



## Guide to CSR Communication

**CSRwire**<sub>w</sub>

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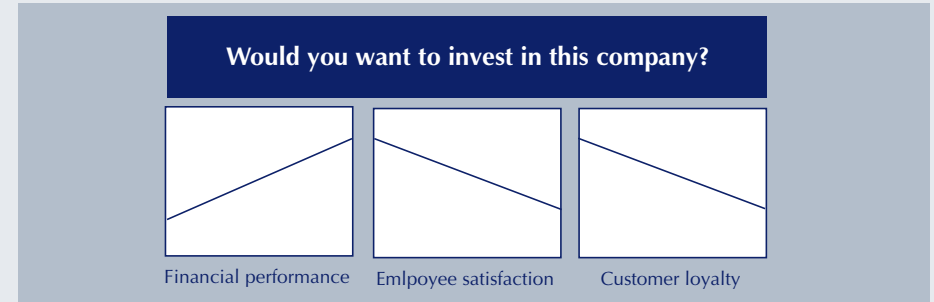
## Introduction

Today, forward-thinking companies understand that balancing the needs of their stakeholders is an essential component of sustaining business success. Many of these companies are engaging in socially and environmentally responsible business practices and working to develop new communication strategies that speak to investors, consumers, and employees. As a result, stakeholders are rewarding these companies for their transparent business practices. This guide provides important information to help companies begin the process of communicating their positive and innovative corporate responsibility initiatives.

## Corporate Social Responsibility (CSR) communication is good business

Several recent studies suggest that it is critical for companies to not only develop CSR initiatives but to effectively communicate them as well. The days of not communicating CSR developments are numbered because the marketplace is steadily demanding greater transparency. A free market relies on the flow of information so that investors, consumers, and employees can make educated decisions. As an added benefit, communicating socially and environmentally responsible practices and policies can improve a company's reputation and competitive advantage, which can increase a company's success.

Some consumer analysts argue that reputation is everything. A company with a high-quality product but a poor social performance record



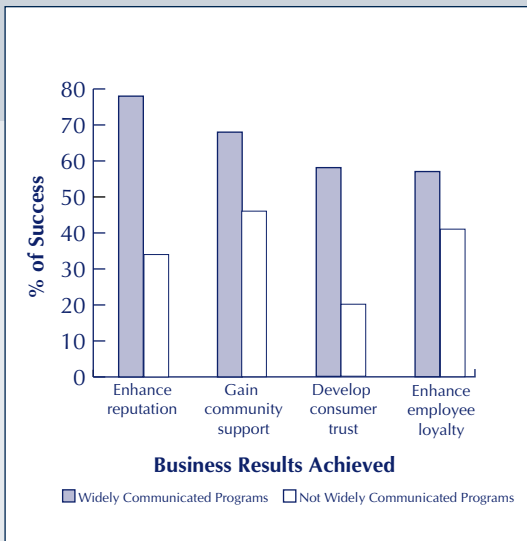
will face more challenges to success than a company with a high-quality product and a good reputation. Maintaining a strong corporate reputation goes beyond regulatory compliance. The companies that exceed legal requirements and respond to the public's expectations of acceptable business practices are the ones who maintain and enhance their admirable reputations.

The new global marketplace is crowded, competitive, and cluttered with messages and information. A company needs to not only identify what makes it unique but also communicate those differences to interested audiences. Research conducted by MORI (Market & Opinion Research International), the largest independently-owned market research company in the United Kingdom, shows that initiating sustainable,

*Companies are evolving to meet the demands placed upon them as the market evolves. Recognizing that stakeholders desire social and environmental information, companies are transforming their cultures and communication styles to disseminate this data. It has been shown that it is in a company's best interest to provide substantive information about its responsible initiatives while demonstrating efforts to address vulnerabilities and challenges. It is also important for a company to carefully consider the tone of a message, because it can considerably impact how a company is perceived by its stakeholders.*

progressive, and socially responsible practices helps companies improve brand identity and be more competitive. Stakeholders are willing to support companies whose policies and management practices match their own personal values.

According to the *2000 Cone/Roper Executive Study*, companies that *communicate* their cause initiatives are significantly more likely to believe they are achieving their cause-related objectives. In particular, these companies are 129 percent more likely to feel they enhance their reputation and 190 percent more likely to feel they develop consumer trust.



Fortunately, the opportunities for companies to highlight their social and environmental achievements are increasing. New Internet and print resources provide outlets for companies to publicize their positive initiatives to interested investors, consumers, employees, and the media. Similarly, the Internet allows for the instant exchange of information, making online reputation management a necessity for companies.

