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## **Much to tell to consumers about CSR, but who should talk or not talk about it?**

### **Abstract**

This paper aims at understanding whether firms should engage in CSR communications towards consumers, or let independent third parties do so. A generalisable sample of 275 adults participated in an experiment, manipulating third-parties credible information (positive information, negative, or absence of information) and company communication (generic vs. CSR communication). Results show a systematic positive effect of CSR communication on corporate brand attitude, even when negative third-parties information is available. CSR communication appears as an efficient and un-risky strategy. Results are further developed and discussed.

**Key words:** CSR communication, corporate brand attitude, greenwashing, third-parties, experiment

**Track:** Social responsibility, Ethics and Consumer protection

## 1. Introduction and conceptual background

The aim of this research is to understand whether firms should engage in CSR communications towards consumers, or rely on independent third parties to do so. Broadly defined, corporate social responsibility (CSR) attempts to achieve commercial success in ways that honour ethical values and respect people, communities, and the natural environment (Bhattacharya and Sen, 2004). Today CSR activities have clearly become a prerequisite amidst a global corporate strategy and is supposed to play a crucial role in the formation of ethical corporate perceptions (Balmer and Greyser, 2007; Fukukawa, Balmer and Gray, 2007) and social legitimacy (Vanhamme and Grobben, 2009; Wæraas and Ihlen, 2009). However, the question “*Is it beneficial to corporate image to proactively communicate about CSR activities?*” is still controversial.

### 1.1 Pro's and Con's of CSR communication

The interest for CSR communication (i.e. communication designed and distributed by the company itself about its CSR efforts, Morsing, 2006) is relatively recent in marketing research (Maignan and Ferrell, 2004; Schlegelmilch and Pollach, 2005; Swaen and Vanhamme, 2005; Morsing, 2006; Du, Bhattacharya and Sen, 2010). However, it has gained greater importance, as CSR communication expenses have grown to become the third-largest budget item for corporate communication departments in large companies (Hutton, Goodman, Alexander and Genest, 2001). Within this body of research, consumer oriented CSR communication (i.e. communication activities targeted at consumers) is all the more neglected (Schrader, Hansen and Halbes, 2006).

On the one hand, a proverbial philosophical statement carved in 1622 on the Fountain of Tureen in Rome advises to “*do good and let others do the talking*”. No communication about corporate social initiatives would be better. From a conceptual point of view, one justification for such CSR silent strategy could be that self-interest motives may be attributed to firms bragging about their corporate social initiatives (Sjovall and Talk, 2004; Van de Ven, 2008). If a company focuses badly or too intently on its CSR claims, consumers may believe that it is trying to hide something (Brown and Dacin, 1997) or to deliberately mislead them (Peattie, Peattie and Ponting, 2009). Then, skeptical consumers may associate an “amoralization of corporate culture” to the “moralization of corporate communication” (Schultz and Wehmeier, 2010) and punish firms that are perceived as insincere in their social involvement (Becker-Olsen, Cudmore and Hill, 2006). In the end, the search for legitimacy through CSR communication may be perceived as pure manipulation (such as greenwashing when using environmental allegations to deliberately mislead consumers). In these cases, CSR communication may generate distrust and damage consumers’ attitude towards a company that communicates about its CSR engagements.

On the other hand, in a context of generalized CSR communication, anonymous actions do nothing to enhance the reputation of a company (Sjovall and Talk, 2004). What is worst, the absence of any specific communication may be more perceived as a sign of the firm’s indifference than as a sign of the firm’s modesty. In such conditions, the potential benefits of CSR initiatives for corporate brand evaluation may be questionable, even for truly responsible companies.

### 1.2 CSR information... a question of sources

Schrader, Hansen and Halbes (2006) defend that consumers rely on credible information by the company or trustworthy third parties like consumer policy actors to assess a company

CSR performance. If we acknowledge the necessity of providing information regarding CSR practices to consumers, the question of who should do it and who is the most credible to do so still remains unaddressed... Furthermore, what is the combined effect of information coming from the company and credible third-parties?

Two types of CSR information sources differ from a consumer perspective: company-controlled communication and uncontrolled information, such as word of mouth, mass media, or non-governmental organisations' (NGO) communications (Balmer and Greyser, 2007; Du, Bhattacharya and Sen, 2010). With regard to ethical corporate identity, "uncontrolled communication is in need of increased attention" (Balmer et al and Greyser, 2007, p.9), because consumers have access to independent sources of information and can compare information provided by the company with evaluations from third parties, such as sustainability ratings. Uncontrolled sources of information have increased in response to consumers' demand for more credible information about environmental concerns. Various third parties, including NGOs, consulting agencies, and media, publish independent general information and evaluations of companies' CSR practices (e.g. the guide *Shopping for a better world*, the Web site [www.climatecounts.org](http://www.climatecounts.org), the magazine *Fortune*).

