectiveness: company-specific factors

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

Corporate reputation

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

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

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

CSR positioning

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

Moderators of communication effectiveness: stakeholder-specific factors

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

Stakeholder type

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

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

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

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

Issue support

In general, stakeholders' motivation to process CSR information impacts communication effectiveness (MacInnis *et al.* 1991). Referring to the extent to which stakeholders support the focal issue of a company's CSR initiative, issue support will affect the effectiveness of CSR communication because it is related to stakeholders' motivation to process CSR information. Research has shown that information perceived as self-relevant (vs non-relevant) elicits voluntary attention (Petty *et al.*

1981). Since issue support reflects stakeholders' personal needs and values, all else equal, CSR information on initiatives that stakeholders deem important or personally relevant (i.e. strong support) is more likely to break the media clutter and be more effective. Individuals' awareness and knowledge of a social issue will often lead to greater support for that particular issue (Bhattacharya and Sen 2004). Therefore, companies need to explain and communicate the importance of the focal issues of their social initiatives so as to increase stakeholders' issue support.

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

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

Social value orientation

Defined as an individual's 'stable preferences for certain patterns of outcomes for oneself and others' (Van Lange *et al.* 1997), social value orientation will also affect the effectiveness of CSR communication because it is related to stakeholders' motivation to process CSR information. There is a three-category typology of social value orientation: prosocial, individualistic and competitive. Prosocials tend to maximize outcomes for both themselves and others, and minimize differences between outcomes for themselves and others (i.e. equality). Individualists tend to maximize their own outcomes with little or no regard for others' outcomes; and competitors tend to maximize their own outcomes relative to others' outcomes, seeking relative advantage over others. These three social value orientation types have been shown to predict a range of social behaviors. For example, relative to individualists and competitors, prosocials are more likely to help others (McClintock and Allison 1989) and to use public transport rather than driving their own cars (Van Vugt *et al.* 1995). We expect prosocials to have greater support for companies' social initiatives in general, owing to their social value orientation, and therefore to be more motivated to process companies' CSR communication.

Relatedly, CSR research has identified a segment of individuals named 'CSR activists', who are more likely to purchase on ethical criteria, be more aware of companies' CSR activities, and more likely to investigate companies' CSR behavior (Dawkins

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

Conclusion

The business case of CSR has been amply documented by a large body of multidisciplinary academic research. Owing to the identity-revealing nature of CSR activities, by investing in social initiatives, a company will be able not only to generate favorable stakeholder attitudes and behaviors (e.g. purchase, seeking employment, investing in the company), but also, over the long run, to build corporate/brand image, strengthen stakeholder– company relationships, and enhance stakeholders' advocacy behaviors for the company (e.g. word-ofmouth, employee organizational commitment and citizenship behavior). However, stakeholders' low awareness of and skepticism towards companies' CSR activities are critical impediments in companies' attempts to maximize business benefits from their CSR investment, pointing to an urgent need for both academicians and practitioners to get a deeper understanding of how to communicate CSR more effectively to stakeholders.

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

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

Finally, individuals sometimes have multiple stakeholder relationships with a particular company (e.g. being an employee, consumer and investor). Since different stakeholder groups have different expectations of businesses and different information needs, future research could investigate how a company can best communicate its CSR initiatives to respective target audiences.

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