According to a report from London-based SustainAbility, entitled *Good News & Bad: The Media, Corporate Social Responsibility and Sustainable Develop-*

*ment*, media coverage of CSR issues in the 1990's was most prevalent in Europe, but overall media attention was minimal. Many companies are missing opportunities to use the media as a resource to increase their reputations and exposure.

Ketchum, one of the largest public relations firms in the world and the PR firm perhaps most associated with CSR, reports that companies that manage their reputations by communicating their corporate responsibility endeavors realize the following benefits:

**Improved consumer trust** – Consumers are loyal to products and change brands infrequently. However, more and more consumers are considering the environmental and social impacts of companies when they make purchasing decisions. If a company communicates its positive practices to the public, consumers will be more likely to remain loyal customers.

**Increased employee loyalty** – When a company communicates its positive attributes to employees, the company often experiences higher productivity, better employee retention, and decreased turnover and training costs. This is due to better employee morale and an increased trust in the company's commitment to treating employees fairly. Likewise, companies that communicate their favorable employee practices

Hill and Knowlton's *2001 Corporate Citizen Watch* survey found that 79 percent of respondents consider corporate citizenship in their decisions to purchase a company's product or service, and 61 percent consider corporate citizenship when deciding to buy a particular company's stock. Almost three out of four respondents indicated that most companies are doing a less than adequate job in the area of good corporate citizenship. These findings show that companies can do more to position themselves as good corporate citizens and to better communicate their social initiatives to the public.

to the general public may experience decreased hiring and training costs by attracting and retaining qualified candidates.

**More engaged investors** – Socially responsible investing has grown as more individual and institutional investors have chosen to align their investments with their values. But as mounting evidence supports the assertion that financial performance is linked with social and environmental performance, increasingly more “traditional” investors may adopt social investing strategies as well. Therefore, companies that communicate their social and environmental initiatives will be more likely to attract investors of all kinds.

**Better community relations** – Being a successful international company begins at the local level. Companies that have a solid reputation in the communities in which they operate can benefit from stable local relations and strong community support.

**Environmental sustainability** – Companies find that being environmentally responsible, in addition to positioning a company above its competitors, can lead to a significant reduction in operating costs and risks. Materials and processes that are more environmentally friendly are often more cost effective. Therefore, incorporating environmentally responsible products and processes into business operations can contribute to a higher profit margin.

The benefits companies reap from communicating their positive initiatives can have a clear and positive impact on profitability. No matter what the motivation, the companies that make valuable contributions to society and the environment, and then publicize those efforts, can benefit financially from those contributions.

## ***Cause branding vs. CSR communication***

Cause branding or cause-related marketing is sometimes thought to be synonymous with CSR communication. Although cause branding can be an element of CSR communication, the two are actually quite separate and distinct from each other. Cause branding refers to a short-term business strategy that usually consists of advertisements that connect a social or environmental issue with a company’s brand name and organizational identity.

Cause branding is intended to reinforce or improve a company’s image by demonstrating the company’s support for a particular issue. A critical element of an effective cause branding campaign is to associate with a cause that generates customer interest and that is consistent with the company’s product or service. Companies engaging in cause branding will often form a partnership with a nonprofit organization associated with the chosen issue.

CSR communication, on the other hand, is the process a company undergoes in order to inform its stakeholders of its commitment to ongoing corporate social responsibility. CSR communication publicizes a company’s dedication to functioning above and beyond government regulation minimums and standard business ethics. It highlights company practices that have a positive social or environmental impact. A comprehensive CSR communication plan may include a cause branding strategy, but it is actually a multifaceted, integrated aspect of business operations.

A successful CSR communication plan will involve multiple departments, including Human Resources, Publicity, Marketing, Investor Relations, and Internal Communications. Many companies establish

CSR advisory committees within each of these departments to ensure company values will be truly reflected in all business functions. Some companies have even created dedicated, high-level CSR staff positions such as Vice President of Corporate Responsibility.

An example:

**Cause branding** – A clothing company that produces high quality outdoor sports gear for a target audience of young and middle-aged adults may engage in a cause branding initiative to help preserve old growth forests. This cause is likely to be of particular concern to the company’s customers. By supporting this cause, the company demonstrates its commitment to the environment, positions itself to stand out among its competitors, and potentially gains customer and employee loyalty.

The company using the cause branding communication strategy may use a variety of methods to inform the public of the company’s support of old growth forest preservation. Likely strategies include regular press releases, sponsorship of high-profile events, special announcement tags on products, and philanthropic contributions.