Swaen and Vanhamme (2005) note that the use of a source that is not perceived as controlled by the company increases the positive impact of CSR campaigns. Information from third parties, such as reviews (Chen and Xie, 2005) or visible labels of quality (Dickson, 2001), may be influential if they are easily accessible, comprehensible, persuasive, and minimise cognitive requirements for consumers (Carpenter and Larceneux, 2008).

Considering the context of a growing number of credible sources of information on CSR practices, this research specifically addresses questions about the potential influence of consumer oriented CSR communication on corporate brand attitude. To reach this objective, in the next section, we propose hypotheses depending on the information at the consumers' disposal. To test the hypotheses, we turn to an experiment with a sample of adult consumers and show that CSR communication is clearly a dominant strategy for firms.

## 2. Conceptual framework

When consumers do not have any information on firms' practices, they usually take the firms' claims for granted and attribute CSR communication to sincere intrinsic motives (Sjovall and Talk, 2004). Therefore CSR communication should enhance corporate brand attitude (Swaen and Vanhamme, 2004).

*H1: When **no** external information on the firm's reputation is available, corporate brand attitude benefits from CSR communication.*

However, when consumers have external credible information about the firm's practices which nourish an idea about its reputation, this information should exert a strong effect on corporate brand attitude in line with previous results regarding the credibility of the source (Erdem and Swait, 1998; Swaen and Vanhamme, 2005). The combined effect of external information and CSR communication will depend on the valence of external credible information, according to the assimilation-contrast theory (Sherif and Hovland, 1961). If the credible information is positive, CSR communication, positive by essence, will induce an assimilation effect: therefore, corporate brand attitude will not benefit from CSR communication. If the credible information is negative, CSR communication will induce a contrast effect and a perception of manipulation, therefore degrading corporate brand attitude. In both cases, firms would better not communicate.

*H2: When **positive** external information is available, CSR communication does not change corporate brand attitude.*

*H3: When **negative** external information is available, CSR communication degrades corporate brand attitude.*

### **3. Method**

The experimental design was a 3 (positive, negative or no credible information) x 2 (generic or CSR communication) between-subject design. External credible information consisted in an article, extracted from a highly-recognized daily newspaper, mentioning various firms ratings (including a fictive firm in the furniture and home improvement industry, D'ECO). Ratings are provided by an external non-profit organization with regard to their sustainable endeavors. D'ECO's communication consisted in the brand presentation Web page: on top of different elements, the page showed a section "our engagements" in the CSR communication version, and general press information in the generic communication version. To ensure realism, IKEA's engagement inspired D'ECO's environmental claim (i.e, producing furniture with wood from certified forests). Manipulation checks verified the credibility of the external information (mean=4.82/7) as well as of the Website (mean=4.66/7), and the perception of the valence of the external information (mean=-1 in the negative case, + 1.71 in the positive case on a -3/3 scale,  $p<.000$ ).

Three items measure corporate brand attitude: "*I have a positive opinion of this retailer*", "*I dislike this retailer*" (inverted) and "*I support this retailer's settlement*" (Cronbach alpha=.865). A generalisable sample of 275 respondents, recruited from a market research institute online panel and randomly assigned to one of the six treatments, participated in the study.

### **4. Results**

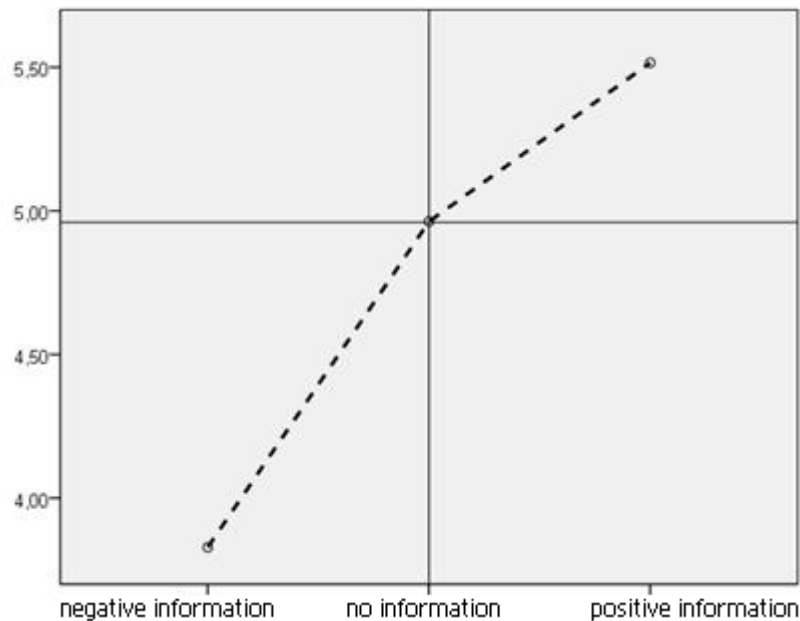
#### *4.1 Test of hypotheses*

Validating H1, an ANOVA corroborates the positive effect of CSR communication on corporate brand attitude, when no external credible information is available, and when societal consciousness and product category involvement are controlled ( $F(1,84)=27.03$ ,  $p<.000$ ). Corporate brand attitude equals 5.95 in case of CSR communication vs. 4.77 otherwise ( $p<.000$ ). Contradicting H2, when positive external information is available, corporate brand attitude still benefits from CSR communication ( $F(1,41)=8.43$ ,  $p<.01$ ), reaching a level of 5.89 vs. 5.18 ( $p<.001$ ). Again for H3, even when negative external information is available, CSR communication remains a good strategy ( $F(1,36)=12.45$ ,  $p=.001$ ). Corporate brand attitude equals 5.18 when consumers are exposed to the negative information and CSR communication vs. 3.95 when they are only exposed to the negative information ( $p<.000$ ).

#### *4.2 Additional results*

To conclude, these analyses show that in all cases - with positive, negative or no external information - CSR communication is a winning and un-risky strategy as it boosts corporate brand attitude. This raises the question of the usefulness of external credible information. If inefficient, should such information be encouraged by policy-makers or not? To further

investigate this result, we tested the effect of the presence of external information (positive or negative) associated with CSR communication on corporate brand attitude. The ANOVA shows a significant effect ( $F(2,36.41)=6.57, p<.01$ ), validating the influence of external information. However, the effect is asymmetrical (see the figure below).



Providing positive external information, CSR communication does not induce stronger corporate brand equity compared with CSR communication only ( $m=5.89$  vs.  $5.95$ , n.s.). On the contrary, providing negative external information, CSR communication degrades corporate brand equity compared with CSR communication only ( $m=5.18$  vs.  $5.95$ ,  $p<.000$ ). This corroborates previous research (Creyer and Ross, 1997; Mohr and Webb, 2005) showing the asymmetric effects of societal information on consumers' evaluations, such that negative information (e.g. crises) causes more damage than does positive information provides benefits.

## 5. Discussion

To sum up, results show a systematic positive effect of CSR communication on corporate brand attitude, whatever the available information (positive / negative).

Theoretical implications can be drawn. Results show the potential protective effect of CSR communication as it seems to counterbalance the negative effect of external information. This unexpected result actually confirms previous research (Swaen and Vanhamme, 2005) showing the protective effect of CSR communication in case of a product crisis. The fact that, even with negative external information, CSR communication still enhances corporate brand attitude instead of boosting consumers' suspicion and drastically degrading their perception shows how much people are akin to believe CSR claims. Several explanations are plausible: first, consumers, being overwhelmed by all sorts of communication, do not treat information deeply. They quickly compute informational elements, making an "average" judgment, instead of criticizing the data. Furthermore, we can suppose that consumers do not know the exact status of external ratings compared to traditional Website communication. They do not know how to interpret these new forms of information that have appeared with CSR issues development. Finally, we conclude that consumers' skepticism is not that much important

regarding CSR issues, probably because most of them cannot even figure out that firms could “lie” or at least exaggerate their claims. This belief is not part of their metacognition, i.e. the more or less extended set of knowledge regarding market mechanisms and persuasion techniques (Friestad and Wright, 1994). We can draw the conclusion that, as far as consumers are concerned, CSR claims are performative, following Austin’s theory *How to do things with words* (1975). Claims are not only words that could be criticized, interpreted, questioned, but equate real actions that can be taken for granted. Finally, this paper exposes an important result regarding the asymmetrical effect of external information provided along with CSR communication. If positive information has no marginal effect, negative one strongly degrades corporate brand attitude, confirming previous research (Creyer and Ross, 1997; Mohr and Webb, 2005).

From a managerial point of view, the paper shows a very important result: proactive CSR communication is always a good strategy... un-risky even in case of bad external ratings. Were Romanians wrong with their “do good and let others do the talking”? Probably yes...

From a societal point of view, we might lament that companies doing bad still benefit from CSR communication, and virtuous companies just enjoy a minor advantage on them. To counterbalance this unfair conclusion, the paper reveals how external information can be efficient to degrade perceptions of non-virtuous companies. This encourages the diffusion of such information (being labeling, reporting, rating...), while training consumers to decipher them to increase their diagnosticity.

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