**CSR communication** – The outdoor sports company that embraces the preservation of old growth forests through a cause branding initiative may also make a commitment to employing socially and environmentally responsible practices. These practices might include progressive workplace policies, waste reduction programs, and volunteering in the community. The company might also decide to publicize these practices through a comprehensive CSR communication program. The company’s first step in implementing such a program would be to assess its corporate policies and identify its strengths and weaknesses.

*Cause Branding:*

- Short term
- One issue
- Aligned with a cause
- Often includes partnerships
- Strengthens brand identity
- Consistent with product

*CSR Communication:*

- Interdisciplinary
- Often includes cause branding
- Ongoing, long-term goals
- Emphasizes social and environmental practices
- Serves as a precursor to dialogue with stakeholders
- Communications match actions

Every company has weaknesses that can be turned into opportunities to improve the company as a whole; therefore, identifying weaknesses should not deter a company from communicating its strengths.

One of the critical aspects of implementing a successful CSR communication program is to gain support from top-level management. Management needs to then be able to articulate the company’s commitment and strategies to the staff. Next, the company may decide to identify a communications firm that has expertise in developing CSR communication strategies. The company then works with the firm to develop messages and strategies that articulate the company’s intentions and its commitment to its stakeholders. Companies need to consider the desired outcome associated with their efforts and utilize communication mediums appropriately.

## ***Transitioning from cause branding to CSR communication***

As companies become more sophisticated in their approach to CSR, their communication efforts will likely evolve from a cause branding strategy to a broader, more encompassing CSR communication plan. Companies should consider working with experienced communications firms and move deliberately and thoughtfully through this process of integrating CSR communication strategies into their overall operations.

It is essential for companies that have made a commitment to environmentally and socially responsible practices to communicate these practices. Effective communication with stakeholders is the seminal step in engaging investors, consumers, and employees. Companies that communicate with their stakeholders often can gain a better understanding of the market, increase their customer loyalty, and help to raise the standard of business.

Increasing transparency is one of the most important aspects of CSR communication. However, company management needs to consider two issues when they decide to share information with the public. First, communication may involve all aspects of business operations except any confidential personnel information or any specific data that might sacrifice competitive advantage. Secondly, the company will use communication to its best advantage when it understands the cultural norms of the area where it will disseminate publicity. For example, Edelman Public Relations Worldwide, one of the world's largest PR firms with expertise in cause branding, suggests that because U.S. citizens seem to pay more attention than Europeans to company contributions to community, a campaign based in Europe should have a different focal point, one that reflects the concerns of that market.

### ***Successful CSR communication campaigns:***

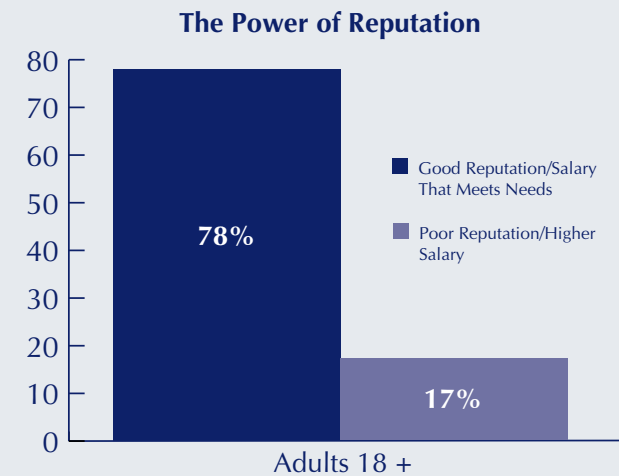
- 1 Highlight factual information
- 2 Involve several departments within the company
- 3 Address various stakeholder groups
- 4 Include long-term goals
- 5 Encompass several strategies

## ***Tips for developing an effective CSR communication strategy***

- 1 *Be genuine in your efforts.* Communication is a powerful tool. If you are authentic in your CSR efforts and in how you communicate them, your initiatives can become a competitive advantage.
- 2 *Internal assessment.* Be open to working with a communications or consulting firm to examine your company's current policies and practices. Becoming aware of your strengths and weaknesses is the first step in developing a CSR communication strategy.

- 3 *Identify your message.* Evaluate your current initiatives to determine which would be the best to publicize. The most productive CSR campaigns are multifaceted and highlight more than one initiative. Assess which of your present efforts will draw the most stakeholder interest and loyalty.
- 4 *Solicit internal support.* Make sure that all employees are aware of the company's initiatives. Employee support is important not just because it prevents conflict; employees who are aware of positive company efforts can help publicize these efforts by word of mouth.
- 5 *Know the target market.* While it is important to communicate with all of your stakeholders, it is important to identify which groups you want to reach with a particular CSR communication. It is a good idea to then convey your message in a way that is tailored to that audience.
- 6 *Develop clear expectations.* What do you imagine the results of your communications to be? Most communications firms will help you with this, but it is best to consider this as a company before you meet with the communications firm.
- 7 *Select the appropriate communications firm for your needs.* Firms vary drastically in size and expertise. Some are best at cause branding strategies, some at investor relations, and some at CSR communication. Do some research and select a firm that best matches your goals and your values.

- 8 *Trust the firm you hire.* Be open to their suggestions. Remember that they are the communications experts, and you have hired them because of their CSR communication experience.



According to a poll released by the Cherson Group, almost 80 percent of adults say they would rather work for a company with an excellent reputation than for a company with a poor reputation, even if the company with the poor reputation offered a higher salary.

- 9 *Use the firm as a liaison for consistent dialogue between parties.* Whether you are working with a nonprofit organization or other parties, let the firm serve as the intermediary to ensure efficient exchanges. One of the firm's functions is to ensure that all parties understand and agree with the status of the project.
- 10 *Develop an integrated, consistent strategy.* Your CSR program will have the most profound impact when you incorporate several creative strategies to disseminate your message.

## Frequently Asked Questions

- 1 ***Do stakeholders perceive CSR communication as self-serving?*** Stakeholders are well informed and know that it is important for companies to increase transparency and communicate their policies. Like public relations and marketing campaigns, CSR communication is an avenue for communicating with stakeholders and the general public that is meant to increase

long-term financial success. While it is admirable to engage in socially responsible practices simply because it is the "right thing to do," most stakeholders are also interested in a company's financial success. Communicating company CSR initiatives contributes to the company's success, which ultimately benefits the stakeholders.

- 2 ***Shouldn't we devote our resources to being socially responsible and not allocate resources to talking about it?*** Ogilvy

***A successful physical rehabilitation service reduced annual staff turnover by 30% after establishing and communicating their organizational purpose, beliefs, and principles statement.***

– Financial Times

Public Relations Worldwide, one of the largest PR firms in the world, acknowledges the most successful companies are those that, in addition to employing socially responsible practices, also communicate them to their stakeholders. Communication is an integral part of any effective CSR strategy. The advantages of a company's CSR policies are maximized when stakeholders are aware of the company's efforts. If stakeholders are unaware of a company's socially and environmentally responsible policies, there are fewer rewards for the company and fewer reasons for the company to maintain the policies.

***A major food company increased sales by 13% by offering to donate a percentage of sales to a national nonprofit organization addressing issues of current public concern.***

– New York Times

- 3 ***Should we wait until our CSR programs are fully developed and integrated before we start communicating about them?*** Investors, consumers, and employees are better informed and more sophisticated than ever before. They understand that when a company publicizes its socially responsible initiatives, it is not claiming to be the embodiment of social responsibility. Companies that communicate their CSR endeavors experience positive feedback through an improvement in their bottom line. Rather than waiting until a CSR program is fully developed before publicizing company efforts, it is a good idea to communicate with stakeholders throughout each stage of the implementation process.
- 4 ***Why do we need to publicize our message in places other than on our website?*** It is true that a website is an essential tool



for communicating with stakeholders. Many companies have found that a designated CSR area of the company website provides investors, consumers, and employees with important access to this information. However, announcements posted to websites will not necessarily reach the public. Companies need to also consider press release distribution, reports, advertising, sponsorships, and speaking engagements as tools for disseminating their positive messages.

**5** *How do we make our positive messages newsworthy?* There is never a guarantee that even the best-written press release will garner media attention, but there are some guidelines that can help your announcement stand out:

- Talk truthfully about your company's positive aspects and highlight specific people, initiatives, awards, or events
- Make your excitement for the story evident to the audience
- Always make your message simple, specific, and timely
- Provide a broader social context for your announcement in order to illustrate to the general public the relevance of your efforts and your overall corporate commitment

## *Trends in the economy*

Our economy is increasingly characterized by easier access to information, speedier communication, greater demand for transparency, and the globalization of corporations. These factors support the assertion that corporate social responsibility is a critical element of business stability in the 21<sup>st</sup> century. Now more than ever, investors, consumers, and employees take into account a company's corporate citizenship record when deciding whether or not to support the company. And like never before, the general public is better informed and able to shape the success of multinational companies.

KPMG Consulting, one of the world's largest consulting firms, advises clients that the speed with which information is disseminated via the Internet can quickly influence a company's reputation. And a company's reputation is largely determined by its communication. Successful companies are aware of this dynamic and openly communicate their social, environmental, and financial practices. In doing so, they build and protect their corporate value by enhancing their reputation, improving consumer trust, and increasing employee loyalty.